

A
BILL

further to amend the Income Tax Ordinance, 2001

WHEREAS, it is expedient further to amend the Income Tax Ordinance, 2001 (XLIX of 2001) in the manner and for the purposes hereinafter appearing;

It is hereby enacted as follows:

1. Short title and commencement. – (1) This Bill shall be called the Income Tax (Amendment) Bill, 2025.

(2) It shall, unless provided otherwise, come into force at once.

(3) Nothing in this Bill shall affect transactions which are past and closed.

2. Amendment in the First Schedule, Ordinance XLIX of 2001. – In the Income Tax Ordinance, 2001 (XLIX of 2001), hereinafter called as the said Ordinance, in the First Schedule, in Part I, in Division II, for the Table, the following shall be substituted, namely: –

“Type of Company (1)	Rate of Tax (2)		
	Tax Year 2025	Tax year 2026	Tax year 2027 and onwards
Banking Company	44%	43%	42%
Small Company	20%		
Any other company	29%”.		

3. Amendments in the Seventh Schedule, Ordinance XLIX of 2001. – In the said Ordinance, in the Seventh Schedule, in rule 6C, in sub-rule (6A), –

(a) for the expression ‘2022 and onwards’, the figure ‘2023’ shall be substituted; and

- (b) The existing explanation appearing at the end, shall be numbered as Explanation-1 and thereafter the following Explanation-2 and the proviso shall be added, namely: –

“**Explanation-2.** – For removal of doubt, it is clarified that the term “gross advances and deposit” referred to in this sub-rule for the purpose of computing gross advances to deposit ratio shall be the amount of “gross advances and deposit” at the end of the accounting period and as disclosed in the annual audited accounts:

Provided that from tax year 2025 and onwards profits and gains of a banking company shall be subjected to tax rates under Division II of Part I to the First Schedule and nothing contained in this sub-rule shall apply to compute part or whole of the tax liability of a banking company.”

Statement of Objects and Reasons

The purpose of this Bill is to amend the Income Tax (Amendment) Ordinance, 2024 (X of 2024) in the National Assembly.

2. The amendments are being introduced with immediate effect through an Ordinance,(X of 2024) in order to remove difficulties faced by the taxpayer in implementation of higher tax rates on income from Federal Government securities on the basis of ADR ratio. Concomitantly, few counter measures have also been incorporated in this Ordinance to rationalize standard tax rate on whole of the business income of banking companies.

3. The Bill seeks to amend the Income Tax Ordinance, 2001.

Sd/-

Muhammad Aurangzeb
Minister for Finance and Revenue