

**Government of Pakistan
Revenue Division
Federal Board of Revenue**

C.No.4(31)IT-Budget/2023-114505-R

Islamabad, the 21st July, 2023

CIRCULAR NO. 01 OF 2023-24
(Income Tax)

Subject: INSTRUCTIONS REGARDING MODE AND MANNER FOR PAYMENT OF TAX U/S 7E OF THE INCOME TAX ORDINANCE, 2001 ON SALE OR TRANSFER OF IMMOVABLE PROPERTY

Under section 236C of the Income Tax Ordinance 2001 (the Ordinance), any person responsible for registering, recording, or attesting transfer of any immovable property has been designated as the person responsible (hereinafter referred to 'transferring authority') to collect advance adjustable Income tax from the seller or transferor. The rate of tax collection is 3% of the gross amount of the consideration received by the seller or transferor in case of seller's/transferor's name if appearing on the Active Taxpayers' List (ATL) and 6% in case of non-ATL seller/transferor.

2. Through Finance Act, 2022 section 7E was introduced whereby, for tax year 2022 and onwards, every resident person has been treated to have derived as income, an amount equal to 5% of the fair market value of the capital asset situated in Pakistan subject to exclusions of the capital assets provided under sub-section (2). The said deemed income is chargeable to tax at the rate of 20% (effective rate 1% of fair market value of immovable property).

3. Finance Act 2023 has introduced a new sub-section (2A) in section 236C of the Ordinance which places a bar on the transferring authority for registering, recording or attesting transfer of any immovable property unless the seller or transferor has discharged his tax liability under section 7E of the Ordinance and evidence to this effect has been furnished to the transferring authority in the prescribed mode, form and manner.

4. The following instructions are issued for catering for situations arising out of change in law prescribing mode, form and manner of collection of payment of tax u/s 7E:



(A) Where the seller or transferor is on ATL:

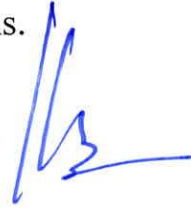
The said seller or transferor will provide evidence to the transferring authority that he has discharged his liability u/s 7E in any of the following modes:

- i. If the seller/transferor has not already paid the tax u/s 7E along with his income tax return filed for TY 2022, then, such person is required to pay the due amount of tax payable under section 7E of the Ordinance and produce evidence to the transferring authority. For this purpose, a separate payment challan (CPR) has been provided in FBR online payment system. The payment made into government treasury through CPR in this regard will be treated as evidence for the purpose and to the extent of newly inserted sub-section (2A) of section 236C of the Ordinance; or
- ii. If the seller / transferor has already declared the said property in his declaration u/s 7E filed along with his income tax return for tax year 2022 or the said seller/transferor is not required to pay tax u/s 7E due to any stay granted by any court of law or authority, then the seller / transferor will furnish a certificate annexed as Form 'A' to this circular duly issued by the Commissioner Inland Revenue holding jurisdiction over the seller/transferor. The certificate issued by the Commissioner Inland Revenue will be treated as evidence for the purpose and to the extent of newly inserted sub-section (2A) of section 236C of the Ordinance;
- iii. For the purpose of issuance of above certificate, the seller/transferor will fill the requisite particulars in attached Form 'A' and submit the same to the Commissioner Inland Revenue holding jurisdiction over the person. The Commissioner Inland Revenue will examine the particulars and will accordingly issue the certificate.
- iv. The said certificate will be issued by the Commissioner Inland Revenue within 7 days of the receipt of the pre-filled form 'A' submitted by the seller/transferor.
- v. If property owner is more than one person, each person shall discharge liability u/s 7E with respect to his or her respective share in the said property in any of the modes described above.

(B) Where the seller/transferor is a non-ATL person:

Such person is required to pay the due amount of tax payable under section 7E of the Ordinance and provide evidence to the transferring authority. For this purpose, a separate payment challan (CPR) has been provided in FBR online payment system. The payment made into government treasury through CPR in this regard will be treated as evidence for the purpose and to the extent of newly inserted sub-section (2A) of section 236C of the Ordinance.

5. These instructions have been issued for uniform application of procedure by all transferring authorities. Based on the feedback and monitoring of the procedure, suitable amendments if necessary will be made to these instructions.



(Naveed Mukhtar)
Secretary (Income Tax Budget)

Circulation:

- (i) SA to Revenue Secretary/ Chairman, FBR,
- (ii) SA to Member (Inland Revenue - Policy), FBR
- (iii) SA to Member (Inland Revenue - Operations), FBR
- (iv) SA to Member (IT), FBR
- (v) All Chief Commissioners Inland Revenue, LTOs, MTO, CTOs & RTOs
- (vi) President Pakistan Tax Bar Association
- (vii) Webmaster for placement on FBR website

Form 'A'

CERTIFICATE FOR THE PURPOSE OF SECTION 236C (2A) TO BE PRESENTED BY SELLER/TRANSFEROR TO REGISTERING/RECORDING/ATTESTING AUTHORITY FOR THE TRANSFER OF IMMOVABLE PROPERTY

<u>PARTICULARS OF SELLER/TRANSFEROR</u>											
1	Name	_____									
2	Address	_____									
		<i>(Please write complete address along with of City of District)</i>									
3	NTN	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	-	<input type="text"/>	CNIC/Inc. No./Passport No. _____
		<i>(Please attach photocopy of CNIC)</i>									
<u>LOCATION & PARTICULARS OF THE PROPERTY</u>											
4	Type	<input type="checkbox"/> Commercial	<input type="checkbox"/> Residential	<input type="checkbox"/> Industrial	<input type="checkbox"/> Agricultural (excluding Farmhouse)	<input type="checkbox"/> Farmhouse	<input type="checkbox"/> Any other immovable capital assets				
5	Type	<input type="checkbox"/> Plot	<input type="checkbox"/> Flat	<input type="checkbox"/> Constructed							
6	Land Size	_____	<input type="checkbox"/> Kanal	<input type="checkbox"/> Marla	<input type="checkbox"/> Sq. Yards	<input type="checkbox"/> Sq. feet	<i>(Pl. select only one unit of measure)</i>				
7	Covered Area	_____	<input type="checkbox"/> Sq. Yards	<input type="checkbox"/> Sq. feet	<i>(Pl. select only one unit of measure)</i>						
8	Address	_____									
9		Plot/ House/ Flat/ Shop/ Office No.				Street /Lane etc. No.					
10	Sector / Phase / Mohalla / Block etc.	_____									
	Province	_____				District	_____			Tehsil / Town	_____
11	If chargeable u/s 7E, fair market value of property declared in return of Income	_____								Rs.	_____
12	Amount of Tax paid u/s 7E on the property	_____								Rs.	_____
13	Whether exclusion u/s 7E (2) claimed	(Yes/No)									
14	Reason for exclusion (please specify)	_____									

<u>Verification</u>											
	<u>I/We solemnly declare that the particulars given in this application are correct and complete to the best my knowledge and belief, and that nothing has been concealed.</u>										
15	Date (dd/mm/yyyy)	_____									
16	CNIC/Passport No.	_____				_____					
		<i>(Please attach photo copy)</i>				<i>Name & Signature of Seller/Transferor</i>					
<u>(FOR OFFICIAL USE OF COMMISSIONER INLAND REVENUE)</u>											
It is certified that the taxpayer has duly complied with the provisions u/s 7E as applicable to the taxpayer for TY 2022 in respect of above mentioned immovable property or the taxpayer is not required to pay tax u/s 7E due to exemption in law or stay order of the Competent Authority/Court of Law.											
	Date (dd/mm/yyyy)	_____				_____					
		<i>Name, Signature & Official Stamp</i>									