

GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
FEDERAL BOARD OF REVENUE

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No.F.1(35)Ex/2009

Islamabad, July 18<sup>th</sup>, 2009.

**Circular No. 04 of 2009**  
**(Capital Value Tax)**

Subject: **FINANCE ACT, 2009 – EXPLANATION OF IMPORTANT PROVISIONS RELATING TO CAPITAL VALUE TAX (CVT).**

The amendments made through the Finance Act, 2009, relating to Capital Value Tax are explained as under:-

1. **SCOPE OF CAPITAL VALUE TAX:**

- (a) Through amendment made in sub section (1) of section 7 of Finance Act, 1989, the scope of levy of CVT has been extended by bringing the renewal of lease or any premium paid thereon in respect of immovable property in the ambit of chargeability of CVT. The CVT is payable w.e.f. 1.7.2009 on the renewal of lease or any premium paid thereon.
- (b) The shares of a public company traded in any registered stock exchange in Pakistan by a resident person has been excluded from the payment of CVT on the trading of said shares w.e.f. 1.7.2009.

2. **RATES OF CVT FOR IMMOVABLE PROPERTY:**

Paragraph (CA) of sub-section (2) of section 7 has been substituted with following new paragraph (CA) to prescribe the rates of CVT leviable on immovable property w.e.f. July 1, 2009:-

(CA) (a) Residential immovable property, (other than flats), situated in urban area, measuring at least 500 square yards or one kanal (whichever is less) and more.

- |       |   |  |                      |
|-------|---|--|----------------------|
| (i)   | Where the value of immovable property is recorded     | 4% of the recorded value                   | Which ever is higher |
| (ii)  | Where the value of immovable property is not recorded | Rs. 100 per square yard of the landed area |                      |
| (iii) | Where the immovable property                          | Rs. 10 per square feet of the              |                      |

is a constructed property. constructed area in addition to the value worked out above.

b. Commercial immovable property of any size situated in urban area,-

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|-------|---|---|----------------------|
| (i)   | Where the value of immovable property is recorded       | 4% of the recorded value  | Which ever is higher |
| (ii)  | Where the value of immovable property is not recorded   | Rs. 100 per square feet of the landed area  |                      |
| (iii) | Where the immovable property is a constructed property. | Rs. 10 per square feet of the constructed area in addition to the value worked out above. |                      |

c. Residential flats,-

- |      |   |   |                      |
|------|---|---|----------------------|
| (i)  | Where the value of immovable property is recorded     | 4% of the recorded value                    |                      |
| (ii) | Where the value of immovable property is not recorded | Rs. 100 per square feet of the covered area | Which ever is higher |

### 3. **TAXATION ON PURCHASE OF SHARES.**

Previously, a registered stock exchange in Pakistan was obliged to collect Capital Value tax (CVT) at the rate of 0.01%, on transactions with effect from July 1, 2004, of the purchase value of any modaraba certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 (XLVII of 1984), or shares of a public company listed on a registered stock exchange in Pakistan transacted through its automated trading system. Capital Value Tax on shares traded on the Stock Exchanges has been withdrawn w.e.f. 1.7.2009.

(Manzoor Hussain Shad)  
Secretary (I.T. Exemptions)

