

Government of Pakistan
Revenue Division
Federal Board of Revenue

C.No.1(12)WHT/2010

Islamabad, June 30, 2010.

CIRCULAR NO.08/2010
INCOME TAX

Subject: **FINANCE ACT 2010 – EXPLANATORY CIRCULAR ON RATE OF ADVANCE TAX DEDUCTIBLE ON MONTHLY ELECTRICITY BILLS UNDER SECTION 235 OF THE INCOME TAX ORDINANCE 2001**

In order to rationalize the advance tax regime on electricity bills, the Finance Act 2010 has brought in few amendments in *Division-IV of Part-IV of First Schedule* to the Income Tax Ordinance 2001. The new amendments are explained as follows:

- (i) In case of the minimum tax rate slab where the monthly electricity bill does not exceed Rs.400/-. No advance tax under section 235 shall be deductible. Earlier advance tax on monthly electricity bills not exceeding Rs.400 was chargeable @ Rs.60/-;
- (ii) In case of the maximum tax rate slab where the monthly electricity bill exceeds Rs.20,000/-, advance tax under section 235 shall be deductible at a reduced rate of **5%** only *in case of industrial consumers*. However, in the case of commercial consumers the advance tax shall continue to be deductible @ **10%**; and
- (iii) These amendments in the rates of advance tax under section 235 and as provided in *Division-IV of Part-IV of First Schedule* to the Income Tax Ordinance 2001, shall be effective from 1st July, 2010.

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