

**GOVERNMENT OF PAKISTAN**  
**REVENUE DIVISION**  
**FEDERAL BOARD OF REVENUE**

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C.No.1(25)WHT/2006

Islamabad, April 2, 2011

**CIRCULAR NO.4/2011**

(INCOME TAX)

Subject: **MISCELLANEOUS CLARIFICATIONS REGARDING DEDUCTION OF TAX ON SALE / PURCHASE OF AGRICULTURAL PRODUCE**

In pursuance of powers available to the Board under section 214 of the Income Tax Ordinance 2001, it has been decided that deduction of withholding tax under section 153(1)(a) shall be deferred till 31<sup>st</sup> March 2011 on sale / purchase of Seed Cotton in open market. However the withholding agents shall be responsible for deduction of withholding tax after 31<sup>st</sup> March 2011. It is further clarified that:

- i) The withholding agent shall not deduct withholding tax on purchase of agricultural produce which is directly sold by a grower/cultivator of the produce. However, in such a situation the withholding agent shall issue a certificate in triplicate to (a) for the grower/cultivator, (b) for the concerned Commissioner of Inland Revenue, and (c) a copy to be retained for his personal record, in the format given below:

**CERTIFICATE BY THE GROWER/PRODUCER OF AGRICULTURAL PRODUCE**

(Provided by a Prescribed Person to a Grower / Cultivator)

It is certified that I ..... holder of CNIC Number.....  
holder of Bank Branch / Account No. .... has sold.

- i) Agricultural Produce: (Wheat, rice, cotton, sugarcane)
- ii) Quantity : .....
- iii) Total Price: ..... to  
Mr..... on (date)..... and I  
being the grower/producer of the items sold (owner of agricultural land area  
measuring ..... located at .....,  
identification on.....) are not liable to any withholding income tax.

Signature/Thumb impression.....

Name: .....

CNIC: .....

Address: .....

Date:.....

- ii) Withholding tax is deductible @ 1.5% on sale of cotton seed, rice and edible oils, if the sale is made by a person other than a grower/cultivator directly himself; and
- iii) In case sale of seed cotton or other agricultural produce is made by a grower/cultivator through a commission agent, then advance tax is collectible under section 233 of the Ordinance @ 10% of the gross commission income of the commission agent. It is therefore clarified that in such a case withholding tax is not deductible on the gross amount of sale of cotton seed or such other agricultural produce; and



**(MOHAMMED IMTIAZ)**  
Secretary Withholding Tax  
Ph./Fax # 051-9201448

**CERTIFICATE BY THE GROWER/PRODUCER OF AGRICULTURAL PRODUCE**  
(Provided as a Prescribed Form by a Grower / Cultivator)

Name of the Grower/Producer: \_\_\_\_\_  
Address: \_\_\_\_\_  
District: \_\_\_\_\_  
CNIC Number: \_\_\_\_\_  
Bank Account No: \_\_\_\_\_

Quantity: \_\_\_\_\_  
Total Price: \_\_\_\_\_

I hereby certify that the above mentioned agricultural produce is sold to \_\_\_\_\_  
and I am not liable for any withholding income tax.

Signature/Thumb impression: \_\_\_\_\_  
Name: \_\_\_\_\_  
CNIC: \_\_\_\_\_  
Address: \_\_\_\_\_