

PAKISTAN SALES TAX REGIME

BUYER TYPE		TAX RATE IN %age			FOR REGISTERED RETAILERS			FOR UN-REGISTERED RETAILERS			FOR END CONSUMERS		
					STANDARD	ADDITIONAL	EXTRA TAX	STANDARD	ADDITIONAL	EXTRA TAX	STANDARD	ADDITIONAL	EXTRA TAX
GOODS AT STANDARD RATE		17%			17%	0%	0%	17%	3%	0%	17%	0%	0%
GOODS AT REDUCED RATE		8%			8%	0%	0%	8%	0%	0%	8%	0%	0%
TAX BASED ON MRP	17% OF RETAIL PRICE				PKR 17	PRR 0	PKR 0	PKR 17	PRR 0	PKR 0	PKR 17	PRR 0	PKR 0
TAX EXEMPT GOODS	0%				0%	0%	0%	0%	0%	0%	0%	0%	0%
FIXED VALUE TAX	VARIABLE				PKR 20	PKR 0	PKR 0	PKR 20	PKR 5	PKR 0	PKR 20	PKR 10	PKR 0
CONFECTIONRY	EXTRA 2% OF RATE				17%	0%	2%	17%	3%	2%	17%	0%	2%
					IS AUTHORIZED TO DO RE-SALE			IS AUTHORIZED TO DO RE-SALE			IS NOT AUTHORIZED TO DO RE-SALE		

1. REGISTERED RETAILER MEANS AN ENTITY REGISTERED WITH FBR.
2. UN-REGISTERED RETAILER CANNOT CHARGE ADDITIONAL TAX TO ANY-ONE (IN ANY CASE POSSIBLE)
3. TAX BASED ON MRP MEANS THAT IF ONE PRODUCT' RETAIL PRICE IS 100 THEN TAX WOULD BE 17 PKR, SO PRICE INCLUDING TAX WOULD BE 117, WHERE AS THE COST PRICE OF THAT PRODUCT CAN BE 90 PKR BUT THE TAX IS FIXED SO IT IS $90 + 17 = 107$ PKR, VALUE OF TAX CANNOT BE REDUCED OR INCREASED OF SUCH PRODUCTS, HOWEVER EXTRA TAX MAY-BE CHARGED BASED ON CUSTOMER TYPE & REGIME.
4. MOST OF TAX REGIME IN PAKISTAN IS BASED ON INPUT TAX – OUTPUT TAX BASIS UNLIKE OTHER COUNTRIES IT IS NOT ESSENTIALY BASED ON VAT.
5. IN PAKISTAN IF SOME WHOLESALER GIVES AWAY ANY GOOD FOR FREE TO ANY-CUSTOMER, WHICH FALLS IN TAX BASED ON MRP REGIME, THE WHOLESALER OR RETAILER IS BOUND TO COLLECT TAX AND PAY IT TO GOVERNMENT IN ANY KIND OF SITUATION (i.e. HE CAN RIGHT-OFF HIS MONEY BUT CANNOT DO THIS FOR TAX) THIS REGIME IS SOMETIMES CALLED 3RD SCHEDULE.