

## Salient Features of Valuation of Immovable Property under ITO, 2001

After amendments vide Presidential Order dated July 31, 2016

1. FBR empowered to notify minimum rates of immovable properties situated areas to be specified therein (Section 68 (4)).
2. In absence of notified rate by FBR, the rate determined by the District Officer Revenue or provincial or any other authority for the purpose of stamp duty. (Section 68(5))
3. The notified rates will be used for the purpose of
  - i) Calculating "consideration received" for the purpose of capital gain under section 37
  - ii) Collection of advance tax from seller u/s 236C (1% of gross value for filer, 2% for non-filer)
  - iii) Collection of advance tax from buyer u/s 236K (where value exceeds Rs. 4M- 2% of Value for filer 4% for non-filer)
  - iv) Explaining amount as notified by FBR of expenditure/investment incurred by the buyer failing which attracts concealment and penalty on amount not supported by explainable source under section 111
4. The rates notified by the FBR are to be used for provisions of ITO, 2001 specified as above, meaning thereby that stamp duty and capital value tax shall be paid on the basis of DC rates as per prevailing practice.
5. In case of auction of a property if the auction price is higher than the amount on the basis of FBR notified rates then the auction price is to be considered.
6. **Rate of Capital Gain Tax**

### **For properties acquired on or after July 1, 2016**

|  |       |
|--|-------|
| Where holding period of immovable property is upto <b>one year</b>                                 | 10%   |
| Where holding period of immovable property is more than one year but <b>less than two years</b>    | 7.5 % |
| Where holding period of immovable property is more than two years but <b>less than three years</b> | 5%    |
| Where holding period of immovable property is more than three years                                | 0%    |

### **For properties acquired before July 1, 2016**

|  |    |
|--|----|
| Where holding period of immovable property is up to <b>three years</b> | 5% |
| Where holding period of immovable property is more than three years    | 0% |

## **7. Exemption/Reductions**

### Exemption

- A. Capital gain is to taxed at 0% irrespective of holding period if the seller is :
  - i) Dependent of Shaheed belonging to Pakistan Armed Forces
  - ii) Dependent of person who dies while in service of Pakistan Armed Forces or Federal or Provincial Govt.
  - iii) First sale of immovable property which has been acquired or allotted as original allottee duly certified by the official allotment authority

- B. Minimum exemption threshold limit for collection of advance tax from buyer has been enhanced from Rs. 3M to Rs. 4 M

**Reductions**

Rate of tax to be paid is to be reduced by 50% on the first sale of immovable property acquired or allotted to ex-service men and serving personnel of Armed Forces or ex- employees or serving personnel of Federal and Provincial Govt. being original allottees of immovable property duly certified by the allotment authority.