



## PAKISTAN – June 2019

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### Massive spikes in property tax valuations on cards

ISLAMABAD: The Federal Board of Revenue (FBR) has hiked property valuations by 20 per cent to 100 per cent for the purpose of tax collection on commercial and residential property sales in Islamabad and 18 other large cities.

Comments and recommendations from all the concerned stakeholders regarding the proposed rates have been sought till June 30, 2019, as the new rates will come into effect from July 1.

According to the proposed notification issued by the FBR, taxes will be increased on properties in Islamabad, Lahore, Faisalabad, Peshawar, Multan, Mardan, Jhang, Gujrat, Sukkur, Hyderabad, Sialkot, Sargodha, Sahiwal, Jhelum, and other cities.

The notification has fixed Rs1,500 as the per square foot valuation for constructions under five years old and Rs1,000 for properties over five years old. However, separate valuations have been set for each sector, most of which are 20 to 100 per cent higher than the last valuation.

Govt quietly offers tax amnesty to realty sector

According to the proposed rates, the value of the property in Sector D-12 has been raised from Rs38,760 per square yard to Rs68,000 per square yard.

The previous rate of Rs68,580 per square yard in Sector E-7 has been increased to Rs148,000 – the highest rate in the city – while for Sector E-11 the rate has gone from Rs31,200 per square yard to Rs64,000.

For Sector E-12, the rate has jumped from Rs18,371 to Rs37,600; for Sector F-6, the rate has escalated from Rs58,260 to Rs136,000; for Sector F-8, the rate has gone from Rs58,260 to Rs120,000; for Sector F-10, the costs have increased from Rs50,460 to Rs104,000; for Sector F-11, Rs88,000 is the new rate, up from Rs50,460.

The cost for Sector G-6 have been increased from Rs49,620 to Rs88,000; for Sector G-7, the cost for each square yard has been increased from Rs45,720 to Rs88,000; for Sector G-8, the cost of each square yard has been increased from Rs45,720 to Rs88,000 per square yard.

For sector G-9, the cost has been increased from Rs45, 720 to 84,000; for Sector I-8, it has increased from Rs45,720 to Rs96,000, and for sector I-9 it has increased from Rs19,200 to Rs64,000.

Significant increases were also made for other sectors. However, advance income tax will be collected in accordance with DC rates from residential areas in Islamabad's, B-17, C-15, C-16, D-13, D-17, G-15, G-16, F-14, F-15, F-16, and F-17.

The value of the flats has also been increased, with a Rs2,000 per square yard valuation on flats in buildings less than five years old, and Rs1,500 per square yard for older buildings.

The fixed valuations have been doubled almost unanimously across the board in the city.

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The valuation of commercial properties have also increased, with Blue Area-Jinnah Avenue valuations going from Rs148,000 to Rs297,000, the cost of mezzanine flats and offices increased from Rs59,000 per square yard to Rs118,000, and values for upper floors being doubled as well.

The cost of a shop located in Blue Area-Fazle Haq Road has jumped from Rs130,680 to Rs261,360 per square yard, with valuations for upper floor flats doubling as well.

In Abbottabad, the highest valuation of commercial properties in main market, Saddar, Jinnah Road, Masjid Bazar, Sarafa Bazar Gurdwara, Gali Kachehri Road and shops and markets have been fixed at Rs4.692 million per each marla and , Rs1.367 million valuations has been fixed for residential properties, while valuations in the rest of the city, the lowest valuations are Rs1.38 million per marla for commercial properties around Kaghan Colony, and 683,100 per marla for residential properties in the same area.

According to the new valuations for Bahawalpur, the highest commercial rate is Rs72,000 per square foot in Main Chowk Bazaar and Rs7.8 million per marla around Circular road. The highest residential rates are Rs3.712 million around Circular road in Zone 1

According to the new valuations for Hyderabad, the highest rates for built-up residential property is Rs51,480 per square yard in Zone I, while the highest commercial rate is Rs180,000 per square yard, also in the same area. The lowest rates are in Zone IV – Rs31,680 and Rs96,000 respectively.

#### Understanding Amnesty Scheme 2019

In Lahore, the highest rates are in Shahalam, with residential being Rs9.627 million per marla and Rs20.6 million per marla for commercial in Golding Road, while the lowest are in Raiwind's UC 148 and 149, with Rs193,545 per marla for residential and Rs349,800 for commercial.

For constructions under five years old, the residential tax is Rs1,500 and the commercial tax is Rs2,000 per square foot, while for buildings older than five years, the rates are Rs 1,000 and Rs1,500 for residential and commercial, respectively.

In Rawalpindi, the rates go as high as Rs3.366 million per marla for residential and Rs14.4 million per marla for commercial around Bank Road, while the lowest rates are in Askari III, at Rs320,000 for residential and Rs2 million for commercial per marla. The policy for built-up properties is the same as Lahore.

In Peshawar, the highest rates are in Sadar Bazar, Mall Road, Sunehri Masjid Road, Tipu Sultan Road, Khadim Hussain Road, Arbab Road, and Artillery Road, at Rs2.183 million per marla for residential and Rs11.464 million for commercial. The lowest rates are Garhi Chadan and Garhi Shamshato, at Rs23,148 for residential and Rs36076 for commercial per marla.

## Govt to revise property valuation rates from July 1, says minister

ISLAMABAD: Minister of State for Revenue Hammad Azhar on Thursday said that the government would revise property valuation rates from July 1.

Responding to a calling attention notice in the Senate, Hammad said the government was taking steps to broaden the tax net and added that the next year would be focused on fiscal consolidation and stabilization.

He said Supreme Court's stay, which has now been vacated, to collect tax on mobile cards and compression of imports caused decline in tax collection. The minister said that the decision would help reduce current account deficit worth Rs12bn.

The minister said that the government reduced indirect taxes on petroleum products. He told the Senate that the government was striving hard to review country's economy and added that soon the policies would bear fruit and the economic progress would be witnessed.

Hammad Azhar said that soon they would launch a sales tax registration portal to facilitate the business community.

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The minister said that the Federal Board of Revenue (FBR) faced massive revenue shortfall of Rs238 billion in the previous year. He further said the most of the revenue targets, during the past 10 years, could not be achieved.

The minister told the Senate that they were working on the new revenue collection system to meet the assigned targets.

He said that the federal government in collaboration with the provinces would launch a new programme for sales tax registration and filing.

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