



National Clearing Company of Pakistan Limited

8th Floor, Pakistan Stock Exchange Building, Stock Exchange Road, Karachi

NCCPL/CM/JULY-20/08

July 16, 2020

NOTICE FOR ALL MARKET PARTICIPANTS

AMENDMENTS IN CAPITAL GAIN TAX (“CGT”) SYSTEM AS PER FINANCE ACT, 2020

We invite your attention that the Finance Act, 2020 has introduced a new subsection 3B in Section 37A of the Income Tax Ordinance, 2001, being reproduced hereunder for your ready reference:

Quote

“(3B) For the purpose of this section shares of a public company shall be considered as security if such company is a public company at the time of disposal of such shares.”

Unquote

The effect of the above proviso has been incorporated in the CGT System with effect from July 1, 2020 whereby CGT System will compute, determine, collect and deposit Capital Gain and Tax thereon on disposal of all listed securities irrespective of its date of acquisition whether acquired before or after its listing date.

The Finance Act, 2020 has maintained applicable CGT Rates. The detail of CGT applicable for the Financial Year 2020-21 are being reproduced hereunder for ready reference:

Market	Period	FY 2020-21 CGT Rates	
		Investors appearing in (ATL)	Investors not appearing in (ATL)
PSX	Where the security was acquired before 1st July, 2013	0.00%	0.00%
	Securities Acquired before July 1, 2016. Where holding period of a security is twenty-four months or more but the security was acquired on or after 1st July, 2013	7.50%	15.00%
	Securities Acquired on or after July 1, 2016	15.00%	30.00%
	Cash settled derivatives traded on Stock Exchange	5.00%	10.00%
MUFAP	Where the holding period of securities more than Four years	0.00%	0.00%
	Stock Funds: For individuals and corporate if Dividend receipts of the fund are more than capital gains	10.00%	20.00%



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	Stock Funds: For individuals and corporate if Dividend receipts of the fund are less than capital gains	12.50%	25.00%
	Other than Stock Funds: For Individuals	10.00%	20.00%
	Other than Stock Funds: For Corporate	25.00%	50.00%
PMEX	Future Commodity Contracts executed at Pakistan Mercantile Exchange	5.00%	10.00%

For any further queries or concerns, please feel free to contact the Customer Support Department at UAN No. 021-111-111-622.

Regards,

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Muhammad Asif
Head of Operations

CC:

1. Executive Director/HOD - Policy, Regulation and Development Department – SMD
Securities & Exchange Commission of Pakistan - Islamabad
2. Member Inland Revenue - Federal Board of Revenue
3. Chief Executive Officer - Pakistan Stock Exchange Limited
4. Chief Executive Officer - Central Depository Company of Pakistan Limited
5. Chief Executive Officer - Mutual Funds Association of Pakistan
6. Managing Director - Pakistan Mercantile Exchange Limited (For Circulation to all Authorized Intermediaries of PMEX)