

CAPITAL GAIN TAX (CGT)

COMPUTATION, DETERMINATION AND COLLECTION OF CAPITAL GAIN TAX "CGT"

First time in the history of Taxation System of Pakistan, NCCPL being an independent organization, has been assigned the responsibility to Compute, Determine, Collect and Deposit CGT to national ex-chequer on behalf of the capital market investors. Centralized CGT System provides ease of calculation and centralized one-window solution for the determination of CGT.

Salient Features

1. All trades/transactions executed on the trading platforms and movement of securities through free-delivery in Central Depository System (CDS) is covered under CGT Regime.
2. All capital gains arising on redemption of units of open ended mutual funds and on trading of future commodity contracts at Pakistan Mercantile Exchange are included in CGT Regime of NCCPL, from July 1, 2016.
3. First In First Out (FIFO) Inventory Accounting Method is being used to determine CGT
4. CGT is determined as per below mentioned tax rates:

A. CGT rate on capital gains arising on Disposal of Securities listed at Pakistan Stock Exchange and on trading of future commodity contracts at Pakistan Mercantile Exchange shall be as under:

S.No.	Period	Tax Year 2015	Tax Year 2016	Tax Year 2017	
				Filer	Non-Filer
(1)	(2)	(3)	(4)	(5)	(6)
1.	Where holding period of a security is less than twelve months	12.5%	15%	15%	18%
2.	Where holding period of a security is twelve months or more but less than twenty-four months	10%	12.5%	12.5%	16%
3.	Where holding period of a security is twenty-four months or more but the security was acquired on or after 1 st July, 2012	0%	7.5%	7.5%	11%
4.	Where the security was acquired before 1 st July, 2012	0%	0%	0%	0%

5.	Future commodity contracts entered into by the members of Pakistan Mercantile Exchange	0%	0%	5%	5%”]
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Provided that the rate for companies shall be as specified in Division II of Part I of First Schedule, in respective of debt securities;

B. CGT Rate on capital gains arising on Redemption of units of open ended mutual funds shall be as under

Category	Rate
Individual and association of persons	10% for stock funds
	10% for other funds
Company	10% for stock funds
	25% for other funds

Provided further that in case of a stock fund if dividend receipts of the fund are less than capital gains, the rate of tax deduction shall be 12.5%:

Provided further that no capital gains tax shall be deducted, if the holding period of the security is more than four years.

5. Capital Loss in a Financial Year is set off against Capital Gain of that Financial Year.
6. Annual Certificate Showing computation of Capital Gains and Tax thereon, if any, to each Investor at the end of the Financial Year is issued by NCCPL