

Government of Pakistan
Revenue Division
Federal Board of Revenue

C.No.1(5)WHT/2006.

Islamabad, February 2, 2009.

To All DGs/RTOs/LTUs

**SUBJECT: CLARIFICATION FOR DEDUCTION/COLLECTION OF TAX FROM
ADVERTISING AGENCIES**

I am directed to refer to a letter, from Pakistan Broadcaster Association, Karachi addressed to Member (Inland Revenue), FBR drawing his attention to the problem being faced by the Broadcasters, with reference to the procedure laid down in Board's circular No.6 of 1999 dated 17th July, 1999, for deduction/collection of withholding tax, from advertising agencies under section 233 of the Income Tax Ordinance, 2001.

2. I am further directed to clarify that the issue raised by the Secretary General, (PBA), regarding Circular No.6 of 1999 stands already resolved vide Circular No.29 of 1999 dated 16.11.1999. In the said Circular the board has resolved the issue as under:-

- a) The advertiser shall make payment in two parts – one for the advertising agency for commission amount of 15% of total amount payable and the other for the balance 85% for the media; and
- b) The advertiser shall deduct tax at the rate of 10% out of payment to the advertising agency and deduct tax @ 5% from payments to media.

3. Through the above referred Circular the responsibility of withholding tax has been shifted from broadcaster to the advertiser as such the broadcaster is not obliged to deduct withholding tax, therefore, no confusion exists on this account..

(DR. MUHAMMAD IRSHAD)
Secretary (Withholding Tax)

Copy to Syed Sarfraz Hussain Shah, Secretary General, Pakistan Broadcasters Association, 117/2, 1st Floor, I.E.P Building, Liaquat Barracks, Shahrah-e-Faisal, Karachi.


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