

From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>

Date: Fri, Apr 17, 2026 at 5:48 PM

Subject: TLQC3473= WHT Exemption u/s 236C for taxpayer under Section 7F – Circular 8

530+ Taxes & Levies Quick Commentary - TLQC 3473

A. Background

(1) This refers to our TLQC 3465 of 4.4.26 **in trail, blue, italic and after double line** about WHT Applicability u/s 236C for Builders & Developers 7F (2) For List of other relevant QCs, please refer to Para C.

B. Updated Commentary

1. Further to KQU 3868 of 17.4.26, **being an important matter**, we would inform you about [Circular 8 of 15.4.26 IR-Policy Clarification regarding Applicability of Withholding Tax u/s 236C in Respect of Persons Covered u/s 7F of the Income Tax Ordinance, 2001 \(Attachment 3473.1\)](#) in the ensuing paragraph, with emphasis in **bold & Underline** for quick reading.

2. In supersession of Circular 7 of 2025-26 IR-Policy of 31.3.26 (*TLQC3465 of 4.4.26 in trail refer*) and in order to further clarify the concerns which have been raised regarding the applicability of withholding tax u/s 236C of the ITO, 2001 to persons engaged in construction and development activities who are subject to tax under the special regime introduced through section 7F of the Ordinance.

3. Section 7F, a special tax regime has been prescribed for certain categories of builders and developers, whereby their income is determined as a fixed percentage of gross receipts. It has been represented that tax u/s 236C is generally adjustable against capital gains arising from such sales. However, in the case of such builders and developers, profits and gains are chargeable under the head "Income from Business" through the special procedure described in section 7F. Consequently, any deduction u/s 236C creates an **additional liquidity burden** on such taxpayers, especially in cases where the taxpayer does not have any other taxable income during the tax year.

4. The matter has been examined, and it is hereby clarified that persons who have discharged their tax liability u/s 7F of the Ordinance, and who do not have any other income chargeable to tax under the Ordinance (against which such tax collection can be adjusted), may seek exemption from the collection of advance tax u/s 236C.

5. Such persons may apply to the concerned CIR u/s 159 for the issuance of an exemption certificate authorizing the non-collection of tax u/s 236C on their transactions involving the sale of immovable property.

6. CIR are directed to examine such applications on a case-to-case basis, ensuring that the applicant fulfills all conditions precedent to such exemption, and to decide the matter in accordance with the law.

7. The prescribed timelines for the Commissioner and Chief Commissioner regarding the issuance of exemption certificates shall apply ipso facto. Provided that an applicant files an application after fulfilling all the condition precedent to such exemption and the Commissioner fails to take any action within seven working days of filing of such application, such exemption certificate shall be automatically processed and issued by IRIS.

C. List of other relevant TLQCs

- (a) 3462 of 2.4.26 about Exemption u/s 236C & 236K for Non-Residents Immovable Property Seller & Buyer procedure fully automated
- (b) 3357 of 20.11.25 about Builder & Developers 7F tax returns PDF is not enabled on IRIS – KTBA
- (c) 2442 of 2.8.23 about Mode & Manner 236C, 236K & 7E Tax Payment

D. Further Details & Services

Should you require any clarification or explanations in respect of the above or otherwise, or require Advance on 4B or 4C, Income Tax, Federal & Provincial Sales Tax or Withholding Tax Statement, Advisory, Return Filing or Review services, please feel free to email Mr Amsal at amsal@kasbati.co with CC to info.kasbati@professional-excellence.com, asif.s.kasbati@professional-excellence.com.

Best regards for Here & Hereafter
Asif S Kasbati (FCA, FCMA & LLB)

Managing Partner

Kasbati & Co (1155+ Tax, Levies, Companies, Economy, Inflation, HR, Banking, Finance, etc
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From: Asif Siddiq Kasbati <asif.s.kasbati@professional-excellence.com>

Date: Sat, Apr 4, 2026 at 4:52 PM

Subject: TLQC3465= WHT Applicability u/s 236C for Builders & Developers 7F

A. Background

(1) This refers to our in trail, blue, italic and after double line TLQC 3462 of 2.4.26 Exemption u/s 236C & 236K for Non-Residents Immovable Property Seller & Buyer procedure fully automated (2) For List of other relevant QCs, please refer to Para C.

B. Updated Commentary

1. Further to KQU 3842 of 1.4.26, **being an important matter**, we would inform you about Clarification Regarding Applicability of Withholding Tax under Section 236C in Respect of Persons Covered under section 7F of the Income Tax Ordinance, 2001 (Attachment 3465.1) in the ensuing paragraph, with emphasis in **bold & Underline** for quick reading.

2. It has been brought to FBR notice that concerns have been raised regarding the applicability of withholding tax under section 236C of the ITO, 2001 to persons engaged in construction and development activities who are subject to tax under the special regime introduced through section 7F.

3. As per section 7F, a special tax regime has been prescribed for certain categories of builders and developers, whereby their income is determined as a fixed percentage of gross receipts. It has been represented that tax under section 236C is generally adjustable against capital gains arising from such sales. However, in the case of such builders and developers, profits and gains are chargeable under the head "Income from Business" through the special procedure described in section 7F. Consequently, any deduction under section 236C creates an additional liquidity burden on such taxpayers, especially in cases where the taxpayer does not have any other taxable income during the tax year.

4. **The matter has been examined, and it is hereby clarified that persons who have discharged their tax liability u/s 7F of the Ordinance, and who do not have any other income chargeable to tax under the Ordinance (against which such tax collection can be adjusted), may seek exemption from the collection of advance tax under section 236C.**

5. **Such persons may apply to the concerned CIR u/s 159 for the issuance of an exemption certificate authorizing the non-collection of tax under section 236C on their transactions involving the sale of immovable property.**

6. **CIR are directed to examine such applications on a case-to-case basis, ensuring that the applicant fulfills all conditions precedent to such exemption, and to decide the matter in accordance with the law.**

7. The prescribed timelines for the Commissioner and Chief Commissioner regarding the issuance of exemption certificates shall apply ipso facto.

C. List of other relevant TLQCs

- (a) 3357 of 20.11.25 Builder & Developers 7F tax returns PDF is not enabled on IRIS – KTBA
- (b) 2442 of 2.8.23 about Mode & Manner 236C, 236K & 7E Tax Payment

D. Further Details & Services

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*Best regards for Here & Hereafter
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