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**S. A. SALAM's**  
**Complete Income Tax Law**  
**(8th Edition)**  
**186th Update – November 10, 2025**

Please find enclosed **76** updated pages so as to complete and update your copy of Complete Income Tax Law *8th Edition*. Kindly insert as follows:

| Existing Page<br>to be removed | Updated Page<br>to be inserted | Existing Page<br>to be removed | Updated Page<br>to be inserted |
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***Pt. I – Income Tax Ordinance***

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Yours sincerely,  
Abdul Rab Khan  
Manager

### **Note from the Author**

It gives me great pleasure to complete the 186th update of Complete Income Tax Law *8th Edition*. This update covers:

**-Income Tax (Amendment) Bill, 2025; and  
-SROs: 2076(I)/2025 & 2107(I)/2025.**

The changes are briefly listed as follows:-

#### ***Part I – Income Tax Ordinance***

1. On page I-443, First Schedule Part I Division II has been amended by **Income Tax (Amendment) Bill, 2025** dated May 25, 2025. This is re: **Rate of Tax for Companies**.
2. On page I-545, Seventh Schedule Rule 6C(6A) has been amended by **Income Tax (Amendment) Bill, 2025** dated May 25, 2025. This is re: **Enhanced rate of tax on taxable income from Federal Government securities**.

#### ***Part II – Income Tax Rules 2002***

3. On page II-64, Rules 73(2DD) of the Income Tax Rules, 2002 has been amended by **SRO 2107(I)/2025** dated November 10, 2025. This is re: **Furnishing of documents and returns**.
4. On page II-144X, Rules 231C(11) of the Income Tax Rules, 2002 has been amended by **SRO 2076(I)/2025** dated November 06, 2025. This is re: **Alternative Dispute Resolution Committee**.
5. On page II-144AH(2), Typing error has been corrected in Rules 231G of the Income Tax Rules, 2002.
6. On page II-144.55, Part X of the 2<sup>nd</sup> Schedule to the Income Tax Rules, 2002 has been amended by **SRO 1775(I)/2025** dated September 10, 2025.

Your suggestions, comments etc. will be very useful for improvement of the work.

Sheikh Asif Salam  
Chartered Accountant

1&amp;2[ ]

<sup>3</sup>[Division II**Rates of Tax for Companies**

The rate of tax imposed on the taxable income of a company shall be as set out in the following Table, namely:-

| <sup>4</sup> [Type of Company | Rate of Tax   |               |                           |
|-------------------------------|---------------|---------------|---------------------------|
| (1)                           | (2)           |               |                           |
|                               | Tax Year 2025 | Tax Year 2026 | Tax Year 2027 and onwards |
| Banking Company               | 44%           | 43%           | 42%                       |
| Small Company                 | 20%           |               |                           |
| Any other company             | 29%]          |               |                           |

<sup>1</sup>Division IA omitted by Finance Act, 2013 dated June 29, 2013. Earlier it was inserted by Finance Act, 2004, w.e.f. July 1, 2004.

<sup>2</sup>Division IB omitted by Finance Act, 2012 dated June 26, 2012. Earlier it was inserted by Finance Act, 2010 dated June 30, 2010.

<sup>3</sup>Division II substituted by Finance Act, 2022 dated June 30, 2022. Earlier it was substituted by Finance Ordinance, 2002 dated June 15, 2002.

<sup>4</sup>Table substituted by Income Tax (Amendment) Bill, 2025 dated May 25, 2025. Earlier it was substituted by Income Tax (Amendment) Ordinance, 2024 dated December 29, 2024.

**Div IA-Omission.**-Before Omission by F.A. 2013, it read as follows:-

**“Division IA****Rate of Tax on certain persons**

The rate of tax to be paid under sub-section (1) of section 113A shall be <sup>1</sup>/one per cent/ of the turnover.]”

<sup>1</sup>Substituted for “0.50%” by Finance Act, 2010 dated June 30, 2010. Earlier this was substituted for “0.75%” by Finance Act, 2007, June 30, 2007 and with effect from tax year 2007.

**Div IB-Omission.**-Before Omission by F.A. 2012, it read as follows:-

**“Division IB****Rate of Tax for Association of Persons**

The rate of tax imposed on the taxable income of Association of Persons for the tax year 2010 and onward shall be 25%.”

**Div II(Table)-Substitution.**-Before substitution by IT (Amendment) Ord. 2024, it read as follows:-

| “Type of Company  | Rate of Tax |
|-------------------|-------------|
| Small company     | 20%         |
| Banking company   | 39%         |
| Any other company | 29%.”       |

**Div II-Substitution.**-Before substitution by F.A. 2022, it read as follows:-

**“Division II****Rates of Tax for Companies**

<sup>1</sup>[(i) The rate of tax imposed on the taxable income of a company for the tax year 2007 and onward shall be 35% <sup>2</sup>/:]

<sup>1</sup>Substituted by Finance Act, 2007, June 30, 2007.

<sup>2</sup>Substituted for full stop by Finance Act, 2013 dated June 29, 2013.

<sup>3</sup>[Provided that the rate of tax imposed on the taxable income of a company other than a banking company, shall be 34% for the tax year 2014 <sup>4</sup>[:]]

<sup>5</sup>[Provided further that the rate of tax imposed on the taxable income of a company, other than a banking company shall be 33% for the tax year 2015 <sup>6</sup>[:]]

<sup>7</sup>[Provided further that the rate of tax imposed on taxable income of a company, other than banking company shall be 32% for the tax year 2016, 31% for tax year 2017 <sup>8</sup>[,] 30% for tax year 2018 and <sup>9</sup>/29% for tax year 2019 and onwards./]

<sup>10</sup>[ ]

<sup>11</sup>[(iii) where the taxpayer is a small company as defined in section 2, tax shall be payable at the rate of <sup>12</sup>[25]% <sup>13</sup>[:]]

<sup>13</sup>[Provided that for tax year 2019 and onwards tax rates shall be as set out in the following Table, namely:-

| Tax Year         | Rate of Tax |
|------------------|-------------|
| 2019             | 24%         |
| 2020             | 23%         |
| 2021             | 22%         |
| 2022             | 21%         |
| 2023 and onwards | 20%         |

<sup>3</sup>Proviso inserted by Finance Act, 2013 dated June 29, 2013.

<sup>4</sup>Substituted for full stop by Finance Act, 2014 dated June 26, 2014.

<sup>5</sup>Proviso inserted by Finance Act, 2014 dated June 26, 2014.

<sup>6</sup>Substituted for full stop by Finance Act, 2015 dated June 30, 2015.

<sup>7</sup>Proviso inserted by Finance Act, 2015 dated June 30, 2015.

<sup>8</sup>Substituted for "and" by Finance Act, 2019 dated June 30, 2019.

<sup>9</sup>Substituted for "thereafter as set out in the following Table, namely:-" "& table omitted by Finance Act, 2019 dated June 30, 2019. Earlier it was substituted "onwards" & Table inserted by Finance Act, 2018 dated May 23, 2018.

<sup>10</sup>Paragraph (ii) omitted by Finance Act, 2008 dated June 27, 2008. It was inserted by F.A. 2003.

<sup>11</sup>Clause (iii) inserted by Finance Act, 2005 dated June 29, 2005.

<sup>12</sup>Substituted for "20" by Finance Act, 2010 dated June 30, 2010.

<sup>13</sup>Proviso inserted by Finance Act, 2018 dated May 23, 2018. Earlier proviso omitted by Finance Act, 2009 dated June 30, 2009. Earlier colon preceding the Proviso was substituted by full stop and Proviso inserted by Finance Act, 2008 dated June 27, 2008.

**Div II-Table-Omission.**-Before Omission table by F.A. 2019, it read as follows:-

"TABLE

| Tax Year         | Rate of Tax |
|------------------|-------------|
| 2019             | 29%         |
| 2020             | 28%         |
| 2021             | 27%         |
| 2022             | 26%         |
| 2023 and onwards | 25%         |

**Div II-Rate of tax for companies, substitution of cl. (i).**-Following is an extract from 'Notes on Clauses of Finance Bill, 2007':-

"Seeks to continue corporate tax rate of 35% for the Tax Year 2007 onward."

Following is an extract from CBR's Circular No. 1 of 2007 dated July 2, 2007:-

"At present corporate tax rate of 35% is applicable for tax year 2007. This rate shall continue to be applicable for subsequent years also. For this purpose, an amendment has been made in Part III, Division II of the First Schedule to the Income Tax Ordinance, 2001."

<sup>1</sup>[6C. **Enhanced rate of tax on taxable income from Federal Government securities.**- (1) The taxable income arising from additional income earned from additional investment in Federal Government securities for the tax years 2020 and <sup>2</sup>[2021], shall be taxed at the rate of 37.5% instead of the rate provided in Division II of Part I of the First Schedule-

(2) A banking company shall furnish a certificate from external auditor along with accounts while e-filing return of Income certifying the amount of the money invested in Federal Government securities in preceding tax year, additional investments made for the tax year and mark-up income earned from the additional investments for the tax year.

(3) Notwithstanding anything contained in this Ordinance, the Commissioner may require the banking company to furnish details of the investments in Federal Government securities to determine the applicability of the enhanced rate of tax.

(4) “Additional income earned” means mark-up income earned from additional investment in Federal Government securities by the bank for the tax year.

(5) “Additional investments” means average investment made in Federal Government securities by the bank during the tax year, in addition to the average investments held during the tax year 2019.

(6) The taxable income arising from additional investment under sub-rule (1) shall be determined according to the following formula, namely:-

Taxable income subject to enhanced rate of tax =  $A \times B/C$

Where-

- A. is taxable income of the banking company;
- B is mark up income earned from the additional investment for the tax year; and
- C is the total of the mark-up income and non-mark-up income of the banking company as per accounts.]

<sup>3</sup>[(6A) For tax year <sup>4</sup>[2023] and onwards, the taxable income attributable to investment in the Federal Government securities shall be taxed at the rate of-

- (i) 55% instead of rate provided in Division II of Part I of the First schedule if the gross advances to deposit ratio as on last day of the tax year is upto 40%;

<sup>1</sup>Rule 6C inserted by Finance Act, 2019 dated June 30, 2019.

<sup>2</sup>Substituted for “onwards” by Finance Act, 2021 dated June 30, 2021.

<sup>3</sup>Sub-rule (6A) substituted by Finance Act, 2022 dated June 30, 2022. Earlier it was inserted by Finance Act, 2021 dated June 30, 2021.

<sup>4</sup>Substituted for “2022” by Income Tax (Amendment) Bill, 2025 dated May 25, 2025. Earlier it was substituted by Income Tax (Amendment) Ordinance, 2024 dated December 29, 2024.

- (ii) 49% instead of rate provided in Division II of Part I of the First schedule if the gross advances to deposit ratio as on last day of the tax year exceeds 40% but does not exceed 50%; and
- (iii) at the rates provided in Division II of Part I of the First schedule if gross advances to deposit ratio as on last day of the tax year exceeds 50%.

<sup>1</sup>[*Explanation-1*].- For the removal of doubt it is clarified that the tax rate under this sub-rule is applicable to total income attributable to total investment in Federal Government securities.]

<sup>2</sup>[*Explanation-2*.- For removal of doubt, it is clarified that the term “gross advances and deposit” referred to in this sub-rule for the purpose of computing gross advances to deposit ratio shall be the amount of “gross advances and deposit” at the end of the accounting period and as disclosed in the annual audited accounts:

Provided that from tax year 2025 and onwards profits and gains of a banking company shall be subjected to tax rates under Division-II of Part-I to the First Schedule and nothing contained in this sub-rule shall apply to compute part or whole of the tax liability of a banking company.]

<sup>3</sup>[ ]

<sup>4</sup>[7A. The provisions of section 113 shall apply to banking companies as they apply to any other resident company.]

<sup>1</sup>Renumbered as 1 by Income Tax (Amendment) Bill, 2025 dated May 25, 2025.

<sup>2</sup>Explanation 2 inserted by Income Tax (Amendment) Bill, 2025 dated May 25, 2025. Earlier it was inserted by Income Tax (Amendment) Ordinance, 2024 dated December 29, 2024.

<sup>3</sup>Rule 7 omitted by Finance Act, 2008 dated June 27, 2008.

<sup>4</sup>Rule 7A inserted by Finance Act, 2009 dated June 30, 2009.

**Rule 6C(6A)-Substitution.**-Before substitution it read as follows:-

“(6A) For tax year 2022 onwards, the taxable income attributable to investment in the Federal Government securities shall be taxed at the rate of-

- (i) 40% instead of rate provided in Division II of Part I of the First schedule if the ‘[gross advances] to deposit ratio as on last day of the tax year is upto 40%;
- (ii) 37.5% instead of rate provided in Division II of Part I of the First schedule if the ‘[gross advances] to deposit ratio as on last day of the tax year exceeds 40% but does not exceed 50%; and
- (iii) at the rates provided in Division II of Part I of the First schedule if ‘[gross advances] to deposit ratio as on last day of the tax year exceeds 50%.”

<sup>1</sup>Substituted for “assets” by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021.

**Rule 7-Omission.**-Before omission rule 7 read as follows:-

“7. The provisions of section 113 shall apply to banking companies as they apply to any other resident company.”

**Rule 7A.**-Following is an extract from FBR’s Circular No. 03 of 2009 dated July 17, 2009:-

“This schedule has been amended. In the light of amendments in Rule (1), the banking companies would be entitled to make provisions for advances and off balance sheet items upto a maximum of 1% of total advances. These companies would be under obligation to provide a certificate from the external auditor to the effect that such provisions are based upon and are in line with the Prudential Regulations of the State Bank of Pakistan. The banking companies would be allowed to carry forward provisions in excess of 1% to the succeeding years.

57.1 If the provisioning is less than 1% of the total advances, then the taxpayer would be entitled to the actual provisioning for the year.

57.2 The banking companies like other resident companies would be required to pay minimum tax under section 113 of the Ordinance as per provision of the aforesaid section.”

## CHAPTER - XI

### FURNISHING OF DOCUMENTS; SERVICE OF DOCUMENTS; FORMS AND NOTICES

**73. Furnishing of documents and returns etc.**– (1) This rule applies for the purposes of furnishing of documents under the Ordinance or these rules.

(2) Except as provided in the Ordinance or these rules, any application, statement or other document to be furnished to the Commissioner shall be furnished in the following manner, namely:–

- (a) by post or courier service;
- (b) delivered by hand to the officer having jurisdiction over the person or to such other officer as the Commissioner may specify; or
- <sup>1</sup>[(c) on computer or by electronic transmission using the specified software in accordance with the specified format or any other requirements including safety valve, security and verification considerations as may be specified by the Central Board of Revenue from time to time.]

<sup>2</sup>[(2A) In the case of a Company, electronic filing of income tax return and withholding tax statements shall be mandatory from the first day of July 2007 onwards.]

<sup>3</sup>[(2AA) In case of Federal Government departments, electronic filing of withholding statements shall be mandatory from the first day of July, 2009 onwards.]

<sup>4</sup>[(2B) In the case of a non-resident ship owner and aircraft owner or charterer thereof, the electronic filing of the income tax return and application for port clearance shall be mandatory from the 1<sup>st</sup> day of July 2008 onward.]

<sup>5</sup>[(2C) In case a person registered for sales tax, electronic filing of income tax return <sup>6</sup>[and withholding statements] shall be mandatory from the first day of July, 2009 onwards.

(2D) In case of an Association of Persons, electronic filing of income tax return and withholding tax statements shall be mandatory from the first day of July, 2009 onwards.]

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<sup>1</sup>Clause (c) substituted by SRO 516(I)/2006, dated June 01, 2006.

<sup>2</sup>Sub-rule (2A) inserted by SRO 708(I)/2007 dated July 14, 2007.

<sup>3</sup>Sub-rule (2AA) inserted by SRO 392(I)/2009 dated May 19, 2009.

<sup>4</sup>Sub-rule (2B) inserted by SRO 695(I)/2008 dated June 26, 2008.

<sup>5</sup>Sub-rules (2C) & (2D) inserted by SRO 684(I)/2009 dated July 23, 2009.

<sup>6</sup>Words inserted by SRO 1218(I)/2015 dated December 08, 2015.

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**Rule 73(2)(c)**–Before substitution clause (c) read as follows:–

“(c) on computer media or by electronic transmission in accordance with specified software or other requirements of the Commissioner or Regional Commissioner as the case may be, also prescribing safety valves and security and verification consideration.”

**Rule 73-Furnishing of statements, specification of authorities.** Following is the text of Circular No. 2 of 1987, dated March 22, 1987:–

<sup>1</sup>[(2DD) In case of an individual, electronic filing of income tax return and withholding statement shall be mandatory.]

<sup>2</sup>[(2E) From Tax Year 2009 onwards, wherever refund of tax is claimed in a non-company case, income tax return shall be filed electronically, and in all cases, whether relating to a company or a non-company, electronic filing of refund application as prescribed in Part-VI of the First Schedule shall be mandatory.]

(3) A return, statement, certificate, application or other document furnished by a person that includes the <sup>3</sup>[digital] signature of the person or the person's <sup>3</sup>[e-intermediary] shall be taken to be signed by that person.

(4) A person who furnishes a return, statement, certificate, application or other document by electronic transmission which includes the electronic signature of another person who has not consented to the inclusion of the signature shall commit an offence punishable on conviction with a fine or imprisonment not exceeding one year, or both.

<sup>4</sup>[(5) An Electronic Income Tax Return filed under these rules shall be deemed to be a return for the purposes of sub-section (2A) of section 114 of the Ordinance.]

<sup>5</sup>[(6) The e-intermediary shall get the authority letter in the manner specified below, from the taxpayer and produce it before the concerned income tax authority whenever demanded, namely:-

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<sup>1</sup>Sub-rule (2DD) substituted by SRO 2107(I)/2025 dated November 10, 2025. Earlier it was inserted by SRO 754(I)/2016 dated August 15, 2016.

<sup>2</sup>Sub-rule (2E) inserted by SRO 986(I)/2009 dated November 17, 2009.

<sup>3</sup>Substituted for "electronic" and "representative", respectively by SRO 516(I)/2006 dated June 01, 2006.

<sup>4</sup>Sub-rule (5) substituted by SRO 516(I)/2006 dated June 01, 2006.

<sup>5</sup>Sub-rules (6) and (7) inserted by SRO 516(I)/2006 dated June 01, 2006.

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"The undersigned is directed to say that the Central Board of Revenue is pleased to specify the Directors of Survey, Vigilance, Inspection and Audit, Islamabad, Lahore and Karachi and their subordinate officers for the respective Regions as the prescribed authorities/ authorised officers' respectively for the purposes of Rule 51 and 199 of the Income Tax Rules."

Previously CBR specified the authorities vide Circular No. 18 of 1982, dated October 25, 1982 text wherefrom is as follow:-

"The undersigned is directed to say that the Central Board of Revenue is pleased in specify the Commissioner of Income Tax (Survey and Collation), Karachi and the officers subordinate to him as the prescribed authority/"authorised person" respectively for purposes of Rules 51 and 199".

**Rule 73(2DD)-Before substitution it read as follows:-**

"(2DD) In case of an individual declaring taxable income one million rupees and more or turnover or receipts exceeding fifty million rupees electronic filing of income tax return and withholding statement shall be mandatory from the first day of July, 2016 onwards."

**Rule 73(5)-Before substitution it read as follows:-**

"(5) In this section, "electronic signature" means the unique identification, in electronic form, that is approved by the Commissioner or Regional Commissioner for use by the person or the person's representative."



(4) Any person or class of persons including a state-owned enterprise seeking resolution of any dispute under section 134A shall submit a written application for alternate dispute resolution to the Board in the Form as set out in Part I of the Schedule to this rule.

(5) The application submitted under sub-rule (4) shall be accompanied by-

- (a) an initial proposition for resolution of the dispute as set out in Part IA;
- (b) an offer of tax payment as set out in Part IB;
- (c) an undertaking as set out in Part IC that the applicant shall accept the decision of the Committee which shall be binding on him in all respects and that he shall on receipt of the decision immediately withdraw any and all pending litigation or cases of any kind in respect of the dispute mentioning details thereof; and
- (d) in the case of a state-owned enterprise, it shall withdraw any and all such pending litigation and cases immediately which shall be mentioned in the undertaking submitted under clause (c) of this sub-rule.

(6) The Board shall notify a panel comprising officers of Inland Revenue Service retired in BS-21 and above, chartered accountants, cost and management accountants, advocates, having minimum of ten years' experience in the field of taxation and reputable businessmen, in accordance with eligibility criteria specified in Part II of the Schedule to this rule.

(7) The member of the Committee mentioned in clause (ii) of sub-section (3) of section 134A of the Ordinance shall provide secretariat support to the committee.

(8) The Committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit, and shall decide the dispute by majority, within forty-five days of its appointment, extendable by another fifteen days, for reasons to be recorded in writing.

(9) The decision of the Committee under sub-rule (8) shall be binding on the Commissioner when the applicant; being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in the form as set out in Part III of the Schedule to this rule and has communicated the order of the withdrawal to the Commissioner:

Provided that if the order of the withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the Committee upon the aggrieved person, the decision of the Committee shall not be binding on the Commissioner.

(10) On receipt of the Committee's decision the applicant shall make the payment of income tax and other taxes as decided by the Committee under this rule and all decisions and orders made or passed shall stand modified to that extent.

<sup>1</sup>[(11) Members of the Committee appointed under clauses (i) and (iii) of sub-section (3) of section 134A of the Ordinance shall, after the decision by the Committee under sub-rule (8), be paid a lump sum one-time remuneration as under:

- (a) three hundred thousand Rupees and one hundred and fifty thousand Rupees for the Chairperson and member of the Committee respectively except the Chief Commissioner Inland Revenue, if the amount of tax liability is up to fifty million Rupees;
- (b) five hundred thousand Rupees and two hundred and fifty thousand Rupees for the Chairperson and member of the Committee respectively except the Chief Commissioner Inland Revenue, if the amount of tax liability exceeds fifty million Rupees; and
- (c) Chairperson or a member of the Committee may be allowed TA/DA equal to the entitlement of BPS-22 and BPS-21 officers of the Federal Government respectively.]

(12) The remuneration specified in sub-rule <sup>2</sup>[(11)] shall be paid by the Board from its budget allocation within fifteen days of the receipt of the decision of the Committee.]

<sup>1</sup>Substituted by SRO 2076(I)/2025 dated November 06, 2025.

<sup>2</sup>Substituted for "(ii)" & "(10)" respectively by SRO 1786(I)/2024 dated November 07, 2024.

**Rule 231C(11)-Substitution.**- Before substitution by SRO 2076(I)/2025 it read as follows:-

"(11) Members of the Committee appointed under clauses (i) and <sup>1</sup>[(iii)] of sub-section (3) of section 134A of the Ordinance shall on decision of the application by the Committee, be paid a lump sum one-time remuneration of one hundred thousand rupees each for their services."

**Rule 231C(1) to (15)-Substitution.**- Before substitution by SRO 1377(I)/2024 these read as follows:-

(1) This rule shall apply to all cases of disputes brought or specified for resolution under section 134A.

(2) In this rule, unless there is anything repugnant in the subject or context,-

- (a) "applicant" means an aggrieved person or a class of persons in case identical issues are involved who has brought a dispute for resolution under section 134A; and
- (b) "Committee" means a Committee constituted under sub-section (2) of section 134A.

(3) Any person or class of persons interested for resolution of any dispute under section 134A shall submit a written application for alternative dispute resolution to the Board in the form as set out in Part I of the Schedule to this rule.

(4) The Board, after examination of the contents of an application by a taxpayer and facts stated therein and on satisfaction that the application may be referred to a committee for the resolution of the hardship or dispute, shall appoint and notify a Committee, within a period of sixty days from the receipt of application specified under sub-rule (3), consisting of the following members, namely:-

- (a) Chief Commissioner Inland Revenue having jurisdiction over the case; and
- (b) two persons from a panel notified by the Board comprising of chartered accountants, cost and management accountants, advocates, having minimum often years' experience in the field of taxation and reputable businessmen.

(5) The Chief Commissioner Inland Revenue having jurisdiction over the case shall be Chairperson of the Committee.

(6) The Board shall notify a panel comprising of chartered accountants, cost and management accountants, advocates, having minimum often years' experience in the field of taxation and reputable businessmen, in accordance with eligibility criteria specified in Part II of the Schedule to this rule.

(7) The Committee shall decide the dispute through consensus within one hundred and twenty days from the date of its constitution by the Board.

(8) The decision of the Committee under sub-rule (7) shall be binding on the Commissioner when the applicant; being satisfied with the decision, has withdrawn the appeal pending before the court of law or any appellate authority in the form as set out in Part III of the Schedule to this rule and has communicated the order of withdrawal to the Commissioner:

Provided that if the order of withdrawal is not communicated to the Commissioner within sixty days of the service of decision of the Committee upon the applicant, the decision of the Committee shall not be binding on the Commissioner.

(9) The Chairperson of the Committee shall be responsible for deciding the procedure to be followed by the Committee which may inter-alia, include the following, namely:-

- (a) to decide about the place of sitting of the Committee;
- (b) to specify date and time for conducting proceedings by the Committee;
- (c) to conduct the proceedings of the Committee as he things appropriate;
- (d) to issue notices by courier or registered post or electronic mail to the applicant;
- (e) to requisition and produce relevant records or witnesses from the Commissioner or other concerned quarters;
- (f) to ensure attendance of the applicant for hearing either in person or through an advocate, representative or a tax consultant;
- (g) to consolidate recommendations of the Committee and submission of a conclusive report to the Board; and
- (h) for any other matter covered under these rules.

(10) The Committee may conduct inquiry, seek expert opinion, direct any officer of Inland Revenue or any other person to conduct an audit and make recommendations to the Committee in respect of dispute or hardship.

(11) The Committee may determine the issue and may thereafter seek further information or data or expert opinion or make or cause to be made such inquiries or audit as it may deem fit, to decide the matter specified in sub-section (1) of section 134A.

(12) If the Committee fails to decide within the period of one hundred and twenty days under sub-rule (7), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending.

(13) On receipt of the Committee's decision the applicant may make the payment of income tax and other taxes as decided by the Committee under sub- rule (7) and all decisions and orders made or passed shall stand modified to the extent.

(14) A member of the Committee appointed under clause (b) of the sub-rule (4) shall on decision of the application by the Committee of which he is a Member, be paid a lump sum one time remuneration of one hundred thousand rupees for his services.

(15) The remuneration specified in sub-rule (14) shall be paid by the Board from its budget allocation within fifteen days of the receipt of the decision of the Committee under sub-rule (13)."

**THE SCHEDULE****Part I***[see <sup>1</sup>sub-rule (4)]***Application for Alternative Dispute Resolution under section 134A of the  
Income Tax Ordinance, 2001**

To,  
The Chairman,  
Federal Board of Revenue,  
Islamabad

Dear Sir,

The undersigned being \_\_\_\_\_ (name and address of the applicant) duly authorized hereby apply for hardship and dispute resolution under section 134A of the Income Tax Ordinance, 2001 (XLIX of 2001).

2. Necessary details of the dispute or hardship are set out below and in the Annexure to this application.

\_\_\_\_\_

\_\_\_\_\_

3. A request is made to constitute a Committee as provided under sub-rule (4) of rule 231C of Income Tax Rules, 2002.

4. The following documents as are necessary for the resolution of the dispute or hardship are enclosed.

- (a) \_\_\_\_\_
- (b) \_\_\_\_\_
- (c) \_\_\_\_\_

Yours faithfully,

Signature \_\_\_\_\_

Name (in block letters) \_\_\_\_\_

NTN \_\_\_\_\_

Address \_\_\_\_\_

Date \_\_\_\_\_

<sup>1</sup>Substituted for “sub-rule (3)” by SRO 1377(I)/2024 dated September 06, 2024.

- (i) notwithstanding anything contained in the Income Tax Rules, 2002, the Jurisdiction assigned under sub-clause (ii) of clause (b) of sub-rule (3) above, by the Automated Case Selection System shall be deemed to have been made under the powers conferred by section 209 of the Income Tax Ordinance, 2001 till such time proceedings under clause (k) are finalized for the purpose of section 122 and section 177 of Income Tax Ordinance, 2001;
- (j) the adjudication officer to whom the case is assigned under clause (h) of sub-rule (3) above, shall after a notice under section 122(9) of the ordinance through Iris to show cause to such person, make an order for assessment of tax as pointed out in the audit report and issue Assessment Order accordingly under section 122 of the Income Tax Ordinance, 2001 and send it to the Automated Case Selection System:

Provided that in case the taxpayer applies electronically for agreed assessment under section 122D in the prescribed form to the committee constituted under section 122D(5), and the committee may,-

- (i) accept or modify the offer, and the taxpayer agrees to that offer, the Adjudication Officer shall pass the amended assessment order accordingly; or
- (ii) rejects or unable to reach on consensus, the case will be referred back to Adjudication Officer for passing amended order under section 122 on the basis of available record and reply of the taxpayer; and
- (k) the Automated Case Selection System, shall forward the assessment order passed under section 122 of the Ordinance for initiating recovery proceedings, if any under section 137 of the Income Tax Ordinance, 2001 to the jurisdiction where such person is originally registered.]

<sup>1</sup>[**231G. Determination of value of bonus shares issued by a company not quoted on the stock exchange, to the shareholders of the company.**-(1) The value of bonus shares issued by a company, not quoted on the stock exchange, to its shareholders in terms of sub-section (6) of section 236N of the Ordinance shall be the face value, or the breakup value, as determined below, whichever is higher.

(2) The breakup value of the bonus share shall be determined in the following manner:-

- (a) the total equity of the company divided by the total number of ordinary shares (after the issuance of bonus shares), as of the last day of the period for which financial statements are prepared and approved by the Board of Directors for the purpose of issuance of bonus shares. The total equity of the company shall be determined by adding paid up capital of the ordinary shares and the reserves; and

<sup>1</sup>Rule 231G inserted by SRO 1085(I)/2016 dated November 24, 2016.

- (b) for the purpose of sub-clause (a) above, the term “reserve” shall have the same meaning as defined under sub-section (3) of **section 5A** of the Ordinance.]

<sup>1</sup>[**231H. Reduced rate of tax for *Shari’ah* compliant companies in terms of Sub-Clause (a) of clause (18B) of Part-II of the Second Schedule to the Ordinance.**- In order to avail reduced rate of tax in terms of sub-clause (a) of clause (18B) of Part-II of the Second Schedule to the Ordinance, the *Shari’ah* compliant criteria for a company, whose shares are traded on a stock exchange, shall be as follows:-

- (i) The business of the company shall be *Halal* i.e. it shall not include processing or manufacturing of pork, liquor, non-*Halal* products, pornographic material or any other activity not permitted by *Shari’ah*.
- (ii) There should be *Riba* free financing on-the balance sheet of the company, however the company may be leveraged through Islamic modes of financing obtained from licensed Islamic financial institutions.
- (iii) All the investments made by the company should be one hundred percent *Shari’ah* compliant, therefore, it would not be permissible for the company to acquire non-*Shari’ah* compliant instruments or securities which yield interest or income that is not *Halal*.
- (iv) The company shall be obliged to maintain free float of the company at thirty percent of the outstanding shares.]

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<sup>1</sup>Rule 231H inserted by SRO 12(I)/2017 dated January 10, 2017.

**II- 144.55**

8-186-10-11-2025

<sup>1</sup>**[Part X**

<sup>2</sup>**[Quarterly Statement of collection or deduction of income tax under section 165(2) and section 165C**

[See Rule 44(2)]

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2<sup>nd</sup> Sch. Pt- X

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Quarterly Statement

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<sup>1</sup>Part X substituted by SRO 941(I)/2015 dated September 18, 2015. Earlier it was substituted by SRO 998(I)/2008 dated September 17, 2008. Earlier it was substituted by SRO No. 946(I)/2007, dated September 12, 2007, SRO 790(I)/2006, dated August 3, 2006.

<sup>2</sup>Substituted for “biannual Statement of Collection or Deduction of Income Tax under section 165(2) [See rule 44(2)]” by SRO 1775(I)/2025 dated September 10, 2025. Earlier it was substituted for “monthly” by SRO 849(I)/2019 dated July 24, 2019.

**Quarterly collection & deduction**

**II- 144.56**

Income Tax Rules, 2002

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