



Publisher: S.A. Salam Publications UK, 19 Cheetham Hill Road, Manchester, United Kingdom
Sales offices in Pakistan: : 1st Floor, Salam Chambers, 22-Link Mcleod Road., Lahore
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S. A. Salam's
Income Tax
Ready Reference
Update No. 04 of 2026 – June 30, 2026

Brief Summary of Material

It gives me great pleasure to complete **4th** update of Income Tax Ready Reference. This update comprises of **54** pages:–

Page Description Subject

Circulars 2026

(Please replace existing page 3, 4)

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	19-06-2026	till Tuesday 30th June, 2026

Budget 2026-27

111 to 164	Finance Act 2026, <i>relevant extracts</i>
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Yours sincerely,
Abdul Rab Khan
(Manager)

[2026 ITC]

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

F. No. 6(1)S(IR-Operations)/2024/11673-R Islamabad, January 27, 2026

Subject: Collection of Duties/ Taxes on 31st January, 2026

I am directed to refer to the subject and to communicate that all LTOs, MTO, CTOs and RTOs shall observe normal working hours on Saturday i.e. 31st January, 2026.

Waqar Ahmed

Second Secretary (IR Operations)
Phone:051-9208456
Email: secretary.ir.ops@fbr.gov.pk

[2026 ITC]

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

No. 1(1)M(Admn/HR)/2026

Islamabad, March 11, 2026

Subject: FBR Headquarters and field formation offices will remain open on Friday

In pursuance of the decision of the Committee for Monitoring and Implementation of Conservation and Additional Austerity Measures during its meeting held on 11th March, 2026, all the Members of FBR HQ, Directors General and Heads of Field Formations are hereby informed that:

- 1) All the offices of FBR HQ and its field formations shall continue to remain open on Fridays; and
- 2) The restriction of work-from-home for up to 50% of staff on alternate days basis, earlier notified by the Cabinet Division, shall not apply to FBR HQ and its field formations.
3. All the Members of FBR HQ, Directors General and Heads of Reid Formations are directed to strictly adhere to the above.

(Mohammad Iqbal)
Member (Admn/HR)

[2026 ITC 7]

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

No. 1(19)S(ITP)/2026

Islamabad, March 31, 2026

**Circular No. 07 of 2025-26 IR-Policy
(Income Tax)**

Subject: Clarification Regarding Applicability of Withholding Tax under Section 236C in Respect of Persons Covered under Section 7F of the Income Tax Ordinance, 2001

It has been brought to the notice of the Federal Board of Revenue (FBR) that concerns have been raised regarding the applicability of withholding tax under section 236C of the Income Tax Ordinance, 2001 (“the Ordinance”) to persons engaged in construction and development activities who are subject to tax under the special regime introduced through section 7F of the Ordinance.

2. Under 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.
3. The matter has been examined, and it is hereby clarified that persons who have discharged their tax liability under section 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.
4. Such persons may apply to the concerned Commissioner Inland Revenue under section 159 of the Ordinance 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.
5. Commissioners Inland Revenue are directed to examine such applications on a case-to-basis, ensuring that the applicant fulfills all conditions precedent to such exemption, and to decide the matter in accordance with the law.
6. The prescribed timelines for the Commissioner and Chief Commissioner regarding the issuance of exemption certificates shall apply ipso facto.

(Mohammad Amin Qureshi)
Secretary (Income Tax Policy)

[2026 ITC 8]

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

No. 1(19)S(ITP)/2026

Islamabad, April 15, 2026

**Circular No. 08 of 2025-26 IR-Policy
(Income Tax)**

In supersession of Circular No. 7 of 2025-26 IR-Policy dated 31st March 2026 and in order to further clarify the concerns which have been raised regarding the applicability of withholding tax under section 236C of the Income Tax Ordinance, 2001 (“the Ordinance”) to persons engaged in construction and development activities who are subject to tax under the special regime introduced through section 7F of the Ordinance.

2. Under 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.

3. The matter has been examined, and it is hereby clarified that persons who have discharged their tax liability under section 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.

4. Such persons may apply to the concerned Commissioner Inland Revenue under section 159 of the Ordinance 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.

5. Commissioners Inland Revenue 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.

6. 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.

(Mohammad Amin Qureshi)
Secretary (Income Tax Policy)

[2026 ITC]

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

No. 6(1)S(IR-Operations)/2024/55775-R Islamabad, May 19, 2026

Subject: Collection of Duties / Taxes on Saturday 23rd May, 2026 &
Sunday 24th May, 2026

Circulars 2026

Income Tax Ready Reference

I am directed to refer to the subject and to communicate that all LTOs, MTO, CTOs and RTOs shall observe normal working hours on Saturday i.e. 23rd May, 2026 & Sunday 24th May, 2026.

(Shafqat Rasool Sindhu)
Secretary (Revenue Budget)

[2026 ITC]

GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE

No. 6(1)S(IR-Operations)/2024/67151-R **Islamabad, June 19, 2026**

Subject: Collection of Duties / Taxes on Saturday 27th June, 2026 till Tuesday 30th June, 2026

I am directed to refer to the subject and to communicate that all LTOs, MTO, CTOs and RTOs shall observe normal working hours on Saturday 27th June, 2026 & Sunday 28th June, 2026 and extended working hours on Monday 29th June, 2026 (till 08:00 pm) & Tuesday 30th June, 2026 (till midnight) for collection of duties and taxes.

Sadaf Ihsan
Second Secretary (IR-Operations)

[2026 ITB 7]

Finance Act 2026*(Relevant Extracts)*

No. F. 22(46)/2026-Legis, dated Islamabad, the 26th June, 2026.- The following Act of Majlis-e-Shoora (Parliament) received the assent of the President on the 26th June, 2026 is hereby published for general information:-

Act No. XLIII of 2026

An Act to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2026, and to amend certain laws

WHEREAS, it is expedient to make provisions to give effect to the financial proposals of the Federal Government for the year beginning on the first day of July, 2026, and to amend certain laws for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title and commencement.- (1) This Act shall be called the Finance Act, 2026.

(2) It shall, unless otherwise provided, come into force on the first day of July, 2026.

2. Amendments of the West Pakistan Motor Vehicles Taxation Act, 1958 (WP Act XXXII of 1958).

3. Amendments of the Customs Act, 1969 (IV of 1969).- In the Customs Act, 1969 (IV of 1969), the following further amendments shall be made, namely:-

(1) in section 2, after clause (ssss), a new clause shall be added, namely:-

“(ssssa) “State warehouse” means any place authorized by the Collector of Customs to store the detained, seized or confiscated goods, as the case may be”;

(2) in section 19, in sub-section (5), in the second proviso, for the figure “2026”, the figure “2027” shall be substituted;

(3) in section 32,-

(a) in sub-section (3), in the first proviso, the words “in a case” shall be omitted; and

(b) in sub-section (3A), in the proviso, the words “in a case” shall be omitted;

(4) in section 80, in sub-section (4),-

(a) after the word “examined”, a comma shall be inserted and thereafter the word “scanned” shall be inserted; and

(b) in the proviso, after the word “examined”, the words “or scanned” shall be inserted;

- (5) in section 82,-
- (a) in sub-section (1),-
- (i) for the words “Federal Government”, the word “Board with the approval of the Minister-in-Charge” shall be substituted; and
- (ii) in the first proviso, after the word “waive”, the words “or reduce” shall be inserted and for the full stop at the end a colon shall be substituted and thereafter the following new proviso shall be added, namely:-

“Provided further that the Board may notify the rules to regulate the implementation of the above provisions, including the process of appeal against imposed penalties and the Customs stations, goods or class of goods, where the provisions of sub-section (1) shall not be applicable.”; and

- (b) in sub-section (2), after the fifth proviso, the following new proviso shall be added, namely:-

“Provided also that the Board in a competitive manner as provided in the Public Procurement Rules, 2004, may authorize any person to auction any auctionable goods, in the manner as notified by the Board.”;

- (6) in section 156, in sub-section (1), in the Table.-
- (a) against S. No. 7A, in the third column, for the words “five hundred thousand”, the words “five million” shall be substituted;
- (b) after S. No. 62, the following S. No. shall be added, namely:-

“62A	If any person is found to be involved or abetting in the removal, substitution, damage or otherwise tampering with any goods, whether or not confiscated, at any such place as authorized by the Collector as a State Warehouse.	such person shall be liable to a penalty not exceeding two times the value of the goods involved; and upon conviction by a Special Judge, shall further be liable to imprisonment for a period not exceeding five years, or fine or both.”; and	General
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- (c) against S. No. 83, in the second column, for the existing entry, the following shall be substituted, namely:-

“If an officer of any authority who is duty bound under section 170 to deposit the impugned goods with customs, neglects so to do.”;

- (7) in section 157, after sub-section (2), the following explanation shall be added, namely:-

“Explanation:- The word “removal” includes, and shall be deemed to have always included, every act of carrying, transporting, depositing, harbouring, keeping, concealing, retailing, or any other act involving movement of smuggled goods.”;

(8) for section 170, the following shall be substituted, namely:-

“170. Procedure in respect of goods seized or detained by other authorities.- Notwithstanding anything contained in any other law for the time being in force, when any goods liable to confiscation under this Act are detained or seized by any other authority on any violation, irrespective of any pending proceedings under the laws of that authority, the customs authorities upon confirmation that such goods are liable to confiscation shall intimate that authority in writing and that authority shall be bound to deposit the impugned goods with customs for further processing under this Act.”;

(9) in section 179, after sub-section (5), the following sub-section shall be added, namely:-

“(6) Notwithstanding anything contained in this Act, or any other law for the time being in force, the Board may notify a procedure for faceless adjudication whereby adjudication proceedings shall be conducted without any face-to-face interaction between the adjudicating officer and the respondent. The virtual mode shall be in such manner as may be prescribed by the Board from time to time.”;

(10) in section 185A, after sub-section (5), the following sub-section (6) shall be added, namely:-

“(6) Where a Special Judge during trial of an offence punishable under this Act, is satisfied that there is any reasonable grounds for believing that the accused has committed an illegal transfer of funds into or out of Pakistan, he may order the freezing of the assets of the accused, whether in his possession or in the possession of any other person on his behalf.”;

“Provided that, in the case of a person other than the accused, no order shall be passed by the Special Judge without affording such person an opportunity of being heard, except where immediate action is necessary to prevent the dissipation of assets.”;

(11) after section 196J, the following section shall be added, namely:-

“196JJ. Independent case scrutiny committee.- (1) Any Civil petition, reference, civil petition for leave to appeal or review petition before the High Court, the Federal Constitutional Court or the Supreme Court of Pakistan shall only be filed by the Collector or Director of Customs, or any officer of Customs not below the rank of Deputy Collector or Deputy Director authorized by the Collector or Director of Customs, in writing, subject to approval by an independent case scrutiny committee, as constituted by the Board under sub-section (3).

(2) The Board may constitute one or more such committees and assign them jurisdiction which shall exercise the powers and functions in a manner, and from the date, as may be notified by the Board.

(3) The independent case scrutiny committee shall comprise of the following Members, namely:-

(a) a retired judge of the superior judiciary who shall also act as Chairman of the Committee;

- (b) an advocate having not less than fifteen years of experience in customs and commercial litigation before the High Court or Supreme Court of Pakistan; and
- (c) a serving or retired officer not below the rank of Director or Collector of Customs:

Provided that the committee may co-opt a chartered accountant as a non-voting member, whenever required; and

(4) The members shall receive such remuneration as may be prescribed by rules.

(5) Recommendations of the committee shall be binding upon the concerned Collector or Director of Customs.

(6) No suit, prosecution or other legal proceedings shall lie against the members of the committee in relation to the decisions made under this section.

(7) Notwithstanding anything contained in this Act or the Limitation Act, 1908, for purposes of determining whether a matter referred to in sub-section (1) has been filed within time, the period from the date from which time begins to run to the date on which the committee gives its approval, which period shall in each case be certified by the chairman, shall stand excluded:

Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act 2026 comes into force.

(12) in section 215, in clause (c), for the full stop at the end, the expression “; or” shall be substituted and thereafter the following new clause shall be added, namely:-

“(d) in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (Act V of 1908).”;

(13) The amendment set out in the First Schedule to this Act shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969): and

(14) The Fifth Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner provided for in the Second Schedule to this Act.

4. Amendments of the Sales Tax Act, 1990 (VII of 1990).- In the Sales Tax Act, 1990 (VII of 1990), the following further amendments shall be made, namely:-

- (1) in section 2,—
 - (a) after clause (1A), the following new clauses shall be inserted, namely:—
 - (1AA) “**advance receipt invoice**” means an invoice in the format as may be notified by the Board from time to time;
 - (1AAA) “**algorithmic settlement mechanism**” means algorithmic settlement mechanism provided under section 47AA of this Act;
 - (b) after the omitted clause (9AA), the following new clause shall be inserted, namely:—
 - “(9AB) “**electronic invoicing system**” means such electronic system or mechanism as may be prescribed or approved by the Board for issuance and recording of sales tax invoices in electronic form;”;
 - (c) after clause (17), the following new clause shall be inserted, namely:—
 - “(17A) “**National faceless centre**” means National faceless centre as defined in section 32C of the Act;”;
 - (d) after clause (22), the following new clause shall be inserted, namely:—
 - “(22)(1A) “**production monitoring system**” means any system or technology, used for the purposes of monitoring production and sale of goods, whether in real-time or otherwise, including such systems or technologies as may be prescribed by the Board from time to time;”;
 - (e) in clause (43A),—
 - (i) in sub-clause (d), after the expression, “wholesaler-cum-retailer”, the expression “having turnover more than two hundred million rupees” shall be inserted;
 - (ii) sub-clauses (f) and (g) shall be omitted;
 - (iii) after omitted sub-clause (ga), the following new sub-clause shall be inserted, namely:—
 - “(gb) a retailer having turnover exceeding two hundred million rupees either by way of declaration or from worked back value of turnover from tax deduction under section 236G or 236H of Income Tax Ordinance, 2001 (XLIV of 2001) during the immediately preceding twelve consecutive months; and”;
 - (iv) in sub-clause (h), for full stop at the end, a colon shall be substituted, and thereafter the following proviso shall be added, namely:—

“Provided that the Board may also exclude any person or class of persons through a notification in the official gazette; and”
 - (f) in clause (46), in sub-clause (j), in the first proviso, at the end, for the colon, the full stop shall be substituted, and thereafter the following expression shall be added, namely:-

“For this purpose of valuation, the Board may use the valuation of such goods as notified by Pakistan Bureau of Statistics immediately before the start of the tax period. The Board may also, where it deems fit, outsource the functions of valuation of goods to a third party in the mode and manner as may be prescribed.”;

(2) in section 6, in sub-section (2), after the first proviso, for full stop at the end, a colon shall be substituted, and thereafter the following new proviso shall be added, namely:-

“Provided further that in the case of steel melters, steel re-rollers and composite units, the tax shall be collected on the basis of per unit electricity consumption including use of electricity produced by a captive power plant or through any other alternative source of energy at the rate or rates as prescribed by the Board, through notification in the official Gazette. The tax so collected shall be an adjustable input tax, to be claimed in the return of the month in which such payment is made:

Provided also that the Board may prescribe a lower per unit rate or rates of electricity consumption on the basis of input tax paid on imports or other invoices issued through electronic invoicing system, digitally issued invoices for compliant and digitally integrated steel melters, re-rollers and composite units to minimize creation of refunds:

Provided also that the per unit sales tax shall be determined by the Board on the basis of minimum notified price under clause (46) of section 2 of this Act and the industrial benchmarks of consumption of electricity against per ton production of steel products.”

(3) in section 8B, in sub-section (1), in the second proviso, for full stop at the end, a colon shall be substituted, and thereafter the following new proviso shall be added, namely:-

“Provided also that the Board may by notification in the official Gazette, reduce or enhance the limit provided in this sub-section for any registered person on the basis of compliance or non-compliance with the production monitoring, digital invoicing, e-bility, POS, or any other electronic system prescribed by the Board for digital integration of data.”;

(4) in section 9, for full stop at the end, a colon shall be substituted, and thereafter the following proviso shall be added, namely:-

“Provided that the issuance of debit and credit notes shall be governed by the mechanism including electronic adjustments, as may be prescribed by the Board.”;

(5) after section 11G, the following new section shall be inserted, namely:-

“11H. Faceless audit and assessment.– (1) Notwithstanding anything to the contrary contained in any other provision of this Act, any audit under sections 25 and 72B, any order made under section 11E, and rectification under section 57 with respect to the cases referred to in sub-section (2), may be made in a faceless manner as may be prescribed by the Board from time to time.

(2) The faceless assessment under sub-section (1) shall be made in respect of such persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by the Board.

(3) The provisions of section 25 shall apply to the audit conducted in a faceless manner under this section:

Provided that where opportunity of being heard is to be provided to the taxpayer during the course of this audit or a statement under oath is required to be obtained from a taxpayer or any other person under section 37 of this Act, the same shall be done through E-hearing:

Provided further that the identity of the officer, including facial and voice identity, conducting such E-hearing shall be kept confidential.”;

(6) in section 21, in sub-section (2), after the word “invoices”, the expression “, has committed non-compliance of sub-sections (5) and (6) of section 23 or section 40C” shall be inserted;

(7) in section 23, in sub-section (1),-

- (i) for the words “supply shall issue a serially numbered tax invoice” the expression “as well as exempt supply shall issue a tax invoice including an advance receipt invoice, bearing a verifiable and unique FBR invoice number” shall be substituted; and
- (ii) in clause (b), after the Explanation, for the existing provisos, the following shall be substituted, namely:-

“Provided that the Board may notify any person or class of persons who may be allowed to issue an advance receipt invoice within the notified system:

Provided further that the condition of a verifiable and unique FBR invoice number shall be applicable from the time as notified by the Board.”;

(8) in section 25,-

- (i) after sub-section (8), the following new sub-sections shall be inserted, namely:-

“(8A) If, at any stage of the proceedings before him, the Commissioner having regard to,-

- (a) the nature and complexity of the accounts; or
- (b) volume of the accounts; or
- (c) doubts about the correctness of the accounts; or
- (d) multiplicity of transactions in the accounts; or
- (e) specialized nature of business activity of the registered person, and in the interest of the revenue, is of the opinion that it is necessary so to do, he may, after giving the registered person a reasonable opportunity of being heard, and with the previous approval of the Chief Commissioner, direct the registered person to get either any or all of the following:-

- (i) accounts re-audited by an accountant, and to furnish a report of such audit duly signed and verified by such accountant including answers to the specific queries as the Commissioner may require; or

- (ii) inventory re-valued by a cost accountant, and to furnish a report of such inventory valuation duly signed and verified by such cost accountant including answers to the specific queries as the Officer of Inland Revenue may require;

Explanation:- The accountant or the cost accountant, as referred to in this sub-section, shall be nominated by the Commissioner for the purposes of the said sub-section from amongst the panel of such accountants or cost accountants nominated by the Board; and

(8B) After completion of the audit, the officer of Inland Revenue shall, after obtaining the registered person's explanation on all the issues raised in the audit, issue an audit report containing audit observations and findings.”;

- (ii) in sub-section (9), for the words “completion of the audit”, the words “issuing the audit report” shall be substituted; and

(iii) in sub-section (11),—

- (a) for the words “wishes to deposit”, the word “deposits” shall be substituted; and

- (b) in the second proviso, for the words “full amount”, the words “fifty percent” shall be substituted;

(9) after section 30A, the following new section shall be inserted, namely:-

“30AA. Faceless jurisdiction.- (1) Notwithstanding anything contained in this Act, the Inland Revenue tax authorities appointed in the National faceless center shall perform all or such functions, and exercise all or such powers under this Act as may be assigned to them in respect of such persons, or classes of persons, for such tax periods of a person through algorithms developed by the Board.

(2) The jurisdiction so assigned may be exclusive or concurrent.

(3) The Board may transfer jurisdictions in respect of persons or classes of persons, for a specific tax period, for which the jurisdiction has already been assigned under this section, from the National faceless center to the officer of Inland Revenue having jurisdiction under section 30 of this Act, on the recommendation of the Chief Commissioner or on its own accord.

(4) The Chief Commissioner appointed in the National faceless center may request the Board to direct the officer of Inland Revenue having jurisdiction under section 30 or any other Authority under this Act, as it may deem fit, to conduct physical verification including nature and size of the business, assets, investments, expenditures, and any other information or verification required by the Chief Commissioner for conducting any proceedings assigned to the National faceless centre:

Provided that the Board may exercise its power of allocation of verification through an algorithm-based system.

(5) Notwithstanding anything contained in any law for the time being in force, the identity of the authority exercising jurisdiction in the National faceless centre shall be kept confidential from the registered person, the authorized representative of the registered person, and any unauthorized person.

(6) No notice, order, or other communication by an authority appointed at the National faceless centre shall be called in question or set aside merely on the ground that such authority did not have jurisdiction over the taxpayer under section 30 of this Act, or lack of notified delegation of power under section 32 of this Act, or because of the fact that identity of the authority has been kept confidential from the taxpayer as per sub-section (5).”;

(10) after section 30DDDA, the following new section shall be inserted, namely:—

“30DDDB. Directorate General (Field Compliance) Inland Revenue.-

(1) The Directorate General (Field Compliance) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette,-

- (a) specify the functions and jurisdiction of the Directorate General and its officers; and
- (b) confer the powers of authorities specified in section 30 upon the Directorate General and its officers.”

(11) after section 32B, the following new section shall be inserted, namely:-

“32C. National faceless centre.— (1) Notwithstanding anything to the contrary contained in any of the provisions of this Act, the Board may, for the purposes of proceedings under this Act in a faceless manner, establish a National faceless center (hereinafter referred to as —the Centre) and specify its jurisdiction, powers, and functions.

(2) The centre shall comprise a Director General and as many officers of the Inland Revenue along with support staff, as the Board may deem fit for the purposes of this section.

(3) The Board may design algorithms for assigning any function or jurisdiction under this section to any of the authorities mentioned in sub-section (2).

(4) The centre shall comprise as many wings and units as may be prescribed by the Board.

(5) The functions of audit, assessment, and quality control in a specific case for a specific tax period shall be performed by separate officers.

(6) All communications, among the units, or with the registered person, or an authorized representative of the registered persons, or with any other person with respect to the information or documents or evidence or any other details, as may be necessary, shall be through electronic means.”;

- (12) in section 33, in the Table, in column (1),-
- (a) against S. No. 1, in column (2),-
- (i) for the word “ten”, the word “fifty” shall be substituted; and
- (ii) in the proviso, for the word “hundred”, the word “thousand” shall be substituted;
- (b) against S. No. 2, in column (2), for the expression “five thousand rupees or three per cent”, the expression “twenty-five thousand rupees or five per cent” shall be substituted;
- (c) against S. No. 3, in column (2),-
- (i) for the word “ten”, the word “fifty” shall be substituted; and
- (ii) for the word “five”, the word “ten” shall be substituted;
- (d) against S. No. 5, in column (2),-
- (i) for the expression “ten thousand rupees or five per cent of the amount of the tax involved, whichever is higher”, the expression “fifty thousand rupees or five per cent of the amount of the tax involved, whichever is higher” shall be substituted; and
- (ii) in the first proviso, for the word “hundred”, the word “thousand” shall be substituted;
- (e) against S. No. 7, in column (2), for the word “ten”, the word “fifty” shall be substituted;
- (f) against S. No. 8, in column (2), for the word “ten”, the word “fifty” shall be substituted;
- (g) against S. No. 25, in column (1) and entries related thereto in column (2), the following shall be substituted, namely:-

25.	Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, fails to get himself registered under this Act, and if registered, fails to integrate in the manner as required under law within the stipulated time as notified by the Board.	Such person shall be liable to pay a penalty up to one million rupees, if he continues to commit the offence after one month of the imposition of first penalty, he shall be liable to second penalty of up to five million rupees. Notwithstanding, his business premises shall be liable to be sealed with or without imposition of penalty by an officer of Inland Revenue in the manner as may be prescribed.
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- (h) after S. No. 28, the following new S. Nos. and entries relating thereto in columns (1), (2) and (3) shall be added, namely:-

29.	Where any registered person issues a tax invoice for a transaction which is simulated or fictitious, or for which no actual supply of goods or services has taken place, as established after notice and adjudication.	<p>(i) Such person shall pay a penalty equal to the face value of the simulated or fictitious invoice or invoices.</p> <p>(ii) The Board shall, after issuance of a show cause notice and an opportunity of being heard, place the name and registration number of such person on a publicly accessible simulated invoice issuers register maintained on the Board's computerized system.</p> <p>(iii) Any input tax credit claimed by a counterparty on the basis of invoices issued by a person on the simulated invoice issuers register shall be reversed automatically and treated as inadmissible with effect from the date of listing.</p> <p>(iv) Listing on the register shall be removed upon full payment of the penalty and default surcharge, and upon satisfactory demonstration of compliance.</p>	2(37)
30	Where the Board's computerized system identifies that input tax credit claimed by a registered person in respect of any tax period cannot be matched to corresponding output tax declared by the supplier for the same or proximate tax period, and such mismatch is confirmed after issuance of notice and provision of opportunity of being heard.	Such person shall pay a penalty of twenty per cent of the unmatched input tax amount, in addition to reversal of the inadmissible credit and payment of default surcharge under section 34.	7, 8A

31	Where a registered person has claimed input tax credit on the basis of invoices issued by a person who is subsequently placed on the simulated invoice issuers register under S. No. 29, and such registered person fails to reverse the inadmissible input tax credit within sixty days of the listing of the invoice issuer on the register.	Such person shall pay a penalty of twenty per cent of the unreversed input tax credit, in addition to the reversal of such credit and default surcharge under section 34.	7, 8A, 33 (S. No. 29)
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(13) in section 40C,-

(a) for sub-sections (2) and (3), the following shall be substituted, namely:-

“(2) From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person unless such goods are affixed with tax stamps, band role stickers or labels are monitored through a Production Monitoring System, video analytics or any other prescribed monitoring mechanism, etc. in any such form, style and manner as may be prescribed by the Board in this behalf.

(3) Such tax stamps, banderols, stickers, labels, barcodes, production monitoring equipment etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board.”; and

(b) after the omitted sub-section (5), the following new sub-section shall be added, namely:-

“(6) Any taxable goods in respect of which monitoring, tracking or identification has been prescribed under this Act or rules made thereunder, which are manufactured, produced, removed, transported, supplied or otherwise dealt with or without affixing the prescribed tax stamps, banderoles, stickers, labels, barcodes or without compliance with the prescribed monitoring system, shall be liable to seizure and confiscation in the prescribed manner, along with the conveyance used for the movement, carriage or transportation of such goods.”;

(14) after section 40E, the following new section shall be inserted, namely:-

“**40F. Sale of confiscated goods by auction.**– (1) Where any goods liable to confiscation under any provision of this Act have been confiscated, these goods, without prejudice to other action specified against such goods, shall be sold by public auction.

(2) The goods may be sold under sub-section (1) through electronic means, as prescribed by the Board.

(3) For the purpose of sub-sections (1) and (2) of this section, the Board shall be bound by Public Procurement Regulatory Authority Rules, 2004.

(4) The sale proceeds shall be applied to the following purposes in their respective order, namely:-

- (a) first to pay the expenses of the sale;
- (b) then to pay the sales tax, other taxes and dues including penalty and surcharge payable to the Federal Government in respect of such goods; and
- (c) the balance in respect of confiscated goods excluding those liable for outright confiscation, if any, shall be paid to the owner of the goods, provided he applies for it within six months of the sale of the goods, failing which the balance amount shall be deposited into the government treasury:

Provided that, in case wherein goods declaration has been filed, the share of importer in sale proceeds shall not exceed the declared value of the goods.”;

(15) after section 45B, the following new section shall be inserted, namely:-

“45C. Faceless appeals.- (1) Notwithstanding anything contained in this Act, any appeal filed under section 45B of this Act may be processed through the National faceless center as may be prescribed by the Board.

(2) The provisions of section 45B of this Act shall apply to faceless appeals accordingly.”.

(16) after section 47A, the following new sections shall be inserted, namely:-

“47AA. Algorithmic settlement mechanism.- (1) Notwithstanding anything contained in this Act, the Board may establish a digitally operated algorithmic settlement mechanism (hereinafter referred to as “the mechanism”) for settlement of tax proceedings at any stage before any order under sections 11D or 11E of the Act.

(2) In case the mechanism calculates and presents to the registered person a settlement offer as per the criteria provided under sub-section (3), the registered person may avail the offer as provided in sub-section (4).

(3) The system generated settlement offer shall be calculated on the basis including but not limited to:

- (a) the stage of proceedings at which settlement is offered;
- (b) the registered person’s compliance history, as maintained in FBR’s data;
- (c) the nature and character of the discrepancy; and
- (d) any other basis the Board may consider relevant.

(4) A registered person who opts to avail this mechanism shall, within ten days from the date of the settlement offer to accept the settlement offer on IRIS and deposit the settlement offer amount.

(5) The issues confronted to the registered person, if any, through a notice or an audit report under this Act shall stand abated if the registered person deposits the settlement amount as provided in sub-section (4).

(6) Payment of tax consequent upon acceptance of offer under sub-section (4) of this section shall not preclude proceedings in respect of any other issue or discrepancy not covered by the settlement offer, nor shall it affect proceedings for any other tax period.

“47AAA. Independent case scrutiny committee.- (1) A reference under section 47 before the High Court, or an appeal or review before the Federal Constitutional Court or the Supreme Court of Pakistan, as the case may be, shall only be filed by the Commissioner Inland Revenue after the same has been approved by an independent case scrutiny committee as constituted by the Board.

(2) The Board may constitute one or more such committees and assigned them cases or classes of cases decided by the Appellate Tribunal Inland Revenue or the High Court as the case may be.

(3) The Committee shall comprise of the following Members as nominated by the Board-

- (a) a retired judge of the Supreme Court of Pakistan, the Federal Constitutional Court, or any of the High Courts of Pakistan who shall also act as Chairman of the Committee;
- (b) an Advocate having not less than fifteen years of experience in tax and commercial litigation before the High Court or Supreme Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and
- (c) a senior serving or retired officer of the FBR (BS 20 or above):

Provided that the committee may co-opt a chartered accountant as a non-voting member, whenever required.

(4) The powers, functions and procedure of the Committee along with remuneration of its Members shall be governed as prescribed.

(5) Recommendations of the committee shall be binding upon the Commissioner Inland Revenue having jurisdiction over the case.

(6) Notwithstanding anything contained in any other law for the time being in force, no suit, prosecution, or other legal proceedings shall lie against the Members of the Committee and the Commissioner Inland Revenue having jurisdiction over the case, in relation to the decisions made under this section.

(7) The Committee constituted under this sub-section shall exercise its powers and functions with effect from the date of its constitution as notified by the Board.

(8) Notwithstanding anything contained in this Act or The Limitation Act, 1908, for purposes of determining whether a matter referred to in sub-section (1) has been filed within time, the period from the date from which time begins to run to the date on which the committee gives it approval, which period shall in each case be certified by the chairman, shall stand excluded:

Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act, 2026 comes into force.”

(17) in the Third Schedule, in the Table, in column (1), after Serial No. 55, the following new Serial Nos. and entries relating thereto in columns (2) and (3) shall be added, namely:

“56.	Vegetable and animal fats and oils, sold in retail packing.	Respective headings
57	Sugar confectionery, sold in retail packing.	Respective headings
58	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni, couscous, whether or not prepared, sold in retail packing.	19.02
59.	Sauces, ketchup and other preparations therefore, mixed condiments and mixed seasonings, mustard flour and meal and prepared mustard, sold in retail packing.	Respective headings
60.	Fermented beverages, sold in retail packing.	Respective headings
61.	Petroleum jelly, paraffin wax, micro-crystalline petroleum wax, slack wax, ozokerite, lignite wax, peat wax, other mineral waxes, and similar products obtained by synthesis or by other processes, whether or not coloured, sold in retail packing.	27.12
62.	Plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls, sold in retail packing.	39.19, 39.20, 39.21
63.	Tableware, kitchenware, plastic furniture, storage items, hygienic or toilet articles, and allied other household articles of plastics, sold in retail packing.	Chapter 39
64.	Trunks, suit-cases, vanity-cases, executive-cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers, travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, handbags, shopping-bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle-cases, jewellery boxes, powder-boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanised fibre or of paperboard, or wholly or mainly covered with such materials or with paper, put up for retail sale.	42.02
65.	Footwear (all types) except where the manufacturer exclusively sells its products through digitally integrated and POS compliant retail outlets.	Respective headings

66.	Bathroom accessories and bath items, sanitaryware including taps, showerheads, fittings, mixers, valves and other washroom accessories and fixtures, sold in retail packing.	Respective headings
67.	Crockery Items, sold in retail packing.	Respective headings
68.	Car and automobile accessories, sold in retail packing.	Respective headings
69.	Milk, fat-filled milk, preparations suitable for infants, and other products of milk, sold in retail packing.	Respective headings
70.	Preparations for use on the hair, sold in retail packing.	33.05
71.	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties, sold in retail packing.	33.07
72.	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets, put up for retail sale.	4803.0000, 48.18
73	Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter, other fruit and vegetable preparations, sold in retail packing.	20.07, 20.08
74.	Household utensils, including Stainless steel, aluminum, melamine and other utensils and tableware put up for retail sale.	Respective headings
75.	Ceramic products, including wash basins, commodes, tiles and allied ceramic sanitary products, put up for retail sale.	69.10 ⁹ ;

Note: Where the Federal Government has notified that the sales tax shall be charged, levied and paid at a rate higher than eighteen percent, the same rate shall continue to be charged, levied and paid after their inclusion under the Third Schedule.

(18) in the Sixth Schedule,

(a) in Table-1, in column (1),—

- (i) after omitted serial number 27, and corresponding entries relating thereto in column (2) and (3), the following entry as Serial No 27A, shall be inserted, namely:—

“27A	Wheat and rice bran	Respective headings”
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- (ii) for Serial No. 32 and entries relating thereto in columns (2) and (3), the following shall be substituted, namely:—

“32	Newsprint, books, and magazines but excluding brochures, leaflets and directories.	49.01, 4902.1000, and 4902.9000”
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- (iii) in serial number 157, in corresponding column (2), for the expression “2026”, the expression “2027” shall be substituted;
- (iv) for serial number 181, and corresponding entries relating thereto in columns (2) and (3), the following shall be substituted, namely:—

“181.	Import or lease of aircrafts and parts thereof by Pakistan International Airlines Corporation Limited (PIACL) Provided that the customs authorities shall ensure that the quantities of things imported are limited to the requirements of materials and articles to be used in operations and maintenance of the aircraft operated by the airline: Provided further that the ground handling equipment, service and operation vehicles, catering equipment and fuel trucks, not manufactured locally, and imported shall be used within airport premises as aforesaid.	8802.1200, 8802.3000, 8802.4000, 8801.0000, 8802.2000, 8804.0000, 8805.2900, 8807.3000, 9104.0010, 8544.2000, 7007.1900 and 9931.”
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- (iva) after serial number 181, the following new Serial No. 181A and entries relating thereto in columns (2) and (3) shall be inserted, namely:—

“181A.	Import or lease of aircrafts and parts thereof by any airline company registered in Pakistan. This will be effective from the first day of July, 2027.	Respective Heading
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- (v) after the newly inserted Serial No 181A, the following new Serial Nos. and entries relating thereto in columns (2) and (3) shall be added, namely:-

“182	Contraceptives	3926.9020 and 4014.1000
183	Female Sanitary Pads / Tampons	9619.0030
184	Import of: – Tankers, – Dredgers, – Floating or submersible drilling, or production platforms, – Others floating structures and vessels. – Other vessels for the transportation of goods excluding Cruise ships, excursion boats and similar vessels principally designed for the transport of persons; ferry-boats of all kinds Provided that the quantity of imported goods under this entry shall be approved by the Ministry of Maritime Affairs	8901.2000 8905.1000 8905.2000 8905.9000 8901.9000
185	Import of bulletproof vehicles by the: (i) Federal Government for logistic arrangements for Shanghai Cooperation Organization (SCO) Summit subject to the prior approval from the Ministry of Foreign Affairs and the Ministry of Interior and Narcotics Control. (ii) By the Federal Government or Provincial Government for threat of terrorism against a public functionary as determined by the Ministry of Interior and Narcotics Control, subject to the approval by the Federal Government.	Respective heading.”

- (b) in Table-3, in Annexure, in column (1), after Serial No 22, the following new Serial Nos. and entries relating thereto in columns (2), (3) and (4) shall be added, namely:-

"23	<p>Import of following machinery/ equipment for upgradation of existing refineries:</p> <ol style="list-style-type: none"> 1. Reactors, 2. Shell and Tube Exchangers, 3. Vessels (Strippers/ Separators/ K.O. Drums), 4. Trim Coolers, 5. Air Coolers Condensers), 6. Fired Heaters, 7. Centrifugal Pumps, 8. Reciprocating Pumps, 9. Centrifugal Compressors, 10. Reciprocating Compressors, 11. Steam Reformer Furnaces, 12. Filters, <p>Provided that all such imports shall be essentially made for expansion of balancing, modernization, and rehabilitation of existing refineries and the quantity imported by each refinery shall be approved by the Ministry of Petroleum and Natural Resources.</p>	<p>8419.8990, 8419.5000, 8419.8990, 8418.6990, 8419.8990, 8417.8000, 8413.7090, 8413.5000, 8414.8090, 8414.8090, 8417.8000, 8421.3990</p>	<p>The goods shall be imported directly by the refinery after approval by the division concerned.</p>
24	<p>Import of machinery, equipment, raw materials, components and other capital goods, by Karachi Shipyard and Engineering Works Limited</p>	<p>Respective headings as approved by the concerned Division.</p>	<p>The Division dealing with the subject matter shall certify in the prescribed manner and format as per Annex-B that the imported goods are <i>bona fide</i> requirements.</p>

			The authorized officer of the Ministry shall furnish all relevant information online to Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969.”;
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(19) in the Eighth Schedule, in Table:-

- (a) against serial No. 71, in column (2), for the words “30th June, 2026”, the words “30th June, 2027” shall be substituted; and
- (b) for serial No. 80 in column (1), and corresponding entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:-

“80.	EV transport buses of 25 seats or more and electric trucks in CBU condition	8702.4090 8704.6030	1%”
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(20) in the Ninth Schedule, after Table-II, under the heading “LIABILITY, PROCEDURE AND CONDITIONS” after omitted sub-clause (v), the following new sub-clause (vi) shall be added, namely:-

- “(vi) An individual liable to pay tax on imported mobile phone device through Device Identification, Registration and Blocking System of Pakistan Telecommunication Authority, may be allowed to pay tax in instalments as may be prescribed, subject to the condition that all the instalments shall be paid before the end of the financial year in which the import is made.”; and

(21) in the Eleventh Schedule, in the Table, in column (1),-

- (a) against serial No. 4, in column (2), after the word “companies”, a comma shall be added, and thereafter the words “association of persons and individuals” shall be added; and
- (b) after S. No. 13, the following new S. No. and entries relating thereto in columns (2), (3) and (4) shall be added, namely:-

“14.	Registered persons engaged in toll manufacturing	Person other than registered person	our times of the tax charged on conversion charges.”;
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(22) in the Twelfth Schedule, after the Table, under the heading, “Procedure and Conditions”,-

- (a) in clause (2), in sub-clause (i), a colon shall be added at the end, and thereafter the following proviso shall be added, namely:-

“Provided that the manufacturer shall, apart from any other liability that he may incur under the Act, be liable to pay 3% value addition tax of imports on an ad valorem basis, along with default surcharge, in case the imported goods are supplied in the same state whether in the same packing, repacked, or in bulk; and

- (b) after sub-section (5), the following sub-section (6) shall be added, namely:-

“(6) The rate of minimum value addition tax shall be 1% in the case of import of coal, subject to the conditions that such imported coal is exclusively and directly supplied to Independent Power Producers.”.

5. Amendments of the Income Tax Ordinance, 2001 (XLIX of 2001).- In the Income Tax Ordinance, 2001 (XLIX of 2001), the following further amendments shall be made, namely:-

- (1) in section 2,-

- (a) after clause (1A), the following new clause shall be inserted, namely:-

“(1AA) “algorithmic settlement mechanism” means algorithmic settlement mechanism provided under section 134B of this Ordinance;”;

- (b) in clause (5), for the words “and amended assessment”, the expression “, amended assessment and faceless assessment” shall be substituted;

- (c) after clause (6), the following new clause shall be inserted, namely:-

“(6A) “authorised shipping agent” means a person in Pakistan who is authorised, by a non-resident ship owner, charterer or operator to act on its behalf in respect of a vessel, and who in relation to such vessel or voyage-

- (a) is responsible for the receipt, collection, control or accounting of total freight and any related amounts, and undertakes or is responsible for documentation, manifest filing, or reporting of cargo or total freight, including having, directly or indirectly, the control, custody or disposal of any freight or related receipts attributable to such vessel or voyage; and

- (b) furnishes the return under section 143 of this Ordinance, in respect of such vessel or voyage and such person shall, for the purposes of this Ordinance,-

- (i) be treated as the representative of the non-resident under section 172;

- (ii) be jointly and severally liable for payment of tax and all obligations, proceedings, assessments and recovery in respect of such vessel or voyage; and

- (iii) be treated as such, and the provisions of sub-section (3) of section 172 shall apply accordingly;”;
- (d) after clause (19D), the following new clause shall be inserted, namely:-
 “(19DA) “electronically readable format” means any digital format in which data is structured so that it can be automatically read, extracted, validated and processed by computer systems without human intervention, including but not limited to spreadsheet formats (such as CSV or XLSX), XML, XBRL, JSON, and other structured or semi-structured data formats but excluding formats primarily designed for human readability, such as PDF, scanned images or photographs;”;
- (e) clause (22A), shall be omitted;
- (f) in clause (30A), for the expression “Board through approved fiscal electronic device and software”, the expression “Board’s computerized system through a licensed integrator” shall be substituted;
- (g) after clause (30C), the following new clause shall be inserted, namely:-
 “(30D) “Licensed integrator” shall have the same meaning as defined under clause (15A) of section 2 of the Sales Tax Act, 1990 (VII of 1990);”;
- (h) after clause (35A) the following new clause shall be inserted, namely:-
 “(35)(1A) “National faceless center” means National faceless center as defined in section 227D of this Ordinance;”;
- (i) after clause (42A), the following new clause shall be inserted, namely:-
 “(42AA) “PRAL” means Pakistan Revenue Automation Private Limited, a State Owned Enterprise which has been assigned functions related to software development and maintenance of the Board’s IT infrastructure;” and
- (j) clause (60) shall be omitted;
- (2) in section (4AB),-
- (a) in the heading, for expression “(4AB)”, the expression “4AB” shall be substituted; and
- (b) in the proviso, for the words “a surcharge shall be payable at the rate of nine percent of the income tax imposed under Division I of Part I of the First Schedule where the income exceeds rupees ten million in a tax year”, the expression “no surcharge shall be payable.” shall be substituted;
- (3) in section 6A, after sub-section (2), the following new sub-section shall be added, namely:-
 “(3) Notwithstanding the provisions of section 8, the tax imposed under this section on a person, whose turnover in a tax year exceeds two hundred million rupees, shall be adjustable:
 Provided that a person having turnover up to two hundred million rupees may opt out of the final tax regime at the time of filing of return for the tax year 2027 and onwards.”

- (4) section 7E shall be omitted;
- (5) after section 7F, the following new section shall be inserted, namely:-

“7G. Tax on certain payments by life insurance business.- (1) For tax year, 2026 and onwards, a tax shall be imposed, at the rate specified in Division IC of Part III of the First Schedule on every individual who receives any payout, benefit, surrender value, maturity proceeds or similar payment (hereinafter referred to as payout) from a life insurance business on account of insurance policy, family takaful certificate, plan or any similar arrangement.

(2) For the purposes of sub-section (1), the amount liable to tax shall be the gross amount of payout reduced by aggregate amount of premiums or contributions paid by the policy holder or participant.

(3) The provisions of sub-section (1) shall not apply where the payout or benefit is made:-

- (a) on account of death of the insured or participant;
- (b) on account of disability of the insured or participant; or
- (c) after completion of four years from the date of issuance of the policy, certificate or plan.

(4) Tax deducted under this section shall be treated as final tax on the income arising from such payout or benefit.”;

(6) in section 8,-

- (a) in the heading, for the expression “7E”, the expression “7G” shall be substituted; and
- (b) in sub-section (1), for the expression “7E”, wherever occurring, the expression “7G” shall be substituted;

(7) in section 21, for clause (r), the following shall be substituted, namely:-

“(r) three percent of the expenditure claimed by any person, who fails to install electronic resource or to act as an integrated enterprise as required by law, subject to the method, manner, and procedure as may be prescribed.”;

(8) after section 53, the following new section shall be inserted, namely:-

“53A. Rationalization of rates of withholding taxes in the nature of minimum tax.- (1) The Federal Government may reduce the rate of any of the withholding taxes in the nature of minimum tax as given in First Schedule of this Ordinance, other than minimum tax chargeable under section 113 of this Ordinance, by one percent on the basis of economic viability in cases of persons or class of persons, subject to such restrictions and limitations as the Federal Government may specify.

(2) The Federal Government shall place before the National Assembly all amendments made in rates of withholding taxes in the First Schedule, in a financial year under this section.

(3) In this section, the term ‘economic viability’ includes an anticipated net loss of business income due to tax burden either directly or indirectly due to non-availability of resources to maintain or increase efficiency of the business as certified by a chartered accountant firm listed as Category A, as per rating issued by the State Bank of Pakistan.

(9) for section 64D, the following shall be substituted, namely:-

“64D. Tax credit for integration.- (1) Any person required, under this Ordinance, the Sales Tax Act, 1990 or the Federal Excise Act, 2005, to integrate with the computerized system of the Board for real-time production monitoring, or for the recording or reporting of sales or receipts, shall be entitled to a tax credit in respect of expenditure incurred exclusively on the purchase, acquisition, installation or implementation of such equipment, hardware, software or other electronic components as are directly and exclusively utilized for the purposes of such integration:

Provided that the Board may prescribe limitations, conditions and restrictions for availing the tax credit under this section.

(2) The amount of tax credit allowed under sub-section (1) for a tax year in which electronic resource is installed, integrated and configured with the Board’s computerized system shall be ten percent of the amount actually invested in the electronic resource.

(3) Such tax credit shall not be allowable against operation and maintenance expenses related to such electronic resource.

(4) This tax credit shall be available only against normal tax payable under Division I or Division II of Part I of the First Schedule.”;

(10) in section 76, after sub-section (8), a new sub-section (8A) shall be added:

“(8A) Where an immovable property is acquired by an individual through inheritance, the cost of such property in the hands of that individual shall be the fair market value as defined under this Ordinance, of the property as provided under sub-section (5) of section 68 of this Ordinance, on transfer of such property to the beneficiary.”;

(11) In section 79, in sub-section (1), in clause (b), the following explanation shall be inserted, namely:-

“*Explanation:* For the removal of doubt it is clarified that transmission of immovable property, to a beneficiary on the death of a person shall also include the transmission of assets by reason of family settlement amongst the family members consequent upon death of the person.”;

(12) in section 80, in sub-section (2), in clause (a), after the word “person”, the expression “, limited liability partnership” shall be inserted;

(13) in section 92,-

(a) in sub-section (1), the explanation shall be omitted; and

(b) after the omitted sub-section (4), the following new sub-section shall be inserted, namely:-

“(4A) Where the income of a limited liability partnership is exempt from tax, any amount received by a member as share from profits earned by such limited liability partnership shall be included in the income of that member.”;

(14) in section 99B, for the expression “and payment of tax, filing of return”, the expression “, rate and payment of tax including fixed tax, filing of return, audit” shall be substituted;

(15) in section 100B,—

(a) in sub-section (2),-

(i) in clause (b), the expression “, a non-banking finance company,” shall be omitted and after the semicolon at the end, the word “and” shall be added; and

(ii) clauses (c) and (d) shall be omitted;

(b) after sub-section (2), amended as aforesaid, the following new sub-section shall be added, namely:-

“(3) NCCPL, in case of banking company, insurance company and mutual funds, shall compute and determine the capital gain as per the mechanism prescribed under section 37A; however, these entities shall continue to deposit tax on the amount of capital gain as per the applicable provisions of this Ordinance.”;

(16) in section 114,-

(a) for sub-section (2A), the following shall be substituted, namely:-

“(2A) A return of income shall be filed electronically on IRIS as may be prescribed by the Board for the purpose of sub-section (1) and sub-section (1A) of this section and the Board may, by notification in the official Gazette, make rules for such filing and determine the process of verification, digital signatures and other matters relating to electronic filing of returns, statements or documents, etc.:

Provided that in case of companies for tax year 2026 and onwards the financial statements accompanying the return shall only be filed in electronically readable file format.”;

(b) in sub-section (6), after the word “therein”, the expression, “or avails a settlement offered by an algorithmic settlement mechanism” shall be inserted; and

(c) after sub-section (6A), the following new sub-section shall be inserted, namely:-

“(6B) Notwithstanding anything contained in sub-sections (6) and (6A) of this section, if a taxpayer avails a settlement offered by the algorithmic settlement mechanism, he may file a revised return, and the-

(a) approval of the Commissioner shall not be required to file the revised return;

(b) taxpayer shall pay the amount of tax determined by the mechanism and no separate penalty or default surcharge shall be payable; and

(c) return so filed shall be accompanied by such documents as required under sub-section (6) and shall be treated as a revised return under this section.”;

(17) after section 122D, the following new section shall be inserted, namely:—

“122E. Faceless audit and assessment.- (1) Notwithstanding anything to the contrary contained in any other provision of this Ordinance, any audit under sections 177 or 214C, any order made under section 111, any assessment under this Part and rectification under section 221, with respect to the cases referred to in sub-section (2), may be made in a faceless manner as may be prescribed by the Board.

(2) The faceless assessment under sub-section (1) shall be made in respect of such persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by the Board.

(3) The provisions of section 177 shall apply to the audit conducted in a faceless manner under this section:

Provided that where opportunity of being heard is to be provided to the taxpayer during the course of this audit or a statement under oath is required to be obtained from a taxpayer or any other person under section 176 of this Ordinance, the same shall be done through E-hearing under section 227E of this Ordinance:

Provided further that the identity of the officer, including facial and voice identity, conducting such E-hearing shall be kept confidential.”;

(18) after section 129, the following new section shall be inserted, namely, -

“129A. Faceless appeals.- (1) Notwithstanding anything contained in this Ordinance, any appeal filed under section 127 may be processed through the National faceless center as may be prescribed by the Board.

(2) The provisions of sections 127, 128 and 129 of this Ordinance shall apply to faceless appeals accordingly.”;

(19) after section 133, the following new section shall be inserted, namely:-

“133A. Independent case scrutiny committee.- (1) A reference under section 133 of this Ordinance before the High Court or an appeal or review before the Federal Constitutional Court or the Supreme Court of Pakistan shall only be filed by the Commissioner Inland Revenue after the same has been approved by an independent case scrutiny committee as constituted by the Board.

(2) The Board may constitute one or more such committees and assign them cases or classes of cases decided by the Appellate Tribunal Inland Revenue or the High Court, as the case may be.

(3) The Committee shall comprise of the following Members as nominated by the Board-

- (a) a retired judge of the Supreme Court of Pakistan, the Federal Constitutional Court, or any of the High Courts of Pakistan who shall also act as Chairman of the Committee;
- (b) an Advocate having not less than fifteen years of experience in tax and commercial litigation before the High Court or Supreme Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and

- (c) a senior serving or retired officer of the FBR (BS 20 or above):

Provided that the committee may co-opt a chartered accountant as a non-voting member, whenever required.

(4) The powers, functions and procedure of the committee along with remuneration of its Members shall be governed as may be prescribed by the Board.

(5) Recommendations of the committee shall be binding upon the Commissioner Inland Revenue having jurisdiction over the case.

(6) Notwithstanding anything contained in any other law for the time being in force, no suit, prosecution or other legal proceedings shall lie against the Members of the committee and the Commissioner Inland Revenue having jurisdiction over the case, in relation to the decisions made under this section.

(7) The Committee constituted under this sub-section shall exercise its powers and functions with effect from the date of its constitution as notified by the Board.”;

(8) Notwithstanding anything contained in this Ordinance or the Limitation Act, 1908 (IX of 1908), for purposes of determining whether a matter referred to in sub-section (1) has been filed within time, the period from the date from which time begins to run to the date on which the committee gives its approval, which period shall in each case be certified by the chairman, shall stand excluded:

Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act, 2026 comes into force.

(20) in section 134A,-

- (a) after sub-section (10), the following new sub-section shall be inserted, namely:-

“(10A) Notwithstanding the dissolution of the committee, the committee may, by an order in writing, rectify any mistake apparent from the record on its own motion or any mistake brought to its notice by the taxpayer or the Commissioner, within thirty days of the receipt of the decision of the committee by the taxpayer or the Commissioner, as the case may be.”; and

- (b) in sub-section (11), in the proviso for the full stop at the end, a colon shall be substituted, and thereafter the following new proviso shall be added, namely:-

“Provided further that where, at any stage of the proceedings, any member of the committee becomes unavailable or is unable to perform his functions for any reason whatsoever, the Chairman of the Board shall, within fifteen days of the occurrence of such vacancy, appoint another person in accordance with the provisions of sub-section (3) of this section to fill such vacancy, and the committee so reconstituted shall continue to function subject to the same terms, conditions and limitations as were applicable to the original committee:

Provided also that upon such reconstitution, the committee shall be allowed a further period of sixty days to conclude the proceedings and perform its functions under this section:

Provided also that the total period available to the committee, including the period already consumed prior to such reconstitution, shall in no case be less than ninety days from the date of its original constitution.”;

(21) after section 134A, as amended above, the following new section shall be inserted, namely:-

“134B. Algorithmic settlement mechanism.- (1) Notwithstanding anything contained in this Ordinance, the Board may establish digitally operated algorithmic settlement mechanism (hereinafter referred to as ~~the mechanism~~) for settlement of tax proceedings at any stage before any assessment or amendment of assessment order under sections 121, 122 or 122E of this Ordinance through revision of return under sub-section (6) of section 114 in certain cases.

(2) In case the mechanism calculates and presents to the taxpayer a settlement offer for voluntary revision of return as per the criteria provided under sub-section (3), the taxpayer may avail the offer as provided in sub-section (4).

(3) The system generated settlement offer shall be calculated on the basis including but not limited to-

- (a) the stage of proceedings at which settlement is offered;
- (b) the taxpayer’s compliance history, as maintained in FBR’s data;
- (c) the nature and character of the discrepancy, including whether it involves a valuation or legal interpretation dispute, unexplained income or assets, or concealment; and
- (d) any other basis the Board may consider relevant to ensure revenue adequacy and equitable treatment of taxpayers.

(4) A taxpayer who opts to avail this mechanism shall, within ten days from the date of settlement offer to-

- (a) accept the settlement offer on IRIS;
- (b) deposit the settlement offer amount along with revised return; and
- (c) revise the relevant return of income to incorporate the settled amount.

(5) The issues confronted to the taxpayer through notice of selection of audit, a notice under section 111, an audit report under sub-section (6) of section 177, a notice under sub-section (9) of section 122, as the case may be, shall stand abated, if the taxpayer revises the return by accepting the offer as provided in sub-section (4).

(6) Revision of return consequent upon acceptance of offer under sub-section (4) of this section shall not preclude proceedings in respect of any other issue or discrepancy not covered by the settlement offer, nor shall it affect proceedings for any other tax year.”;

- (22) in section 143,—
- (a) in sub-section (1), after the word “ship”, occurring for the second time, the expression “, or the authorised shipping agent as defined in clause (6A) of section 2,” shall be inserted;
- (b) after sub-section (1), amended as aforesaid, the following new sub-sections shall be inserted, namely:-
- “(1A) Notwithstanding anything contained in this Ordinance, only one return shall be furnished for each vessel or voyage and such return shall cover the total freight and all related amounts attributable to the ship.
- (1B) The master of ship or the authorised shipping agent responsible for manifest filing and freight handling in respect of a vessel shall furnish the return under this section and no other person shall furnish such return for that vessel or voyage.”;
- (c) in sub-section (2),—
- (i) after the word “ship”, occurring for the first time, the expression “or authorised shipping agent” shall be inserted; and
- (ii) after the word “master”, the words “or authorised shipping agent” shall be inserted;
- (d) in sub-section (3), for the words “shall be”, the words “or authorized shipping agent shall be jointly and severally” shall be substituted;
- (e) in sub-section (4), after the word “ship” occurring for the second time, the words “or authorised shipping agent” shall be inserted and after the word “charterer”, occurring for the second time, the expression “or authorised shipping agent” shall be inserted;
- (f) in sub-section (5), after the word “Commissioner”, occurring at the end, the words “and electronic confirmation of filing of return and payment of tax under this section has been received in the prescribed manner” shall be inserted; and
- (g) in sub-section (6), after the word “ship”, occurring for the second time, the words “or authorised shipping agent” shall be inserted;
- (23) in section 147, sub-section (6C) shall be omitted;
- (24) after section 151A, the following new section shall be inserted, namely:-

“151B. Certain payments by life insurance companies and takaful operators.- (1) Every life insurance company, including a family takaful operator or a window takaful operator, making any payout, benefit, surrender value, maturity proceeds or similar payment to an individual under a life insurance policy, family takaful certificate, plan or arrangement shall, at the time of making such payment, deduct tax at the rate specified in Division IC of Part III of the First Schedule.

(2) For the purposes of sub-section (1), the amount liable to tax deduction shall be the gross amount of payout or benefit reduced by the aggregate amount of premiums or contributions paid by the policyholder or participant.

(3) The provisions of sub-section (1) shall not apply where the payout or benefit-

- (a) is made on account of death of the insured or participant;
- (b) is made on account of disability of the insured or participant; or
- (c) is made after completion of four years from the date of issuance of the policy, certificate or plan.

(4) Tax deducted under this section shall be treated as final tax on the income arising from such payout or benefit.”;

(25) in section 152, for sub-section (1DA), the following shall be substituted, namely:-

“(1DA) Every banking company maintaining a Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value Account (NRBVA) shall deduct tax from capital gain arising on the disposal of debt instruments and Government securities and certificates (including Shariah compliant variant) invested through aforesaid accounts at the rate specified in Division II of Part III of the First Schedule.”;

(26) after section 154A, the following new section shall be inserted, namely:-

“154B. Withholding tax on revenues received from social media platforms.- (1) Every banking and non-banking financial institution shall, at the time of credit or receipt of any amount in an account of a person, deduct tax at the rate specified in Division IIIAB of Part III of the First Schedule, where such amount represents revenues received from social media platforms.

(2) For the purposes of this section-

- (a) “digital content creator” or “social media influencer” means any individual or entity deriving income from creation, publication, or monetization of content on digital platforms including but not limited to YouTube, Facebook, Instagram, Tik Tok or such other similar platforms; and
- (b) “payment” includes any inward remittance, transfer, or credit received through banking channels, including through intermediaries such as online payment service providers or digital financial platforms.

(3) The tax deducted under this section shall be-

- (a) minimum in the case of a resident person; and
- (b) final tax in the case of a non-resident person not having a permanent establishment in Pakistan.

(4) The Board may, by notification in the official Gazette, prescribe rules for implementation, including identification and reporting mechanisms.”;

(27) in section 159, after sub-section (1B), the following new sub-section shall be inserted, namely:-

“(1C) Where a person has distributed ninety percent or more of its accounting income amongst the unit or certificate holders or shareholders, as the case may be, in accordance with the provisions of clauses (99) and (99C) of Part I of the Second Schedule for the year immediately preceding the last tax year, the person shall be eligible for issuance of exemption certificate under sub-section (1) and the certificate shall be issued for the subsequent whole tax year:

Provided that in the case of a person who has started business for the first time, the certificate under sub-section (1) shall be issued on the basis of an undertaking furnished to the Commissioner that the person shall distribute ninety percent of his accounting income to the unit or shareholders for the tax year.

(1D) Where a person has been issued approval under the provision of sub-clause (c) of clause (36) of section 2 of this Ordinance for a tax year, the person shall be eligible for issuance of exemption certificate under sub-section (1), and the certificate shall be issued for the said whole tax year.”

(28) after section 165A, amended as aforesaid, the following new section shall be inserted, namely:-

“165AB. Reporting of financial transaction data by banking companies and financial institutions.- (1) Notwithstanding anything contained in the Banking Companies Ordinance, 1962 (LVII of 1962), the State Bank of Pakistan Act, 1956 (XXXIII of 1956), the Protection of Economic Reforms Act, 1992 (XII of 1992), or any other law for the time being in force, every banking company and Electronic Money Institutions (EMIs) shall electronically upload the information, as mentioned in sub-section (2), to the Central Data Hub, for algorithmic cross-matching of tax and bank information.

(2) Information in respect of an account holders having deposits or withdrawals exceeding one hundred million Rupees during a reporting period in any or all of the bank accounts maintained by the account holder, specifying particulars of deposits or withdrawals, including opening and closing balances, peak credits, and total credits during the reporting period.

(3) This information as shared above shall be digitally processed and shall not be visible to any of the Income Tax Authorities during this cross-matching process.

(4) In case of gross mismatch in the information in respect of an account holder, the digital system of the Board shall feed the information so required into the Compliance Risk Management (CRM) system of the Board, and further proceedings shall be conducted by the National faceless centre as provided in this Ordinance.

(5) The Board shall ensure that such information, shared by the banks, remains strictly confidential and in no case is disclosed or misused in a manner to disregard the confidentiality measures provided in the statutes and rules governing commercial banking, save as provided in this section.

- (6) In this section-
- (a) “reporting period” means, in respect of a Financial Year, a period of six months, starting from:
- (i) 1st day of July and ending on 31st day of December; and
 - (ii) 1st day of January and ending on 30th day of June,;
- (b) “specified date” means the-
- (i) 31st day of January in case of reporting period ending on 31st day of December; and
 - (ii) 31st day of July in case of reporting period ending on 30th day of June;
- (c) “accounts” means bank accounts maintained by a person including current deposits, call deposits, saving deposits, fix deposits, term deposits, or any other such deposits by whatever name called;
- (d) “peak credits” means the highest credit balance in all the bank accounts of the account holder on any given date during the reporting period;
- (e) “Central Data Hub” means a virtual repository of data and information maintained by the Board through PRAL; and
- (f) “compliance risk management (CRM)” means a computer programme for identification and communication of compliance risks, including understatement of sales, overstatement of expenses, non-reporting or under-reporting of incomes, assets, and transactions.”;

(29) in section 169, in sub-section (1), in clause (b), after the expression “154A”, the expression “, clause (b) of sub-section (3) of section 154B,” shall be inserted;

(30) in section 174, for sub-section (5), the following shall be substituted, namely:-

“(5) The Board may require any person or class of persons to install and use an electronic resource of such type and description as may be prescribed, or to act as an integrated enterprise through a notification in the official Gazette for the purpose of receiving, storing, matching and accessing information regarding any transaction that has a bearing on the tax liability of such person.”;

(31) in section 175AA, in sub-section (1), in paragraph (b), for the full stop occurring at the end, the expression “; and” shall be substituted and thereafter the following new paragraph (c) shall be added, namely:-

- “(c) the State Bank of Pakistan may establish, operate and maintain a secure centralized virtual repository of banking data, comprising such information, records, and financial transactions of persons maintained by Scheduled banks on the basis of unique identifiers, as may be prescribed by the Board and collect and provide data and results as per clauses (a) and (b) of this sub-section.”;

(32) in section 177, after sub-section (6A), the following new sub-sections shall be added, namely,-

“(6B) If, at any stage of the proceedings before him, if the Commissioner is of the opinion that, having regard to,-

- (a) the nature and complexity of the accounts; or
- (b) volume of the accounts; or
- (c) doubts about the correctness of the accounts; or
- (d) multiplicity of transactions in the accounts; or
- (e) specialised nature of business activity of the taxpayer; is of the opinion that it is necessary so to do, he may, after giving the taxpayer a reasonable opportunity of being heard, and with the previous approval of the Chief Commissioner, direct the taxpayer to get either or all of the following to get the-
 - (i) accounts re-audited by an accountant, and to furnish a report of such audit duly signed and verified by such accountant including answers to the specific queries as the Commissioner may require;
 - (ii) inventory re-valued by a cost accountant, and to furnish a report of such inventory valuation duly signed and verified by such cost accountant including answers to the specific queries as the Commissioner may require; and
 - (iii) actuarial values in the accounts determined by an actuary and to furnish a report of such valuation duly signed and verified by such actuary including answers to the specific queries as the Commissioner may require;

Explanation: The accountant, the cost accountant, or actuary as referred to in sub-section (6B) shall be nominated by the Commissioner for the purposes of this sub-section from amongst the panel of such accountants, valuers, or actuaries nominated by the Board:

Provided that after the first nomination, if the registered person objects to the nomination of a particular accountant or cost accountant within fifteen days of such nomination, the Commissioner, if agreed with objections, may change the said accountant or cost accountant with another accountant or cost accountant.

(33) in section 182, in sub-section (1), in the Table,-

- (a) against S. No. 1, in column (3), for the Explanation, the following shall be substituted, namely:-

“**Explanation.-** For the purposes of this entry, it is declared that the expression —tax payable means the higher of,-

- (i) tax chargeable on the taxable income on the basis of assessment made or treated to have been made under sections 120, 121, 122, 122D, or 122E; or
- (ii) the tax payable for the immediately preceding tax year for which a return of income was duly filed.

(c) after S. No. 2, the following new S. Nos. and entries relating thereto in columns (2), (3) and (4) shall be inserted, namely:-

“2A	Where any person, having been required by the Board under sub-section (5) of section 174 to install and use an electronic resource of the type and description prescribed for the purpose of storing and accessing information regarding any transaction that has a bearing on the tax liability of such person, fails to install such electronic resource within the time specified, or having installed it, fails to use, maintain, or operate it in the prescribed manner, or tampers with, disables, or circumvents such electronic resource.	1% of the turnover or one million rupees for the first default whichever is higher and two million rupees for every subsequent quarterly default.	174(5)
2B	Where any agency, authority, institution, or organisation that is an integrated organisation within the meaning of section 175A, or has been notified as such by the Board, fails without reasonable cause to- (a) integrate its IT platform such data interface as notified by the Board within the time specified; or (b) share data of the categories and in the manner required under section 175A or the rules made thereunder; or (c) provide complete, accurate, and timely data as required; or (d) designate a focal person as required; or (e) remedy a deficiency or non-compliance within thirty days of a written notice by the Board identifying the deficiency.	A penalty of five hundred thousand rupees for the first default and one million rupees for every subsequent default shall be imposed on the principal officer as defined in clause (44A) of section 2 of this Act or the chief executive officer of the company or member in case of an association of persons and individual in case of sole proprietorship	175A;

(c) against S. No. 8,-

- (i) in sub-entry (a), in column (3), for the expression “twenty-five”, the words “one hundred” shall be substituted;
- (ii) in sub-entry (b), in column (3), for the word “fifty”, the words “two hundred” shall be substituted; and

- (iii) in sub-entry (c), in column (3), for the word “one”, the word “three” shall be substituted;
- (d) against S. No. 10, in column (3), for the word “twenty-five”, the words “five hundred” shall be substituted and for the expression “50%”, the expression “100%” shall be substituted;
- (e) against S. No. 35, in column (2),-
- (i) for the word “company”, the expression “person, including a company” shall be substituted; and
- (ii) after paragraph (c), the following Explanation shall be inserted, namely:-

“Explanation.- For the purposes of this entry, audited financial statements furnished in the form of image files, scanned documents, or password-protected files that are illegible or otherwise inaccessible to the concerned Inland Revenue authority shall be deemed to have been furnished as blank or incomplete documents.”; and

- (f) after S. No. 35, amended as aforesaid, the following new S. No. and entries relating thereto in columns (2), (3) and (4) shall be added, namely:-

“36	Where a person claims a credit in respect of tax withheld at source under any provision of this Ordinance in excess of the amount verifiably deducted and deposited by the withholding agent, as confirmed through the Board’s computerized system or otherwise.	Such person shall pay a penalty equal to the amount of excess credit claimed	168”;
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- (34) in section 182A,-
- (i) in sub-section (1), in clause (a), in the proviso,-
- (a) in paragraph (i), for the word “twenty”, the words “one hundred” shall be substituted;
- (b) in paragraph (ii), for the word “ten”, the word “fifty” shall be substituted; and
- (c) in paragraph (iii), for the word “one”, the words “twenty-five” shall be substituted;
- (ii) after omitted sub-section (2), the following new sub-section (3) shall be added, namely:-
- “(3) The conditions of payment of surcharge mentioned in sub-section (1), shall not apply to an individual who furnishes an undertaking before the Commissioner by declaring that he shall not purchase, acquire, or otherwise obtain ownership or beneficial interest in any property for a period of six months commencing from the date of furnishing such undertaking in such form as may be prescribed.”

(35) section 209A shall be omitted;

(36) after section 209A, omitted as aforesaid, the following new sections shall be inserted, namely:-

“209B. Faceless jurisdiction of income-tax authorities.– (1) Notwithstanding anything contained in this Ordinance, the Inland Revenue tax authorities appointed in National faceless center shall perform all or such functions, and exercise all or such powers under this Ordinance as may be assigned to them in respect of such persons, or classes of persons, for such tax years of a person through algorithms developed by the Board.

(2) The jurisdiction so assigned under this Ordinance may be exclusive or concurrent. In case of concurrent jurisdiction, the powers and functions not assigned to the National faceless centre shall remain with the Commissioner having jurisdiction under section 209 of this Ordinance.

(3) The Board may transfer jurisdiction in respect of persons or classes of persons, for a specific tax year, for which the jurisdiction has already been assigned under this section, from the National faceless center to the Commissioner having jurisdiction under section 209 of this Ordinance, on recommendation of the Chief Commissioner or on its own accord.

(4) The Chief Commissioner appointed in the National faceless center may request the Board to direct the Commissioner having jurisdiction under section 209 or any other Income Tax Authority, as it may deem fit to conduct physical verification including nature and size of the business, assets, investments, expenditures, and any other information or verification required by the Chief Commissioner for conducting any proceedings assigned to the National faceless centre:

Provided that the Board may exercise its power of allocation of verification through an algorithm-based system.

(5) Notwithstanding anything contained in any law for the time being in force, the identity of the authority exercising jurisdiction in the National faceless centre shall be kept confidential from the taxpayer, the authorized representative of the taxpayer, and any unauthorized person.

(6) No notice, order, demand, or assessment passed by an authority appointed at the National faceless centre shall be called in question or set aside merely on the ground that such authority did not have jurisdiction over the taxpayer under section 209 of this Ordinance, or lack of notified delegation of power under section 210 of this Ordinance, or because of the fact that identity of the authority has been kept confidential from the taxpayer as per sub-section (5).”;

(37) in section 216, in sub-section (3),-

(a) for clause (ba), the following shall be substituted, namely:-

“(ba) to an auditor, audit mentors and sectoral experts appointed on contractual basis or engaged through a third party including a payroll firm in the Federal Board of Revenue, after a non-disclosure agreement is made with such auditor as may be prescribed, to assist any authority mentioned in clauses (b) to (g) of sub-section (1) of section 207;”;

(b) in clause (ke), for the words “and international”, the expression “, international research institutions and international” shall be substituted;

(38) in section 222, in sub-section (2), after the word “auditors”, occurring for the first time, the expression “, audit mentors and sectoral experts” shall be inserted;

(39) for section 227D, the following shall be substituted, namely:-

“227D. National faceless centre.- (1) Notwithstanding anything to the contrary contained in any of the provisions of this Ordinance, the Board may, for the purposes of proceedings under this Ordinance in faceless manner, establish a National faceless center (hereinafter referred to as “the centre”) and specify its jurisdiction, powers and functions.

(2) The centre shall comprise a Director General and as many Chief Commissioners, Commissioners, Additional Commissioners, Deputy Commissioners, Assistant Commissioners, and any of the Income Tax Authorities mentioned in section 207 along with support staff, as the Board may deem fit for the purposes of this section.

(3) The Board may design algorithms for assigning any function or jurisdiction under this section to any of the authorities mentioned in sub-section (2).

(4) The Centre shall comprise as many wings and units as may be prescribed by the Board.

(5) The functions of audit, assessment, and quality control in a specific case for a specific tax year shall be performed by separate officers.

(6) All communications, among the units, or with the taxpayer, or an authorized representative of the taxpayer, or with any other person with respect to the information or documents or evidence or any other details, as may be necessary, shall be through electronic means.”;

(40) after section 228, the following new section shall be inserted, namely:-

“228A. Directorate General (Field Compliance), Inland Revenue.- (1) The Directorate General (Field Compliance) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.

(2) The Board may, by notification in the official Gazette,-

- (a) specify the functions and jurisdiction of the Directorate General and its officers; and
- (b) confer the powers of authorities specified in section 207 upon the Directorate General and its officers.”;

(41) in section 231B, in sub-section (6),-

- (i) in clause (b), after the semi colon, occurring at the end, the word “and” shall be added, and
- (ii) clause (c) shall be omitted;

(42) section 236CA shall be omitted;

(43) after section 237B, the following new section shall be inserted, namely:-

“**237C. Uniform.**- The Board may by notification in the official Gazette, prescribe rules for wearing of uniform by officers and staff of Inland Revenue Service of Pakistan.”;

(44) in the First Schedule,-

(a) in Part I,-

(i) in Division I, in clause (2), for the Table, the following shall be substituted, namely:-

“TABLE

S. No.	Taxable Income	Rate of Tax
(1)	(2)	(3)
1.	Where taxable income does not exceed Rs.600,000/-	0%
2.	Where taxable income exceeds Rs.600,000/- but does not exceed Rs.1,200,000	1% of the amount exceeding Rs.600,000/-
3.	Where taxable income exceeds Rs.1,200,000/- but does not exceed Rs.2,200,000	Rs.6,000 + 11% of the amount exceeding Rs.1,200,000/-
4.	Where taxable income exceeds Rs.2,200,000/- but does not exceed Rs.3,200,000	Rs.116,000 + 20% of the amount exceeding Rs.2,200,000/-
5.	Where taxable income exceeds Rs.3,200,000/- but does not exceed Rs.4,100,000	316,000 + 25% of the amount exceeding Rs.3,200,000/-
6.	Where taxable income exceeds Rs.4,100,000/- but does not exceed Rs.5,600,000	Rs.541,000 + 29% of the amount exceeding Rs.4,100,000/-
7.	Where taxable income exceeds Rs.5,600,000/- but does not exceed Rs.7,000,000	Rs.976,000 + 32% of the amount exceeding Rs.5,600,000/-
8.	Where taxable income exceeds Rs.7,000,000/-	Rs.1,424,000 + 35% of the amount exceeding Rs.7,000,000/-”;

- (ii) in Division IIB, for the Table, the following shall be substituted, namely:-

“TABLE

S. No.	Income under section 4C and person	Rate of Tax
1.	Income of a banking company exceeding Rs.150 million	10% of the income
2.	Income of a person, which is computed as per Part I of the Fifth Schedule, exceeding Rs.150 million, so far as it does not exceed the limit specified in rule 4 of that Part	10% of the income
3.	Income of a person, engaged in deriving income from sale of any kind of fertilizer, exceeding Rs.150 million.	10% of the income
4.	Income of a person other than those mentioned in S. No. 1, 2 and 3, exceeding Rs.500 million	8% of the income

- (iii) in Division IVA, for the word “delivered”, the word “ordered” shall be substituted;
- (iv) in Division VII, in the third Proviso, after the word “shall”, the words “charge and” shall be inserted;
- (v) Division VIII C shall be omitted; and
- (vi) in Division IX, in the Table, in column (1), against S. No. 3 in column (2), entry (a) shall be omitted;
- (aa) in Part II, after the Table, in second proviso, in the Table in column (1), against Serial No. 3, in column (3), for the figure “930”, the figure “100” shall be substituted,
- (b) in Part III,-
- (i) after omitted Division IB, the following new Division shall be inserted, namely:-

“Division IC

Certain payments by life insurance companies and takaful operators

S. No.	Description	Rate of Tax
(1)	(2)	(3)
1	Where payout or benefit is made within one year from the date of issuance of the life insurance policy, family takaful certificate or plan	15%

2.	Where payout or benefit is made after one year but before completion of four years from the date of issuance of the life insurance policy, family takaful certificate or plan.	10%";
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- (ii) in Division III,-
- (A) in paragraph (2),-
- (1) in sub-paragraph (i),-
- (a) for the expression "6%", the expression "7%" shall be substituted; and
- (b) for the words "asset management companies", the words "non-banking finance company as defined in clause (35B) of section 2 of this Ordinance" shall be substituted;
- (2) for sub-paragraph (ii), the following new sub-paragraph shall be substituted; namely:-
- "(ii) 15% in the case of independent professional services such as doctors, lawyers, architects, accountants, software engineers or developers, working independently;"; and
- (3) after sub-paragraph (ii), substituted as aforesaid, the following new sub-paragraphs shall be added, namely:-
- "(iii) 1.5% of the gross amount payable to electronic and print media in case of advertising services;
- (iv) 12% of the gross amount payable to companies for rendering or providing terminal and port operating services; and
- (v) 14% of the gross amount in the case of services other than those covered in sub-paragraphs (i), (ii), (iii) and (iv).";
- (iii) in Division IIIAA, for the expression "15%", the expression "20%" shall be substituted;
- (iv) after Division IIIAA, the following new Division shall be inserted, namely:-

"Division IIIAB

Withholding Tax on Revenues Received from Social Media Platforms

The rate of tax to be deducted under section 154B shall be 5%.

- (v) in Division IV,-
- (A) in paragraph (1), for the expression "1%", the expression "1.25%" shall be substituted; and
- (B) in paragraph (3), for the expression "1%", the expression "1.25%" shall be substituted; and
- (vi) in Division IVA, in the Table, in column (1), in S. No. (1), in the entry in column (3), for the figure "2026", the figure "2029" shall be substituted; and

(c) in Part IV,-

(i) for Division X, the following shall be substituted, namely:-

“Division X

Advance tax on sale or transfer of immovable property

The rate of tax to be collected under section 236C shall be 2.75% of the gross amount of the consideration received.”;

(ii) for Division XVIII, the following shall be substituted, namely:-

“Division XVIII

Advance tax on purchase of immovable property

The rate of tax to be collected under section 236K shall be 1.25% of the fair market value of the immovable property.”;

(iii) in Division XXVII, for the expression “5%”, the expression “0.5%” shall be substituted; and

(iv) Division XA shall be omitted;

(45) in the Second Schedule,-

(a) in Part I,-

(i) in clause (57), in sub-clause (4), in the Table, in column (1),-

(A) against Sr. No. (xiii), in column (2), for the expression “National Endowment Scholarship for Talent (NEST)”, the words “Pakistan Education Endowment Fund” shall be substituted; and

(B) after Sr. No. (lii), the following new Sr. Nos. and entries relating thereto in column (2), shall be added, namely:-

“lii	Pakistan Red Crescent Society
liv	Shaheen Foundation PAF
lv	Dawat-e-Hadiya
lvi	Pakistan Navy Benevolent Association
lvii	Sindh Institute of Urology and Transplantation
lviii	Employees’ Social Security Institutions of Provincial Governments
lix	Workers’ Welfare Fund Organizations of Provincial Governments
lx	Make-A-Wish Foundation
lxi	Quaid-i-Azam Mazar Management Board

(ii) in clause (78), for the words “Foreign Currency Account Scheme”, the expression “any foreign currency account scheme(s)” shall be substituted;

(iii) in clause (79), for the expression “non-resident individual holding a Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC)”, the expression “a person maintaining a Non-Resident Pakistani Rupee Value Account “NRVA” or Non-Resident Business Value Account “NRBVA” under the scheme introduced by the State Bank of Pakistan” shall be substituted; and

(iv) after clause (99B), the following clause (99C) shall be inserted, namely:-

“(99C) Any income derived by a Private Equity and Venture Capital Fund registered under Private Funds Regulations, 2015, if not less than ninety percent of its accounting income of that year, as reduced by accumulated losses and unrealized capital gains, is distributed by the Private Equity and Venture Capital Fund to its unit or certificate holders or shareholders:

Provided that this exemption shall not be available if the Private Equity and Venture Capital Fund is established to acquire a public listed company, whose status has not been changed to the private limited company on the acquisition.”;

(b) in Part II,-

(i) in clause (5AA), for the word “individual”, the word “person” shall be substituted and for the expression “or a foreign currency account”, the expression “Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value Account (NRBVA)” shall be substituted;

(ii) for clause (24D), the following shall be substituted, namely:-

“(24D) The rate of minimum tax under sub-section (1) of section 113, shall be 0.5% in the case of distributors, dealers, sub-dealers, wholesalers of goods specified in the following Table, subject to the conditions that beneficiaries of reduced rate are appearing on the active taxpayers’ lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001):

Table

S. No.	Goods
(1)	(2)
1.	Pharmaceutical
2.	Fertilizer
3.	Cigarette
4.	Sugar
5.	locally manufactured mobile phones
6.	Fresh and frozen food in canned or packaged form
7.	Electronics
8.	Beverages and dairy products
9.	Pasta, cereals, biscuits, nuts, snacks and similar packaged food items
10.	Condiments and baking items in bottled or packaged form

11.	Skincare and cosmetics, haircare, oral care, baby care
12.	Cleaning agents like laundry detergents, dishwashing soaps and floor cleaners
13.	Toilet paper, paper towels, facial tissues, napkins, and similar products
14.	Trash bags, aluminum foil, air freshener and insect sprays”;

- (c) in Part IV,-
- (i) in clause (12A), for the word “to”, occurring for the second time, the word “by” shall be substituted;
- (ii) in clause (47B), after the expression “151,”, the expression “151A,” shall be inserted;
- (iii) clause (46A) shall be omitted;
- (iv) clause (57) shall be omitted;
- (v) after clause (104A), the following new clause shall be inserted, namely:-
“(104B) The provisions of section 4C shall not apply to a person if the export proceeds realized for the tax year represent more than eighty percent of his total turnover for the tax year.”;
- (vi) in clause (111AB), for the expression “non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRVA)”, the expression “Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value Account (NRBVA)” shall be substituted;
- (vi) for clause (114A), the following shall be substituted, namely:-
“(114A) The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a person maintaining a Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value Account (NRBVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan:
Provided that this clause shall not apply if the person referred in this clause has Pakistan-source taxable income other than the following, namely:-
(a) profit on debt on FCVA, FCBVA, NRVA, or NRBVA;

- (b) profit on debt earned on Government of Pakistan (GOP) securities either conventional or Shariah Compliant where investment has been made from proceeds of FCVA, FCBVA, NRVA, or NRBVA;
 - (c) capital gain on disposal of immovable property acquired from proceeds of FCVA or NRVA;
 - (d) capital gain on disposal of securities traded on Pakistan Stock Exchange and units of mutual funds that are acquired from proceeds of FCVA, FCBVA, NRVA, or NRBVA; or
 - (e) dividend income from securities traded on Pakistan Stock Exchange and mutual funds that are acquired from proceeds of FCVA, FCBVA, NRVA, or NRBVA.”; and
- (vii) in clause (115), for the word “one”, the word “two” shall be substituted;
- (46) in the Eighth Schedule, rule 5 shall be omitted; and (47) in the Tenth Schedule,-
- (a) rule 1A shall be omitted; and
 - (b) in rule 10;-
 - (i) after clause (a), the following clause (aa) shall be inserted, namely:-

“(aa) tax deducted under section 151B from payment made to a non-resident person;” and
 - (ii) clause (y) shall be omitted;
- (48) in the Twelfth Schedule, in Part II, in column (1), after PCT code 1518.0000, the following new PCT code and entry relating thereto in column (2) shall be inserted, namely:-

“1520.0000	Glycerol, crude; glycerol waters and glycerol lyes.”
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6. Amendments of the Federal Excise Act, 2005 (VII of 2005).- In the Federal Excise Act, 2005 (VII of 2005), the following further amendments shall be made, namely:-

- (1) in section 2,-
 - (a) after clause (2), the following new clause shall be inserted, namely:-

“(2A) “algorithmic settlement mechanism” means algorithmic settlement mechanism provided under section 47AA of the Sales Tax Act, 1990 (VII of 1990);”;
 - (b) after clause (9a), the following new clause shall be inserted, namely:-

“(9b) “electronic invoicing system” means such electronic system or mechanism as may be prescribed or approved by the Board for issuance and recording of sales tax invoices in electronic form;”;

(c) after clause (16), the following new clause shall be inserted, namely:-

“(16A1) “National faceless centre” means the National faceless centre as defined in section 32C of the Sales Tax Act, 1990 (VII of 1990); and

(d) after clause (19a), the following new clause shall be inserted, namely:-

“(19b) “production monitoring system” means any system or technology, used for the purposes of monitoring production and sale of goods, whether in real-time or otherwise, including such systems or technologies as may be prescribed by the Board from time to time;”;

(2) in section 3, after sub-section (3A), the following new sub-section shall be inserted, namely:-

“(3B) Notwithstanding anything contained in this section, there shall be levied and collected a Special Excise Duty in addition to duty imposed under sub-section (1), on such goods as listed in Table-IA of the First Schedule to this Act at the rates specified therein:

Provided that the Board may prescribe time, mechanism, procedure, mode and manner of collection for such duty.”;

(3) after section 7, the following new section shall be inserted, namely:-

“(7A) National faceless centre and application of the provisions of the Sales Tax Act, 1990.- (1) Notwithstanding anything contained in this Act, the audit and assessment proceedings under the Act may be conducted in the faceless manner by the National faceless centre.

(2) The provisions of the Sales Tax Act, 1990 (VII of 1990) relating to the establishment, assignment of jurisdiction, conduct of audit, assessment and appeals shall apply mutatis mutandis.

(3) Notwithstanding anything contained in this Act, the Board may establish a digitally operated algorithmic settlement mechanism for settlement of proceedings at any stage before any order under this Act is passed and the provisions relating to the algorithmic settlement mechanism of the Sales Tax Act, 1990 (VII of 1990) shall apply mutatis mutandis.”;

(4) in section 18, for sub-section (1), the following shall be substituted, namely:-

“(1) A person registered under this Act shall issue for each transaction an invoice including an advance receipt invoice, bearing a verifiable and unique FBR invoice number at the time of clearance or sale of goods including goods chargeable to duty at the rate of zero per cent or providing or rendering services containing the following particulars in Urdu or English language, namely:-

- (i) name, address and registration number of the seller;
- (ii) name, address and registration number of the buyer;
- (iii) date of issue of the invoice;
- (iv) description and quantity of goods or as the case may be, description of services;

- (v) value exclusive of excise duty;
- (vi) amount of excise duty; and
- (vii) value inclusive of excise duty:

Provided that the Board may notify any person or class of persons who may be allowed to issue an advance receipt invoice under the notified system:

Provided further that the condition of verifiable and unique FBR invoice number shall be applicable from a time as notified by the Board.”;

- (5) in section 19,—
 - (a) in clause (a), in sub-section (2), for the words “Federal Excise officer”, the words “Officer of Inland Revenue” shall be substituted; and
 - (b) for sub-section (4), the following shall be substituted, namely:-
- “(4) Any person who deliberately and, without the approval of the Commissioner, directly or otherwise destroys, damages, erases or otherwise manipulates data stored in or used in connection with a computer, equipment or system used for the electronic monitoring of production, manufacture, sales, clearance, stocks etc. as required under this Act and the rules made thereunder, including any production monitoring system, video analytics system or otherwise uses a computer, the purpose or effect of which is to reduce, avoid or evade any liability to duty of excise which would otherwise have been imposed under this Act, or to defeat any provisions of this Act and rules made there under shall be guilty of an offence and shall be liable to fine which may extend to seventy five thousand rupees or ten times of the duty involved whichever is higher and punishment with imprisonment which may extend to five years or both.”;

- (6) in section 26, for sub-section (1), the following shall be substituted, namely:-

“(1) The counterfeited cigarettes or beverages which have been manufactured or produced unlawfully and other dutiable goods on which duty of excise has not been paid in the manner as required under this Act and the rules made thereunder or such goods without affixing or affixing counterfeit tax stamps, bar codes, banderols, stickers, labels or bar codes, as required under section 45A of this Act, or goods which are required to be monitored through a production monitoring system under this Act and the rules made thereunder but are manufactured, produced, transported, removed or otherwise dealt with without such monitoring in the prescribed manner, shall be liable to seizure along with the conveyance, which has been used for the movement, carriage or transportation of such goods.”;

(7) in section 27, for sub-section (1), the following shall be substituted, namely:—

“(1) The cigarettes or beverages seized for the reasons of counterfeiting or such goods without affixing or affixing counterfeited tax stamps, banderoles, stickers, labels or barcodes, as required under section 45A of this Act, or goods which are required to be monitored through a production monitoring system under this Act and the rules made thereunder but are manufactured, produced, transported, removed or otherwise dealt with without such monitoring in the prescribed manner, shall be liable to outright confiscation and shall be destroyed in the manner prescribed in sub-section (10) of section 19.”;

(8) in section 33, in sub-section (1), for the words “Federal Excise officer”, the words “officer of Inland Revenue” shall be substituted;

(9) after section 34A the following new section shall be inserted, namely:—

“34AA. Independent case scrutiny committee.— (1) A reference under section 34A of the Act before the High Court, or an appeal or review before the Federal Constitutional Court or the Supreme Court of Pakistan shall only be filed by the Commissioner Inland Revenue after the same has been approved by an independent case scrutiny committee as constituted by the Board.

(2) The Board may constitute one or more such committees and assigned them cases or classes of cases decided by the Appellate Tribunal Inland Revenue or the High Court, as the case may be.

(3) The Committee shall comprise of the following Members as nominated by the Board—

- (a) a retired judge of the Supreme Court of Pakistan, the Federal Constitutional Court, or any of High Court who shall also act as Chairman of the Committee;
- (b) an Advocate having not less than fifteen years of experience in duty and commercial litigation before the High Court or Supreme Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and
- (c) a senior serving or retired officer of the FBR (BS 20 or above):

Provided that the committee may co-opt a chartered accountant as a non-voting member whenever required.

(4) The powers, functions, scope and procedure of the Committee along with remuneration of its Members shall be governed as may be prescribed.

(5) Recommendations of the committee shall be binding upon the Commissioner Inland Revenue having jurisdiction over the case.

(6) Notwithstanding anything contained in any other law for the time being in force, no suit, prosecution, or other legal proceedings shall lie against the Members of the committee and the Commissioner Inland Revenue having jurisdiction over the case, in relation to the decisions made under this section.

(7) The committee constituted under this sub-section shall exercise its powers and functions with effect from the date of its constitution as notified by the Board”;

(8) Notwithstanding anything contained in this Act or the Limitation Act, 1908 (IX of 1908), purposes of determining whether a matter referred to in sub-section (1) has been filed within time, the period from the date from which time begins to run to the date on which the committee gives it approval, which period shall in each case be certified by the chairman, shall stand excluded:

Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act, 2026 comes into force.

(10) in section 43A, for the words “federal excise”, the words “of Inland Revenue” shall be substituted;

(11) in section 44, in sub-section (3), for the words “Federal Excise Officer”, the words “Officer of Inland Revenue” shall be substituted;

(12) for section 45A, the following shall be substituted, namely:-

45A Monitoring or tracking by electronic or other means.- (1) Subject to such conditions, restriction and procedures as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any goods or services or class of goods or services in respect of which monitoring or tracking of production, sales, clearance, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.

(2) From such date as may be prescribed by the Board, no excisable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, band role stickers, labels, bar code production monitoring system, video analytics, etc., in any such form, style and manner as may be prescribed by the Board in this behalf.

(3) Such tax stamps, banderols, stickers, labels, barcodes, production monitoring equipment etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board.”;

(13) in section 46,-

(a) for sub-sections (1), (2) and (2A), the following shall be substituted, namely:-

“(1) The officer of Inland Revenue authorized by the Board or the Commissioner may, after giving advance notice in writing, conduct audit of the records and documents of any person registered under this Act.

(2) In case the Commissioner has information or sufficient evidence showing that such registered person is involved in fraud or evasion of duty, he may authorize an officer of Inland Revenue not below the rank of Assistant Commissioner, to conduct an audit at any time in a year.

(2A) After completion of the audit under this section or any other provisions of this Act, the officer of Inland Revenue shall, after obtaining the registered person’s explanation on all the issues raised in the audit, issue an audit report containing audit observations and findings.

- (2B) For the purpose of sub-section (2), the Commissioner may conduct audit proceedings electronically through video links, or any other facility as prescribed by the Board.”;
- (2C) After issuing the audit report under this section or any other provision of law, the officer of Inland Revenue may, if required pass an order under sub-section (2) of section 14, after providing an opportunity of being heard to the registered person under sub section (1) of section 14, imposing the amount of duty as per law, charging default surcharge, imposing penalty and recovery of any amount erroneously refunded.”;
- (b) in sub-section (3), for the proviso, the following shall be substituted, namely:-
- “Provided that if a registered person deposits the amount of duty not paid, short paid or amount of duty evaded along with default surcharge during or after the audit but before the issuance of show cause notice under sub-section (1) of section 14, he may deposit such amount along with twenty five percent of the amount of penalty prescribed under this Act or the rules made there under:
- Provided further that if a registered person deposits the amount of duty not paid, short paid or amount of duty evaded along with default surcharge, after issuance of show cause notice under sub-section (1) of section 14, he may deposit such amount along with fifty percent of the amount of penalty prescribed under this Act or the rules made there under and in such case, further proceedings in the case shall abate.”;
- (c) after sub-section (3) amended as aforesaid, the following new sub-section shall be inserted, namely:-
- “(3A) If, at any stage of the proceedings before him, if the Commissioner is of the opinion that, having regard to,-
- (a) the nature and complexity of the accounts; or
 - (b) volume of the accounts; or
 - (c) doubts about the correctness of the accounts; or
 - (d) multiplicity of transactions in the accounts; or
 - (e) specialized nature of business activity of the registered person, and interests of the revenue, is of the opinion that it is necessary so to do, he may, after giving the registered person a reasonable opportunity of being heard, and with the previous approval of the Chief Commissioner, direct the registered person to get either any or all of the following to get the-
 - (i) accounts re-audited by an accountant, and to furnish a report of such audit duly signed and verified by such accountant including answers to the specific queries as the Commissioner may require; and

- (ii) inventory re-valued by a cost accountant, and to furnish a report of such inventory valuation duly signed and verified by such cost accountant including answers to the specific queries as the Officer of Inland Revenue may require;

Explanation.- The accountant or the cost accountant, as referred to in this sub-section, shall be nominated by the Commissioner for the purposes of the said sub-section from amongst the panel of such accountants or cost accountants nominated by the Board.”;

Provided that after the first nomination, if the registered person objects to the nomination of a particular accountant or cost accountant within fifteen days of such nomination, the Commissioner, if agreed with objections, may change the said accountant or cost accountant with another accountant or cost accountant.

- (14) in the First Schedule,-
- (1) in Table-I, in column (1),-
- (a) in S. No. 7a, in column (4), for the words “forty-four”, the word “ten” shall be substituted;
- (b) in S. No. 8a, in column (4), for existing entries, the following shall be substituted, namely:-
- “Rupees sixteen thousand five hundred per kg”
- (c) in S. No. 55 and 55B, in column (2), for the expression “2026”, the expression “2027” shall be substituted;
- (d) after S. No. 55, the following new S. No. and entries relating thereto in columns (2), (3) and (4) shall be inserted, namely:-

“55A	Electric cars and electric SUVs, imported in CBU condition having value as determined under section 25 of the Customs Act, 1969 (V of 1969):-	Respective Heading	
	(a) Not exceeding USD seventy-five thousand;		0%
	(b) exceeding USD seventy-five thousand and upto USD one hundred and ten thousand		30% ad. val
	(c) exceeding USD one hundred and ten thousand:		40% ad. Val”.,

- (e) in S. No. 59, in column (2), for the words “excluding mineral and aerated waters”, the expression “excluding mineral waters, aerated waters, hydration drinks or electrolyte beverages specifically formulated to support hydration, electrolytes replenishment containing artificial sweetener or sugar or both not exceeding 5g/100 ml” shall be substituted;
- (f) for Serial No. 63, and entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:-

“63	Lubricating oil and base lubricating oils	2710.1951 2710.1952 2710.1953 2710.1993	Five percent ad valorem.”;
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- (g) after S. No. 64 and entries relating thereto in columns (2), (3) and (4), the following new S. No. and entries relating thereto shall be added, namely:-

“65	(i) Petroleum top Naphtha	2710.1942	(i) Rs. 80 per liter
	(ii) White Spirit/ Mineral Turpentine Oil (MTT)	2710.1240	(ii) Rs. 80 per liter
	(iii) Solvent Oil	2710.1250	(iii) Rs. 80 per liter:

Provided that the duty under this serial No. shall not be charged on import or supply of white spirit and solvent oil purchased only for in-house consumption, if the importer and recipient of supplies both are holding a license (Form-L) issued by the Department of Explosives, Government of Pakistan, and subject to the following conditions, namely:-

- (i) the goods manufactured, using the said spirit and oil, are exempt under the Sales Tax Act, 1990 (VII of 1990); or
- (ii) the goods manufactured, using the said spirit and oil, are taxable under the Sales Tax Act, 1990 (VII of 1990) and both the supplier and the manufacturer are integrated with the Board’s computerized system for issuance of digital invoices:

Provided that such import and supplies are made in accordance with the quota approved by the Board, or by the Directorate General of Input Output Coefficient Organization in cases referred by the Board:

Provided further that the Board may make rules to regulate adjustment of input tax and duties on import and supply.”; and

- (h) in Table-I, for Restriction-2, the following shall be substituted, namely:-

“(2) **Restriction-2-Brand variants at different price points.-** No manufacturer or importer of cigarette can introduce or sell a new variant of the existing brand at a price lower than the lowest actual price of the existing brand. For the purposes of this restriction, current minimum price of existing brand means the lowest price of an existing brand on the day of announcement of Budget of the current financial year.

Explanation.- For the purpose of this restriction, brand variant means any cigarette brand with identical name, trademark, design, pattern or any unique distinguishing mark associated with an existing brand.”;

(2) after Table-I amended as aforesaid, the following new Table shall be inserted, namely:-

“Table- IA

S. No.	Description of goods	Heading/sub-heading Number	Rate of duty
(1)	(2)	(3)	(4)
1.	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), electric vehicles (4 wheelers) including station wagons, double cabin (4x4) pickup vehicles and racing cars:	87.03 8704.2190 8704.3190	86% ad val
	(a) of cylinder capacity 2000cc and above but not exceeding 3000cc (b) of cylinder capacity exceeding 3000cc		92% ad val.”;

(3) in Table-II, in column (1), against S. No. 3, in column (2), for sub-clause (ii) of clause (b) and entries relating thereto in column (4), the following shall be substituted, namely:-

“(ii) Club, business and first class air tickets issued on or after the 1st day of July, 2026: (a) IATA Traffic Conference Area 1 (North, Central, South America and Environs) (b) IATA Traffic Conference Area 2 (I) Middle East and Africa (II) Europe (c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)	(a) Fifty thousand rupees (b)(I) Twenty-five thousand rupees (b)(II) Forty thousand rupees (c) Forty thousand rupees;
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(15) in the Second Schedule, after the omitted S. No. 4, in column (1) and entries relating thereto in columns (2) and (3), the following new S. No. shall be inserted, namely:—

“5.	Imported and locally produced:	
	(i) Petroleum top Naphtha	2710.1942
	(ii) White Spirit/Mineral Turpentine Oil (MTT)	2710.1240
	(iii) Solvent Oil	2710.1250”; and

(16) in the Third Schedule, in Table-I, after S. No. 27, in column (1) and entries relating thereto in columns (2) and (3), the following new S. No. shall be inserted, namely:—

“28.	Import of bulletproof vehicles by the: i) Federal Government for logistic arrangements for Shanghai Cooperation Organization (SCO) summit subject to the prior approval from the Ministry of Foreign Affairs and the Ministry of Interior and Narcotics Control ii) By the Federal Government or Provincial Government for threat of terrorism against a public functionary as determined by the Ministry of Interior and Narcotics Control, subject to approval by the Federal Government”.	Respective heading.
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7. Amendment of the Finance Act, 2018 (XXX of 2018).— In the Finance Act, 2018 (XXX of 2018), in section 10, in sub-section (1), in the Table, in column (1), in Serial No. 3, in column (3), for the figure “600”, the figure “200” shall be substituted.

8. Amendments of the Finance Act, 2022 (XIII of 2022).— In the Finance Act, 2022 (XIII of 2022), in section 8,—

- (1) in sub-section (2),—
 - (a) in clause (ab), the word “and” at the end shall be omitted;
 - (b) in clause (ac), after the semicolon occurring at the end, the word “and” shall be added; and
 - (c) clause (b) shall be omitted;
- (2) in sub-section (3),—
 - (a) in clause (b), in the proviso, after the semicolon occurring at the end, the word “and” shall be added; and
 - (b) clause (c) shall be omitted;
 - (3) in sub-section (4), in clause (g), for the expression “(ab), (ac) and (b)”, the expression “(ab) and (ac)” shall be substituted;
 - (4) in sub-section (13), clause (c) shall be omitted; and
 - (5) in the First Schedule, in the Table, in column (1), S. No. (4) and entries relating thereto in columns (2) and (3) shall be omitted.

THE FIRST SCHEDULE

[see section 3(13)]

In the Customs Act, 1969 (IV of 1969), in the First Schedule, for the corresponding entries against "PCT Code", "Description" and "CD%" specified in columns (1), (2), (3) and (4) appearing in Chapter 1 to 99, the following corresponding entries relating to "PCT Code", "Description" and "CD%" shall be substituted, namely:-

Table of PCT Code not reproduced here

THE Second Schedule

[see section 3(14)]

In the Customs Act, 1969 (IV of 1969), for the Fifth Schedule, the following shall be substituted, namely:-

The Fifth Schedule not reproduced here

SAEED AHMAD MAITLA,
Acting Secretary.

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