



Publisher: S.A. Salam Publications UK, 19 Cheetham Hill Road, Manchester, United Kingdom

Sales offices in Pakistan:

**LAHORE:** 1<sup>st</sup> Floor, Salam Chambers, 22 Link Mcleod Road, . **Lahore.** Tel: 042-37226953, 0300-8408932

**KARACHI:** 227/2 Panorama Centre-1, Fatima Jinnah Road, Saddar. Tel: 021-35641410, 0333-2209862

**ISLAMABAD:** Contact Lahore office. Tel: 042-37226953, M.Yasir Cell# 0300-8408932

## *S. A. SALAM's* Sales Tax Ready Reference

245th Update – July 15, 2026

Please find enclosed **208** updated pages so as to complete and update your copy of Sales Tax Ready Reference. Kindly insert as follows:–

| Existing Pages<br>to be removed   | Updated Pages<br>to be inserted | Existing Pages<br>to be removed              | Updated Pages<br>to be inserted |
|-----------------------------------|---------------------------------|----------------------------------------------|---------------------------------|
| <b><i>Pt-I –Sales Tax Act</i></b> |                                 | <b><i>Pt-II –Provincial Part</i></b>         |                                 |
| 1 to 4                            | 1 to 4                          | <i>(Shifted to our Provincial Laws Book)</i> |                                 |
| 15, 16                            | 15 to 16(1)                     | 6(1) to 141                                  | -                               |
| 25 to 32                          | 25 to 32(1)                     | <b><i>Pt-VI –General Orders</i></b>          |                                 |
| 38(1) to (10)                     | 38(1) to (10)                   | v, vi                                        | v, vi                           |
| 57 to 58(1)                       | 57 to 58(1)                     | 131                                          | 131 to 136                      |
| 65 to 66(1)                       | 65 to 66(1)                     | <b><i>Pt-IX –Budget Instructions</i></b>     |                                 |
| 67, 68                            | 67, 68                          | 1                                            | 1                               |
| 74(5) to (7)                      | 74(5) to (8)                    |                                              | 169 to 193                      |
| 84(1), (2)                        | 84(1), (2)                      | <b><i>Pt-X –Federal Excise Act</i></b>       |                                 |
| 87 to 90(5)                       | 87 to 90(6)                     | 1 to 2(1)                                    | 1 to 2(1)                       |
| 99 to 100(1)                      | 99 to 100(3)                    | 3 to 14                                      | 3 to 14(1)                      |
| 102(3)                            | 102(3), (4)                     | 20(3)                                        | 20(3), (4)                      |
| 103 to 108                        | 103 to 108                      | 21, 22                                       | 21 to 22(1)                     |
| 112(1) to (6)                     | 112(1) to (8)                   | 29, 30                                       | 29 to 30(1)                     |
| 126(5) to (8)                     | 126(5) to (10)                  | 35, 36                                       | 35, 36                          |
| 131, 132                          | 131, 132                        | 40(1)                                        | 40(1), (2)                      |
| 137                               | 137 to 139                      | 47 to 48(8)                                  | 47 to 48(10)                    |
| 176(3)                            | 176(3) to (5)                   | 49, 50                                       | 49, 50                          |
| 185 to 188                        | 185 to 188                      | 56(1) to (5)                                 | 56(1) to (9)                    |
| 202(13) to (20)                   | 202(13) to (22)                 | 59, 60                                       | 59 to 60(1)                     |
| 218(7) to (10)                    | 218(7) to (10.1)                | 63                                           | 63                              |
| 262(1) to (4)                     | 262(1) to (4)                   | 70(1), (2)                                   | 70(1), (2)                      |
| 271 to 276(2)                     | 271 to 276(2)                   |                                              |                                 |
| 277 to 279                        | 277 to 279                      |                                              |                                 |

Yours sincerely  
Abdul Rab Khan  
Manager

### **Note from the Author**

It gives me great pleasure to complete the 245th update of Sales Tax Ready Reference. This update covers:-

**-Finance Act, 2026; and**

**-General Orders: 08 of 2026.**

These are briefly explained as under:-

#### ***Part I – Sales Tax Act***

1. On page 15 onwards, following provisions have been amended by Finance Act, 2026 w.e.f. 1 July, 2026:-

##### ***Sections***

**2**(Clauses (1AA), (9AB), (17A), (22)(1A), (43A), (46);

**6**(2); **8B**(1); **9**; **11H**(1) to (3); **21**(2); **23**(1); **25**(8A), (8B), (9), (11); **30AA**(1) to (6); **30DDDB**(1), (2); **32C**(1) to (6); **33**(1); **40C**(2), (3), (6); **40F**(1) to (4); **45C**(1), (2); **47AA**(1) to (6); **47AAA**(1) to (8);

##### ***Schedules***

**3rd; 6th; 8th; 9th; 11th; 12th.**

#### ***Part II – Provincial Sales Tax***

2. On page II-6(1) to 141 deleted because we introduced a separate book of “Complete Provincial Sales Tax Laws” which includes all provincial Sales Tax on Services Acts, Rules, Notifications, Circulars, Circular letters and General Orders etc.

#### ***Part VI – General Orders***

3. On page VI-131 onwards, **General Order No. 06 of 2026** dated July 02, 2026 has been reproduced. This is re: **Visibility and Prominent Display of Retail Price and Sales tax on Goods Specified in the Third Schedule to the Sales Tax Act, 1990.**

#### ***Part IX – Budget Instructions***

4. On page IX-169 onwards, Finance Act, 2026-Budget Instructions relevant to changes in Sales Tax Act have been reproduced.

#### ***Part X – Federal Excise Act***

5. On page X-3 onwards, Ss. 2, 3, 7A, 18, 19, 26, 27, 33, 34AA, 43A, 44, 45A, 46 & First Schedule, Second Schedule and Third Schedule have been amended by **Finance Act, 2026** dated June 26, 2026.

Your suggestions and comments are very useful for improvement of the work which will be highly appreciated.

Sheikh Asif Salam  
Chartered Accountant

# Part I

## Sales Tax Act, 1990

| Section                  | Description                                                                                       | Page No. |
|--------------------------|---------------------------------------------------------------------------------------------------|----------|
| <b>Chapter - I</b>       |                                                                                                   |          |
| Preliminary              |                                                                                                   |          |
| 1.                       | Short title, extent and commencement .....                                                        | I - 5    |
| 2.                       | Definitions .....                                                                                 | I - 15   |
| <b>Chapter - II</b>      |                                                                                                   |          |
| Scope and Payment of Tax |                                                                                                   |          |
| 3.                       | Scope of tax .....                                                                                | I - 39   |
| 3B.                      | Collection of excess tax, etc. ....                                                               | I - 52   |
| 4.                       | Zero rating .....                                                                                 | I - 53   |
| 5.                       | Change in the rate of tax .....                                                                   | I - 55   |
| 6.                       | Time and manner of payment .....                                                                  | I - 56   |
| 7.                       | Determination of tax liability .....                                                              | I-58(1)  |
| 7A.                      | Levy and collection of tax on specified goods on value addition.....                              | I - 61   |
| 8.                       | Tax credit not allowed .....                                                                      | I - 61   |
| 8A.                      | Joint and several liability of registered person in<br>supply chain where tax unpaid .....        | I - 65   |
| 8B.                      | Tax credit not allowed .....                                                                      | I - 66   |
| 9.                       | Debit and credit note .....                                                                       | I-66(1)  |
| 10.                      | Refunded of input tax .....                                                                       | I - 67   |
| 11.                      | Deleted .....                                                                                     | I - 73   |
| 11A.                     | Short-paid amounts recoverable without notice .....                                               | I-74(2)  |
| 11B.                     | Limitation for issuing orders in certain cases .....                                              | I-74(2)  |
| 11C.                     | Power of tax authorities to modify orders, etc .....                                              | I-74(2)  |
| 11D.                     | Best Judgment Assessment .....                                                                    | I-74(3)  |
| 11E.                     | Assessment of tax and recovery of tax not levied<br>or short levied or erroneously refunded ..... | I-74(4)  |
| 11F.                     | Failure to withhold sales tax .....                                                               | I-74(4)  |
| 11G.                     | Limitation for assessment .....                                                                   | I-74(5)  |
| 11H.                     | Faceless audit and assessment .....                                                               | I-74(5)  |
| 13.                      | Exemption .....                                                                                   | I-74(6)  |
| <b>Chapter - III</b>     |                                                                                                   |          |
| Registration             |                                                                                                   |          |
| 14.                      | Registration .....                                                                                | I - 75   |
| 14AB.                    | Discontinuance of gas and electricity connections .....                                           | I - 78   |

1-245-15-07-2026

| Arrangement of Sections                               |                                                                            | Sales Tax Ready Reference |           |
|-------------------------------------------------------|----------------------------------------------------------------------------|---------------------------|-----------|
| Section                                               | Description                                                                |                           | Page No.  |
| 14AC.                                                 | Bar on operations of bank accounts .....                                   | .....                     | I - 79    |
| 14AD.                                                 | Bar on transfer of immoveable property .....                               | .....                     | I - 80    |
| 14AE.                                                 | Other measures for non-registration .....                                  | .....                     | I - 80    |
| 21.                                                   | De-registration, blacklisting and suspension .....                         | .....                     | I - 84(1) |
| 21A.                                                  | Active taxpayers list .....                                                | .....                     | I - 84(4) |
| <b>Chapter-IV</b>                                     |                                                                            |                           |           |
| Book Keeping and Invoicing Requirements               |                                                                            |                           |           |
| 22.                                                   | Records .....                                                              | .....                     | I - 85    |
| 23.                                                   | Tax Invoices .....                                                         | .....                     | I - 87    |
| 24.                                                   | Retention of record and documents for six years .....                      | .....                     | I - 90    |
| 25.                                                   | Audit of sales tax affairs .....                                           | .....                     | I-90(1)   |
| 25A.                                                  | Drawing of samples .....                                                   | .....                     | I- 90(6)  |
| 25AA.                                                 | Transactions between associates .....                                      | .....                     | I - 90(6) |
| <b>Chapter - V</b>                                    |                                                                            |                           |           |
| Returns                                               |                                                                            |                           |           |
| 26.                                                   | Return .....                                                               | .....                     | I- 91     |
| 26AB.                                                 | Extension of time for furnishing returns .....                             | .....                     | I- 95     |
| 27.                                                   | Special Returns .....                                                      | .....                     | I-96(2)   |
| 28.                                                   | Final Return .....                                                         | .....                     | I-96(2)   |
| 29.                                                   | Return deemed to have been made .....                                      | .....                     | I-96(2)   |
| <b>Chapter - VI</b>                                   |                                                                            |                           |           |
| Appointment of Officers of Sales Tax and their Powers |                                                                            |                           |           |
| 30.                                                   | Appointment of authorities .....                                           | .....                     | I - 97    |
| 30A.                                                  | Directorate General, (Intelligence and Investigation) Inland Revenue ..... | .....                     | I - 99    |
| 30AA.                                                 | Faceless jurisdiction .....                                                | .....                     | I - 99    |
| 30AB.                                                 | Tax Fraud Investigation Wing Inland Revenue . .....                        | .....                     | I - 100   |
| 30B.                                                  | Directorate General Internal Audit .....                                   | .....                     | I-100(1)  |
| 30C.                                                  | Inland Revenue Services Academy .....                                      | .....                     | I-100(1)  |
| 30CA.                                                 | Directorate General of Training and Research .....                         | .....                     | I-100(1)  |
| 30D.                                                  | Directorate General of Valuation .....                                     | .....                     | I-100(2)  |
| 30DD.                                                 | Director of Post Clearance Audit .....                                     | .....                     | I-100(2)  |
| 30DDD.                                                | Director of input output co-efficient organization.....                    | .....                     | I-100(2)  |
| 30DDDA.                                               | Director-General of Law .....                                              | .....                     | I-100(2)  |
| 30DDDB.                                               | Directorate General (Field Compliance) Inland Revenue .....                | .....                     | I-100(2)  |
| 30E.                                                  | Powers and Functions of Directorate, etc. ....                             | .....                     | I-100(3)  |
| 31.                                                   | Powers .....                                                               | .....                     | I-100(3)  |
| 32.                                                   | Delegation of powers .....                                                 | .....                     | I - 101   |
| 32A.                                                  | Audit by special audit panels .....                                        | .....                     | I - 102   |
| 32B.                                                  | Appointment of experts and auditors .....                                  | .....                     | I-102(2)  |
| 32C.                                                  | National faceless centre .....                                             | .....                     | I-102(3)  |

| Section                       | Description                                                                                                  | Page No. |
|-------------------------------|--------------------------------------------------------------------------------------------------------------|----------|
| <b>Chapter - VII</b>          |                                                                                                              |          |
| <b>Offences and Penalties</b> |                                                                                                              |          |
| 33.                           | Offences and penalties .....                                                                                 | I - 103  |
| 33A.                          | Deleted .....                                                                                                | I-112(5) |
| 34.                           | Default surcharge .....                                                                                      | I-112(8) |
| 34A.                          | Exemption from penalty and Default surcharge.....                                                            | I - 114  |
| 37.                           | Power to summon persons to give evidence and<br>produce documents in inquiries under the Act .....           | I - 117  |
| 37A.                          | Power to inquire, investigate offences warranting prosecution<br>under this Act and Arrest of a person ..... | I - 117  |
| 37B                           | Procedure to be followed on arrest of a person .....                                                         | I - 121  |
| 37C                           | Special Judges .....                                                                                         | I - 125  |
| 37D                           | Cognizance of offences by Special Judges .....                                                               | I - 126  |
| 37E                           | Special Judges, etc. to have exclusive Jurisdiction.....                                                     | I-126(1) |
| 37F                           | Provisions of Code of Criminal Procedure, 1898, to apply .....                                               | I-126(1) |
| 37G                           | Transfer of cases .....                                                                                      | I-126(1) |
| 37H                           | Place of sittings .....                                                                                      | I-126(2) |
| 37I                           | Appeal to the High Court .....                                                                               | I-126(2) |
| 38.                           | Authorised officers to have access to<br>premises, stocks, accounts and records .....                        | I-126(2) |
| 38A.                          | Power to call for information .....                                                                          | I-126(3) |
| 38B.                          | Obligation to produce documents and provide information .....                                                | I-126(3) |
| 40.                           | Searches under warrant .....                                                                                 | I-126(5) |
| 40B.                          | Posting of Inland Revenue Officer .....                                                                      | I-126(6) |
| 40C.                          | Monitoring or tracking by electronic or other means .                                                        | I-126(6) |
| 40D.                          | Provisions relating to goods supplied from tax-exempt areas.....                                             | I-126(8) |
| 40E.                          | Licensing of brand name .....                                                                                | I-126(8) |
| 40F.                          | Sale of confiscated goods by auction .....                                                                   | I-126(9) |
| <b>Chapter - VIII</b>         |                                                                                                              |          |
| <b>Appeals</b>                |                                                                                                              |          |
| 43A.                          | Deleted .....                                                                                                | I - 127  |
| 45A.                          | Power of the Board and Commissioner<br>to call for records .....                                             | I - 128  |
| 45B.                          | Appeals .....                                                                                                | I - 129  |
| 45C.                          | Faceless appeals .....                                                                                       | I - 131  |
| 46.                           | Appeals to Appellant Tribunal .....                                                                          | I - 131  |
| 47.                           | Reference to the High Court .....                                                                            | I - 133  |
| 47A.                          | Alternative dispute resolution .....                                                                         | I - 134  |
| 47AA.                         | Algorithmic settlement mechanism. ....                                                                       | I - 137  |
| 47AAA.                        | Independent case scrutiny committee. ....                                                                    | I - 138  |
| 47AB.                         | Saving .....                                                                                                 | I - 139  |

| Section             | Description                                                                                                        | Page No. |
|---------------------|--------------------------------------------------------------------------------------------------------------------|----------|
| <b>Chapter - IX</b> |                                                                                                                    |          |
| Recovery of Arrears |                                                                                                                    |          |
| 48.                 | Recovery of arrears of tax .....                                                                                   | I - 149  |
| <b>Chapter - X</b>  |                                                                                                                    |          |
| Miscellaneous       |                                                                                                                    |          |
| 49.                 | Sales of taxable activity or transfer of ownership .....                                                           | I - 151  |
| 49A.                | Liquidators .....                                                                                                  | I - 151  |
| 50.                 | Power to make rules .....                                                                                          | I - 152  |
| 50A.                | Computerized systems .....                                                                                         | I - 153  |
| 50B.                | Electronic scrutiny and intimation .....                                                                           | I - 153  |
| 51.                 | Bar of suits, prosecution and other legal proceedings .....                                                        | I - 154  |
| 52.                 | Appearance by authorised representative .....                                                                      | I - 154  |
| 52A.                | e-intermediaries to be appointed .....                                                                             | I - 154  |
| 53.                 | Estate of deceased person .....                                                                                    | I - 155  |
| 54.                 | Estate in bankruptcy .....                                                                                         | I - 155  |
| 55.                 | Removal of difficulties .....                                                                                      | I - 155  |
| 56.                 | Service of order, decisions, etc. ....                                                                             | I - 156  |
| 56A.                | Agreement for the exchange of information .....                                                                    | I - 157  |
| 56AB.               | Real-time access to information and databases .....                                                                | I - 158  |
| 56B.                | Disclosure of information by a public servant .....                                                                | I - 159  |
| 56C.                | Prize scheme to promote tax culture .....                                                                          | I - 159  |
| 57.                 | Rectification of mistake .....                                                                                     | I - 159  |
| 58.                 | Liability for payment of tax in the case of private companies or business enterprises .....                        | I - 160  |
| 58A.                | Representatives .....                                                                                              | I - 161  |
| 58B.                | Liability and obligations or representatives .....                                                                 | I - 162  |
| 58C.                | Inspection of audit firm .....                                                                                     | I-162(1) |
| 59.                 | Tax paid on stocks acquired before registration .....                                                              | I-162(2) |
| 60.                 | Power to deliver certain goods without payment of tax .....                                                        | I - 163  |
| 61.                 | Repayment of tax in certain cases .....                                                                            | I - 164  |
| 61A.                | Repayment of tax to persons registered in AJ&K.....                                                                | I - 164  |
| 62.                 | Drawback allowable on re-export .....                                                                              | I - 164  |
| 63.                 | Drawback on goods taken into use between importation and re-exportation .....                                      | I - 164  |
| 64.                 | Power to declare what goods are identifiable and to prohibit drawback in case of specified foreign territory ..... | I - 165  |
| 65.                 | Exemption of tax not levied or short levied as a result of general practice .....                                  | I - 165  |
| 66.                 | Refund to be claimed within one year .....                                                                         | I - 166  |
| 67.                 | Delayed Refund .....                                                                                               | I - 167  |

<sup>1</sup>**2. Definitions.**— In this Act, unless there is anything repugnant in the subject or context,—

<sup>2</sup>[(1) “abettor” means a person who intentionally abets or connives in tax fraud as defined in clause (37) of section 2 or in the commission of any offence warranting prosecution under this Act, and includes a person who,—

- (a) prepares, or causes to be prepared with authorization of the registered person, invoices for false claim of input tax adjustment; or
- (b) allows use of bank account held or operated by him for abetting tax fraud or other offence warranting prosecution under this Act or unauthorizedly or illegally maintains or operates business bank account in other registered person’s name.]

<sup>3</sup>[(1A)] “active taxpayer” means a registered person who does not fall in any of the following categories, namely:-

- (a) who is blacklisted or whose registration is suspended <sup>4</sup>[ ] in terms of section 21;
- (b) who fails to file the return under section 26 by the due date for two consecutive tax periods;
- (c) who fails to file an Income Tax return under section 114 or statement under section 115, of the Income Tax Ordinance, 2001(XLIX of 2001), by the due date; and
- (d) who fails to file <sup>5</sup>[quarterly] or an annual withholding tax statement under section 165 of the Income Tax Ordinance, 2001 (XLIX of 2001);

---

<sup>1</sup>Section 2 substituted by Finance Act, 1996, dated July 1, 1996.

<sup>2</sup>Clause (1) inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>3</sup>Clauses (1) and (1A) renumbered as (1A) & (1B) by Finance Act, 2025 in force from July 1, 2025. Earlier clause (1) substituted & (1A) inserted by Finance Act, 2015 dated June 30, 2015. Earlier it was substituted by Finance Act, 2010 dated June 30, 2010 with effect from and deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Words “or is blocked” omitted by Finance Act, 2020 dated June 30, 2020.

<sup>5</sup>Substituted for “two consecutive monthly” by Finance Act, 2020 dated June 30, 2020.

---

**S. 2(1)–Substitution.**— S. 2(1), before substitution by Finance Act, 2015, read as follows:

- “(1) “Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance, 2001(XLIX of 2001);”

- <sup>1</sup>[(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;]
- <sup>2</sup>[(1B)] “Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance, 2001 (XLIX of 2001);]
- (2) “appropriate officer” means an <sup>3</sup>[officer of Inland Revenue] authorised by the Board by notification in the official Gazette to perform certain functions under this Act;

---

<sup>1</sup>Clauses (1AA) and (1AAA) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Clauses (1) and (1A) renumbered as (1A) & (1B) by Finance Act, 2025 in force from July 1, 2025.

<sup>3</sup>Substituted for “officer of Sales Tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

---

**S. 2(1)–Substitution.**– S. 2(1), before substitution by Finance (Amendment) Ordinance, 2009, read as follows:

- “(1) “Appellate Tribunal” means the Customs, Excise and Sales Tax Appellate Tribunal constituted under section 194 of the Customs Act;”

**S. 2–Substitution.**– S. 2, before substitution by Finance Act, 1996, read as follows:

**"2. Definitions.**– In this Act, unless there is anything repugnant in the subject or context –

- (1) "Appellate Tribunal" means the Customs, Excise and Sales Tax Appellate Tribunal constituted under Section 194 of the Customs Act, 1969 (IV of 1969);
- (2) "appropriate officer" means an officer of Sales Tax authorised by the Board by notification in the official Gazette to perform certain functions under the Act;
- <sup>1</sup>[(2A) "associated persons" means any two or more persons interconnected with each other in the following way, namely:–
- (i) if the persons, being companies or undertakings, are under common management or control or one is the subsidiary of the other;
- (ii) if a person who is the owner or partner or director of a company or undertaking, or who, directly or indirectly, holds or controls twenty per cent shares in such company or undertaking, is also the owner, partner or director of another company or undertaking, or, directly or indirectly, holds or controls twenty per cent shares in that company or undertaking;]

<sup>1</sup>Clause (2A) inserted by Finance Act, 1991, dated June 27, 1991.

---

**Tax on goods manufactured in Swat or AJ&K.**– Following is the text of CBR’s Circular Letter C. No. 2(35)STP/97, dated August 18, 1999:–

“I am directed to refer to your letter No. 1-8/TAX/99/652 dated 04.06.1999 on the above subject and to say that:–

- (a) Consumer goods manufactured in AJ&K are not exempt from sales tax. Sales tax is levied and collected in AJ&K under the Sales Tax Act, 1990, of Pakistan, as adapted in the State of Azad Jammu and Kashmir. For further details, the Government of Azad Jammu & Kashmir or the Collector of Sales Tax, Mirpur (AJ&K) may be contacted, and
- (b) Mingora (Swat) is a part of PATA of the NWFP and Sales Tax Act, 1990, is proposed to be extended to the area. Regulation, as and when issued in this regard, will be published in the official gazette.

2. Manufacturers in AJ&K are required to be registered with the Collector of Sales Tax, Mirpur (AJ&K). When the application of Sales Tax Act, 1990, is extended to the PATA of NWFP, manufacturers in Mingora (Swat) shall be required to be registered with the Collector of Sales Tax Peshawar.

3. Dealers or wholesalers or distributors of sales taxable goods (even if the goods are produced by exempt manufacturers) supplied in Pakistan are required to be registered in Pakistan. Sales tax shall be payable on supplies made in Pakistan by such dealers or wholesalers or distributors or retailers.”

**Swat area, collection on cellular phones.**– Following is the text of CBR’s Ruling No. 19/2002, dated March 15, 2002:–

“I am directed to refer to your letters dated 10<sup>th</sup> January, 2002, 27<sup>th</sup> January, 2002 and 13<sup>th</sup> March, 2002 on the subject cited above and to say that although the Sales Tax Act, 1990 has not been extended to Swat area, the goods (or services) originating from Pakistan are ‘supplies made in Pakistan’ for the purpose of the said Act. The cellular telephones activated in Swat but used in other areas of Pakistan or used for making calls to other areas of Pakistan are availing taxable services and are accordingly liable to pay tax.”

**Applicability to Baluchistan.**– See CBR’s Ruling No. 18/2002, dated March 2, 2002 in Part VIII.

- (9) “due date” in relation to the furnishing of a return <sup>1</sup>[under section 26] <sup>2</sup>[ ] means the <sup>3</sup>[15<sup>th</sup>] day of the month following the end of the tax period, or such other date as the <sup>4</sup>[Board] may, by notification in the official Gazette, specify <sup>5</sup>[and different dates may be specified for furnishing of different parts or annexures of the return;]

<sup>6</sup>[ ]

- <sup>7</sup>[(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;]

- <sup>8</sup>[(9B) “e-bilty” means a digital transport document generated through the Cargo Tracking System as prescribed by the Board, to accompany goods during their movement.

- (9C) “e-commerce” means sale or purchase of goods conducted over computer networks by methods specifically designed for the purpose of receiving or placing of orders either through websites, mobile applications or online marketplace having digital ordering features by using mobile phones, automated computer-to-computer ordering system or any similar device;]

<sup>1</sup>Words and figure inserted by Finance Act, 1998, dated July 1, 1998.

<sup>2</sup>Words etc “and section 26AA” omitted by Finance Act, 2016 dated June 24, 2016. Earlier, preceding this, words etc. “, sub-section (6) of section 26A” were inserted by Tax Laws Amendment Ordinance, 2000, dated May 24, 2000 and later omitted by Finance Act, 2004, dated June 24, 2004.

<sup>3</sup>Substituted for “20th” by Finance Act, 1998, dated July 1, 1998.

<sup>4</sup>Substituted for “Federal Government” by Finance Act, 2008 dated June 30, 2008.

<sup>5</sup>Substituted for full stop and words inserted by Finance Act, 2016 dated June 24, 2016.

<sup>6</sup>Clauses (9a) & (9aa) omitted by Finance Act, 2004, dated June 24, 2004. Earlier these were inserted by Sales Tax (Amendment) Ordinance, 2001, dated February 7, 2001.

<sup>7</sup>Clause (9AB) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>8</sup>Clause (9A) substituted as (9B) & (9C) by Finance Act, 2025 in force from July 1, 2025. Earlier clause (9A) was inserted by Finance Act, 2006, dated July 01, 2006.

Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:–

“Seeks to delete redundant provision of law.”

**Clauses (9a) & (9aa)–Omission.**– Clauses (9a) and (9aa) before omission by Finance Act, 2004 these read as follows:–

- “(9a) “enrolled person” means a person who is enrolled or is liable to be enrolled under this Act <sup>1</sup>[:]

<sup>1</sup>[Provided that a person liable to be enrolled but not enrolled under this Act shall remain liable to further tax under sub-section (1A) of section 3 and shall not be entitled to any benefit available to an enrolled person under any of the provisions of this Act or the rules made thereunder.”

<sup>1</sup>Colon substituted for full-stop and proviso inserted by Finance Ordinance, 2002 dated June 15, 2002.

- “(9aa) “enrolment number” means the number allocated to the enrolled person for the purposes of this Act;”

Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:–

“Seeks to omit reference to enrolled person and enrollment number.”

**Clause (9A)–Substitution.**– Before substitution by Finance Act, 2025 it read as follows:–

- “(9A) “e-intermediary” means a person appointed as e-intermediary under section 52A for filing of electronic returns and such other documents as may be prescribed by the Board from time to time, on behalf of a person registered under section 14;”

- (10) “establishment” means an undertaking, firm or company, whether incorporated or not, an association of persons or an individual;
- (11) “exempt supply” means a supply which is exempt from tax under section 13;
- <sup>1</sup>[(11A) “FBR Refund Settlement Company <sup>2</sup>[ ] Limited” means the company with this name as incorporated under the <sup>3</sup>[Companies Act, 2017 (XIX of 2017)], for the purpose of settlement of sales tax and income tax refund claims including payment by way of issuing refund bonds under section 67A;]
- <sup>4</sup>[(11B)] “firm” means the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all;]
- (12) “goods” include <sup>5</sup>[ ] every kind of movable property other than actionable claims, money, stocks, shares and securities;
- <sup>6</sup>[(12A) “greenfield industry”, in relation to the entry at serial number 150 of the Table-1 of the Sixth Schedule, means-
- (a) a new industrial undertaking which is-
- (i) setup on land which has not previously been utilized for any commercial, industrial or manufacturing activity and is free from constraints imposed by any prior work;
  - (ii) built without demolishing, revamping, renovating, upgrading, remodeling or modifying any existing structure, facility or plant;
  - (iii) not formed by the splitting up or reconstitution of an undertaking already in existence or by transfer of machinery, plant or building from an undertaking established in Pakistan prior to commencement of the new business and, is not part of an expansion project;
  - (iv) using any process or technology that has not earlier been used in Pakistan and is so approved by the Engineering Development Board; and

<sup>1</sup>Clause (11A) inserted by Finance Supplementary (second Amendment) Act, 2019 dated March 09, 2019.

<sup>2</sup>Word “(Private)” omitted by Finance Act, 2019 dated June 29, 2019.

<sup>3</sup>Substituted for “Companies Ordinance, 1984 (XLVII of 1984)” by Finance Act, 2019 dated June 29, 2019.

<sup>4</sup>Clause (11A) renumbered as (11B) by Finance Supplementary (second Amendment) Act, 2019 dated March 09, 2019. Earlier it was inserted by Finance Act, 2008 dated June 27, 2008.

<sup>5</sup>Words “production, transmission and distribution of electricity,” omitted by Finance Act, 2023 dated June 26, 2023. Earlier these were inserted by Finance Act, 2022 dated June 30, 2022.

<sup>6</sup>Clause (12A) inserted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was inserted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

- (b) is approved by the Commissioner on an application made in the prescribed form and manner, accompanied by the prescribed documents and, such other documents as may be required by the Commissioner:

Provided that this definition shall be applicable from the 1<sup>st</sup> July, 2019 and onwards.]

- (13) “importer” means any person who <sup>1</sup>[ ] imports any goods into Pakistan;”
- <sup>2</sup>[(14) “input tax”, in relation to a registered person <sup>3</sup>[excluding those services as specified by the Board through notification in the official Gazette subject to such conditions, restrictions and limitations as mentioned therein], means-
- (a) tax levied under this Act on supply of goods to the person;
- (b) tax levied under this Act on the import of goods by the person;

<sup>1</sup>Word “lawfully” omitted by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Clause (14) substituted by Finance Act, 2008 dated June 27, 2008.

<sup>3</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

**S. 2(14)-Substitution.**-Before substitution the clause read as follows:-

- “(14) “input tax” in relation to a registered person, means the tax-
- (a) levied under this Act on the supply of goods received by that person;
- (b) levied under this Act on the goods imported, entered and cleared under section 79 or section 104 of the Customs Act, by that person;
- <sup>1</sup>[(c) levied under the Sales Tax Act, 1990 of Pakistan as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by that person; and

<sup>1</sup>Sub-clauses (c) and (d) substituted for sub-clause (c) by Finance Ordinance, 2002, dated June 15, 2002 and shall be deemed to have been so substituted on June 18, 2001. Clause (c) was earlier amended by Finance Ordinance, 2001, dated June 18, 2001. Clause (c) was re-inserted by Finance Act, 1998, dated July 1, 1998, after being omitted by Finance Act, 1997, dated July 1, 1997.

The original sub-clause as inserted by Finance Act, 1996, read as follows:-

- “(c) paid on the goods by an importer or manufacturer, in case of taxed supply;”

This was omitted by Finance Act, 1997 and later re-inserted by Finance Act, 1998. Before substitution by Finance Ordinance, 2002, it read as follows:-

- “(c) levied under the Sales Tax Act, 1990 of Pakistan as adapted in the State of Azad Jammu and Kashmir, on the supply of goods received by that person <sup>1</sup>/and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944), on such excisable services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act/.”

<sup>1</sup>Words, commas & figures etc. inserted by Finance Ordinance, 2001, dated June 18, 2001.

- <sup>1</sup>[(d) chargeable as duties of excise under section 3 of the Federal Excise Act, 2005, on such excisable goods as are mentioned in the Second Schedule thereto or such excisable services as the Federal Government may from time to time notify under section 7 thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act;]

<sup>1</sup>Sub-clause (d) substituted by Finance Act, 2006, dated July 01 2006.

- <sup>2</sup>[(e) levied under the Punjab Sales Tax Ordinance, 2000 (Pb. Ord II of 2000), North West Frontier Province Sales Tax Ordinance, 2000 (III of 2000), Sindh Sales Tax Ordinance, 2000 (VIII of 2000), Balochistan Sales Tax Ordinance, 2000 (I of 2000) and Islamabad Capital Territory (Tax on Services) Ordinance, 2000 (XLII of 2000);]

<sup>2</sup>Sub-clause (e) inserted in clause (14) by Finance Act, 2007, dated June 30, 2007.

- (c) in relation to goods or services acquired by the person, tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services; <sup>1</sup>[ ]
- <sup>2</sup>[(d) provincial sales tax levied on services rendered or provided to the person; and]
- (e) levied under the Sales Tax Act, 1990 as adapted in the State of Azad Jammu and Kashmir, on supply of goods received by the person;]
- <sup>3</sup>[(14A) the expression “KIBOR” mean Karachi Inter Bank Offered Rates prevalent on the first day of each quarter of the financial year;]
- <sup>4</sup>[(15) “local Inland Revenue office” means the office of Superintendent of Inland Revenue or such other office as the Board may, by notification in the official Gazette, specify;]
- <sup>5</sup>[(15A) “licensed integrator” means any person licensed by the Board to provide electronic invoicing system for integration of registered persons in the prescribed manner;]

<sup>1</sup>Word “and” omitted by Tax (Amendments) Ordinance, 2016 dated August 31, 2016, effective 01-07-16. Earlier it was inserted by Finance Act, 2016 dated June 24, 2016.

<sup>2</sup>Clause (d) inserted by Tax (Amendments) Ordinance, 2016 dated August 31, 2016, effective 01-07-16. Earlier it was omitted by Finance Act, 2016 dated June 24, 2016.

<sup>3</sup>Clause (14A) inserted by Finance Act, 2009 dated June 30, 2009.

<sup>4</sup>Clause (15) substituted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>5</sup>Clause (15A) inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>1</sup>Sub-clause (d) substituted by Finance Act, 2006, dated July 01 2006. Before substitution it read as follows:-

“(d) chargeable as duties of excise under section 3 of the Central Excises Act, 1944 (I of 1944), on such excisable <sup>1</sup>[goods or] services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act;”

<sup>1</sup>Words inserted by Finance Act, 2004, dated June 24, 2004.

**S. 2(14)(d)–Omission.**– Before Omission by F. Act, 2016, it read as follows:-

“(d) Provincial sales tax levied on services rendered or provided to the person; and”

**S. 2(15)–Substitution.**– Before substitution clause (15) read as follows:-

“(15) “local Sales Tax Office” means the office of Superintendent of Sales Tax, or such other office as the Board may, by notification in the official Gazette, specify;”

**S. 2(16)–Manufacture.**– See CBR’s Circular Letter C. No. 3(11)STP/98, dated June 29, 1998 in Part VIII for problems of cotton waste dealers.

**“Manufacture”, use of baling hoops.**– See CBR’s Circular No. 3 of 1991, dated December 28, 1991 for use of baling hoops in Part VII.

**“Printing” included in manufacturing.**– Se CBR’s Circular Letter C. No. 1/180-STT/94 dated April 8, 1999 in Part VIII.

- (16) “manufacture” or “produce” includes—
- (a) any process in which an article singly or in combination with other articles, materials, components, is either converted into another distinct article or product or is so changed, transformed or reshaped that it becomes capable of being put to use differently or distinctly and includes any process incidental or ancillary to the completion of a manufactured product;
  - (b) process of printing, publishing, lithography and engraving; and
  - (c) process and operations of assembling, mixing, cutting, diluting, bottling, packaging, repacking or preparation of goods in any other manner.\*
- (17) “manufacturer” or “producer” means a person who engages, whether exclusively or not, in the production or manufacture of goods whether or not the raw material of which the goods are produced or manufactured are owned by him; and shall include—
- (a) a person who by any process or operation assembles, mixes, cuts, dilutes, bottles, packages, repackages or prepares goods by any other manner;
  - (b) an assignee or trustee in bankruptcy, liquidator, executor, or curator, of any manufacturer, or producer and any person who disposes of his assets in any fiduciary capacity; and
  - (c) any person, firm or company which owns, holds, claims or uses any patents, proprietary, or other right to goods being manufactured, whether in his or its name, or on his or its behalf, as the case may be, whether or not such person, firm or company sells, distributes, consigns, or otherwise disposes of goods <sup>1</sup>[:]
- <sup>2</sup>[Provided that for the purpose of refund under this Act, only such person shall be treated as manufacturer-cum-exporter who owns or has his own manufacturing facility to manufacture or produce the goods exported or to be exported;]
- <sup>3</sup>[(17A) “National faceless centre” means National faceless centre as defined in section 32C of the Act;]

---

<sup>1</sup>Colon substituted for semi-colon by F. O. 2000, dated June 19, 2000.

<sup>2</sup>Proviso inserted by F. O. 2000, dated June 19, 2000.

<sup>3</sup>Clause (17A) inserted by Finance Act, 2026 dated June 26, 2026.

\*there should have been a semi colon instead of full stop.

- <sup>1</sup>[(18) “officer of Inland Revenue” means an officer appointed under section 30;]
- <sup>2</sup>[(18A) “online marketplace” means online interfaces that facilitate, for a fee, the direct interaction between multiple buyers and multiple sellers via digital orders for supply of goods, with or without the platform taking economic ownership of the goods that are being sold;]
- (19) “open market price” means the consideration in money which that supply or a similar supply would generally fetch in an open market;
- <sup>3</sup>[(20) “output tax”, in relation to a registered person, means-
- (a) tax levied under this Act on a supply of goods, made by the person;
  - (b) tax levied under the Federal Excise Act, 2005 in sales tax mode as a duty of excise on the manufacture or production of the goods, or the rendering or providing of the services, by the person;
- <sup>4</sup>[(c) sales tax levied on the services rendered or provided by the person under Islamabad Capital Territory (Tax on Services) Ordinance 2001 (XLII of 2001);]

---

<sup>1</sup>Clause (18) substituted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010 This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>2</sup>Clause (18A) substituted by Finance Act, 2025 in force from July 1, 2025. Earlier it was inserted by Finance Act, 2021 dated June 30, 2021.

<sup>3</sup>Clause (20) substituted by Finance Act, 2008 dated June 27, 2008. Earlier it was substituted by Finance Act, 2007, dated June 30, 2007.

<sup>4</sup>Clause (20)(c) substituted by Finance Act, 2020 dated June 30, 2020.

---

**S. 2(18)-Substitution.**-Before substitution by F. Act, 2010 it read as follows:-

“(18) “officer of Sales Tax” means an officer appointed under section 30;”

**S. 2(18A)-Substitution.**-Before substitution by F. Act, 2025 it read as follows:-

“(18A) “online market place” includes an electronic interface such as a market place, e-commerce platform, portal or similar means which facilitate sale of goods, including third party sale, in any of the following manner, namely:-

- (a) by controlling the terms and conditions of the sale;
- (b) authorizing the charge to the customers in respect of the payment for the supply; or
- (c) ordering or delivering the goods.”

<sup>1</sup>[(20A)\* “payment intermediary” means a banking company, any financial institution including a licensed foreign exchange company or payment gateway that facilitate the transfer of funds or payment instructions between two or more parties to enable, process, route, or settle payments with respect to goods in a financial transaction, without being the ultimate source or recipient of the payment;]

<sup>2</sup>[(21) “person” means,—

- (a) an individual;
- (b) a company or association of persons incorporated, formed, organized or established in Pakistan or elsewhere;
- (c) the Federal Government;
- (d) a Provincial Government;
- (e) a local authority in Pakistan; or
- (f) a foreign government, a political subdivision of a foreign government, or public international organization;]

(22) “prescribed” means prescribed by rules made under this Act;

<sup>1</sup>Clause (20A) inserted by Finance Act, 2025 in force from July 1, 2025. \*F. Act apparently in error stated it as substitution of clause (20), saying “after clause (20), the following clause shall be substituted, namely:- (20A).....”

<sup>2</sup>Clause (21) substituted by Finance Act, 2008 dated June 27, 2008.

**Cl. (20)(c)-Substitution.**—Before substitution by F. Act, 2020, read as follows:-

“(c) Provincial sales tax levied on services rendered or provided by the person;”

**Cl. (20)-Substitution.**—The clause before substitution by F. Act, 2008, read as follows:-

“(20) “output tax” in relation to any registered person means,-

- (i) the tax charged under this Act in respect of a supply of goods made by that person;
- (ii) duties of excise chargeable under section 3 of the Federal Excise Act, 2005, on such excisable goods or services as are mentioned in the Second Schedule or services as are specified by the Federal Government under section 7 thereof and on which such duties are charged, levied and paid as it were a tax payable under section 3 of this Act; and
- (iii) the tax levied under the Punjab Sales Tax Ordinance, 2000 (Pb. Ord II of 2000), North West Frontier Province Sales Tax Ordinance, 2000 (N.W.F.P. Ord III of 2000), Sindh Sales Tax Ordinance, 2000 (Sindh Ord. VIII of 2000), Balochistan Sales Tax Ordinance, 2000 (Bal. Ord. I of 2000) and Islamabad Capital Territory (Tax on Services) Ordinance, 2000 (XLII of 2000);]

Before substitution by Finance Act, 2007, it read as follows:-

“(20) “output tax” in relation to any registered person means the tax charged under this Act in respect of a supply of goods made by that person <sup>1</sup>[and shall include duties of excise chargeable under section 3 of the Central Excises Act, 1944 (I of 1944) on such excisable <sup>2</sup>/goods or/ services as are notified by the Federal Government under the third proviso to sub-section (1) thereof and on which such duties are charged, levied and paid as if it were a tax payable under section 3 of this Act];”

<sup>1</sup>Words etc. inserted by Finance Ordinance, 2001, dated June 18, 2001.

<sup>2</sup>Words inserted by Finance Act, 2004, dated June 24, 2004.

**Cl. (21)-Substitution.**—Before substitution it read as follows:-

“(21) “person” includes a company, an association, a body of individuals whether incorporated or not, a public or local authority, a Provincial Government or the Federal Government;”

- <sup>1</sup>[(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;]
- <sup>2</sup>[(22A) “provincial sales tax” means tax levied under provincial laws or laws relating to Islamabad Capital Territory, which are declared by the Federal Government, through notification in the official Gazette, to be provincial sales tax for the purpose of input tax;]
- (23) “registered office” means the office or other place of business specified by the registered person in the application made by him for registration under this Act or through any subsequent application to the <sup>3</sup>[Commissioner];
- (24) “registration number” means the number allocated to the registered person for the purpose of this Act;
- <sup>4</sup>[(25) “registered person” means a person who is registered or is liable to be registered under this Act:

Provided that a person liable to be registered but not registered under this Act <sup>5</sup>[ ] shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or the rules made thereunder;]

<sup>1</sup>Clause (22)(1A) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Clause (22A) substituted by Finance Act, 2013 dated June 29, 2013. Earlier it was inserted by Finance Act, 2008 dated June 27, 2008.

<sup>3</sup>Substituted for “Collector” by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Clause (25) substituted by Finance Ordinance, 2002, dated June 15, 2002.

<sup>5</sup>Words etc. “shall remain liable to further tax under sub-section (1A) of section 3 and” omitted by Finance Act 2004, dated June 24, 2004.

**Cl. (22A)-Substitution.**—Before substitution by F.A. 2013, it read as follows:—

- “(22A) “Provincial sales tax” means tax levied under.—
- (a) the Balochistan Sales Tax Ordinance, 2000 (I of 2000);
  - (b) Islamabad Capital Territory (Tax on Services) Ordinance, 2001 (XLII of 2001);
  - (c) the Punjab Sales Tax Ordinance, 2000 (Pb. Ord. II of 2000);
  - (d) the North West Frontier Province Sales Tax Ordinance, 2000 (III of 2000); and
  - (e) the Sindh Sales Tax Ordinance, 2000 (VIII of 2000);”

**Cl. (25)-Substitution.**— Before substitution by F. O. 2002, it read as follows:—

- “(25) “registered person” means a person who is registered or is liable to be registered under this Act <sup>1</sup>[and such person shall remain liable to further tax under sub-section (1A) of section 3 and shall not be entitled to any benefit available to a registered person under any of the provisions of this Act or rules made thereunder].”

<sup>1</sup>Words etc. inserted by Finance Ordinance, 2001, dated June 18, 2001.

<sup>1</sup>[ ]

- (27) “retail price”, with reference to the Third Schedule, means the price fixed by the manufacturer <sup>2</sup>[or importer, in case of imported goods], inclusive of all <sup>3</sup>[duties,] charges and taxes (other than sales tax <sup>4</sup>[ ]) at which any particular brand or variety of any article <sup>5</sup>[is] sold to the general body of consumers or, if more than one such price is so fixed for the same brand or variety, the highest of such price <sup>6</sup>[:]

<sup>7</sup>[Provided that the Board may through a general order specify zones or areas for the purpose of determination of highest retail price for any brand or variety of goods <sup>8</sup>[:/]]

<sup>9</sup>[Provided further that the reduction in price on account of chilling charges or any other similar charges in case of aerated water, beverages, mineral water, or fruit juices shall not be more than five percent of the price inclusive of sales tax, federal excise duty and all taxes other than income tax on which such goods are actually sold to the general body of consumers:

Provided also that, where the Board deems it necessary it may, by notification in the official gazette, fix the retail price of goods specified in the third schedule:

Provided also that, in case of imported goods specified in the Third Schedule, the retail price shall not be less than one hundred thirty percent of the value determined under section 25 of the Customs Act, 1969 (IV of 1969), including the amount of customs duties and federal excise duty levied thereon;]

---

<sup>1</sup>Clause (26) omitted by Finance Act, 1997, dated July 1, 1997.

<sup>2</sup>Words inserted by Finance Act, 2019 dated June 30, 2019. Earlier words “or the importer” omitted by Finance Act 2005 dated June 29, 2005. Earlier these words were inserted by Finance Act, 2003, dated June 17, 2003.

<sup>3</sup>Word and comma inserted by Finance Act, 2007 dated June 30, 2007.

<sup>4</sup>Words “and octroi” omitted by Finance Act, 1998 dated July 1, 1998.

<sup>5</sup>Substituted for “should be” by Finance Act, 2025 in force from July 1, 2025.

<sup>6</sup>Substituted for full stop by Finance Act, 2014 dated June 26, 2014.

<sup>7</sup>Proviso inserted by Finance Act, 2014 dated June 26, 2014.

<sup>8</sup>Substituted for full stop by Finance Act, 2025 in force from July 1, 2025.

<sup>9</sup>Three new provisos inserted by Finance Act, 2025 in force from July 1, 2025.

---

**Cl. (26)-Omission.**— Before omission by Finance Act, 1997, it read as under:

- "(26) "replacement invoice" means a document required to be issued by registered importers, distributors and wholesalers not charging output tax on taxed supplies made by them;"

<sup>1</sup>[ ]

(39) “taxable goods” means all goods other than those which have been exempted under section 13;

(40) “tax invoice” means a document required to be issued under section 23;

(41) “taxable supply” means a supply of taxable goods made <sup>2</sup>[ ] <sup>3</sup>[by an importer, manufacturer, wholesaler (including dealer), distributor or retailer] other than a supply of goods which is exempt under section 13 and includes a supply of goods chargeable to tax at the rate of zero per cent under section 4;

<sup>4</sup>[ ]

(43) “tax period” means a period of one month or such other period as the <sup>5</sup>[Board, with the approval of the Federal Minister-in-charge,] may, by notification in the official Gazette, specify;

<sup>6</sup>[(43A) <sup>7</sup>“Tier-1 retailer” means a retailer falling in any one or more of the following categories, namely:-]

(a) a retailer operating as a unit of a national or international chain of stores;

(b) a retailer operating in an air-conditioned shopping mall, plaza or centre, excluding kiosks;

(c) a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds Rupees <sup>8</sup>[twelve] hundred thousand; <sup>9</sup>[ ]

<sup>1</sup>Clause (38) omitted by Finance Act, 2004 dated June 24, 2004.

<sup>2</sup>Words “in Pakistan” omitted by Finance Act, 2003 dated June 17, 2003.

<sup>3</sup>Words and commas inserted by Finance Act, 1998.

<sup>4</sup>Clause (42) omitted by Finance Act, 1997.

<sup>5</sup>Substituted for “Federal Government” by Finance Act, 2019 dated June 30, 2019.

<sup>6</sup>Clause (43A) inserted by Finance Act, 2017 dated June 20, 2017.

<sup>7</sup>Substituted for “Tier-1 retailers means,-” by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>8</sup>Substituted for “six” by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>9</sup>Word “and” omitted by Finance Act, 2019 dated June 30, 2019.

**Clause (38)-Omission.**— Before omission by Finance Bill, 2004 it read as follows:—

“(38) “tax identification number (TIN)” means the registration number or any other number allocated to a taxable person;”

Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:—

“Seeks to omit reference to a redundant provision of law.”

**Clause (42)-Omission.**— Before omission by Finance Act, 1997, it read as follows:—

“(42) “taxed supply” means a supply of goods by a registered importer, distributor or wholesaler on which tax has been paid at the stage of import or supply by manufacturer and no further output tax is payable thereon at the time of supply thereof by such importer, distributor or wholesaler;”

**Tier 1 Retailer.**— Following is an extract from Circular No. 2 of 2021 explaining the amendment by F. Act 2021:—

“Definition of tier-1 retailer has been streamlined through insertion of a new clause, whereby a retailer who has acquired point of sale is also included therein.”

- (d) a wholesaler-cum-retailer <sup>1</sup>[having turnover more than two hundred million rupees], engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers; <sup>2</sup>[ ]

<sup>3</sup>[ ]

<sup>4</sup>[ ]

<sup>5</sup>[ ]

- <sup>6</sup>[(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]

- <sup>7</sup>[/ (h) / any other person or class of persons as prescribed by the Board <sup>8</sup>[:/]]

Provided that the Board may also exclude any person or class of persons through a notification in the official gazette; and]

<sup>1</sup>Words inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Word “and” omitted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was omitted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019, it was inserted by Finance Act, 2019 dated June 30, 2019.

<sup>3</sup>Clause (e) omitted by Finance Act, 2023 dated June 26, 2023. Earlier it was inserted by Finance Act, 2019 dated June 30, 2019.

<sup>4</sup>Clauses (f) & (g) omitted by finance Act, 2026 dated June 26, 2026. Earlier clause (f) was inserted by Finance Act, 2021 dated June 30, 2021 and clause (g) was inserted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>5</sup>Clause (ga) omitted by Finance Act, 2023 dated June 26, 2023. Earlier it was inserted by Finance Act, 2022 dated June 30, 2022.

<sup>6</sup>Clauses (gb) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>7</sup>Clause renumbered as (h) by Finance Act, 2021 dated June 30, 2021. Earlier substituted for full stop and clause (f) inserted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was made by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>8</sup>Substituted for full stop and proviso inserted by Finance Act, 2026 dated June 26, 2026.

**Cl. (43A)(e)-Omission.**-Before omission by F. Act, 2023 it read as follows:-

- “(e) a retailer, whose shop measures one thousand square feet in area or more <sup>1</sup>[or two thousand square feet in area or more in the case of retailer of furniture] <sup>2</sup>[:.]”

<sup>1</sup>Words inserted by Finance Act, 2021 dated June 30, 2021.

<sup>2</sup>Word “and” omitted by Finance Act, 2021 dated June 30, 2021.

**Cl. (43A)(f)&(g)-Omission.**-Before omission by F. Act, 2026 these read as follows:-

- “(f) a retailer who has acquired point of sale for accepting payment through debit or credit cards from banking companies or any other digital payment service provider authorized by State Bank of Pakistan; <sup>1</sup>/”

- “(g) a retailer whose deductible withholding tax under sections 236G or 236H of the Income Tax Ordinance, 2001(XLIX of 2001) during the immediately preceding twelve consecutive months has exceeded the threshold as may be specified by the Board through notification in the official Gazette; and”

<sup>1</sup>Word “and” omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

**Cl. (43A)(ga)-Omission.**-Before omission by F. Act, 2023 it read as follows:-

- “(ga) a person engaged in supply of articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal excluding a person whose shop measures three hundred square feet in area or less;”

<sup>1</sup>[(44) “time of supply,” in relation to,—

- (a) a supply of goods, other than under hire purchase agreement, means the time at which the goods are delivered or made available to the recipient of the supply <sup>2</sup>[or the time when any payment is received by the supplier in respect of that supply, whichever is earlier];
- (b) a supply of goods under a hire purchase agreement, means the time at which the agreement is entered into; and
- (c) services, means the time at which the services are rendered or provided <sup>3</sup>[:]

<sup>4</sup>[Provided that in respect of sub-clause (a), (b) or (c), where any part payment is received,—

- (i) for the supply in a tax period, it shall be accounted for the return for that tax period; and

<sup>1</sup>Clause (44) substituted by Finance Act, 2008 dated June 27, 2008. It was earlier substituted by Finance Act, 2007, dated June 30, 2007.

<sup>2</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier these were omitted by Finance Act, 2021 dated June 30, 2021. Earlier were inserted by Finance Act, 2013 dated June 29, 2013.

<sup>3</sup>Substituted for semi colon by Finance Act, 2013 dated June 29, 2013.

<sup>4</sup>Proviso inserted by Finance Act, 2013 dated June 29, 2013.

**Cl. (44)-Substitution.**-Before substitution it read as follows:-

- “(44) “time of supply” a supply shall be deemed to have taken place at the time of delivery of goods by the supplier:-
- Provided that-
- (a) where any goods are supplied by a registered person to an associated person and the goods are not to be removed, the time of supply shall be the time at which these goods are made available to the recipient; and
  - (b) where the goods are supplied under hire purchase agreement, the time of supply shall be the time at which the agreement is entered into;”

Before substitution by Finance Act, 2007, it read as follows:-

- “(44) “time of supply” a supply <sup>1</sup>[ ] shall be deemed to have taken place at the earlier of the time of delivery of goods or the time when any payment is received by the supplier in respect of that supply:

Provided that where any part payment is received—

- (a) for a supply in a tax period, it shall be accounted for in the return for that tax period; and
- (b) in respect of an exempt supply, it shall be accounted for in the return for the tax period during which the exemption is withdrawn from such supply:

Provided further that—

- (a) where any goods are supplied by a registered person to an associated person and the goods are not to be removed, the time of supply shall be the time at which these goods are made available to the recipient; and
- (b) where the goods are supplied under hire purchase agreement, the time of supply shall be the time at which the agreement is entered into;”

<sup>1</sup>Words “made in Pakistan” omitted by Finance Act, 2003, dated June 17, 2003.

- (ii) in respect of exempt supply, it shall be accounted for in the return for the tax period during which the exemption is withdrawn from such supply;]

<sup>1</sup>[(44A) “trust”, means an obligation annexed to the ownership of property and arising out of the confidence reposed in and accepted by the owner, or declared and accepted by the owner for the benefit of another, or of another and the owner, and includes a unit trust;

(44AA) “unit trust”, means any trust under which beneficial interests are divided into units such that the entitlements of the beneficiaries to income or capital are determined by the number of units held;]

<sup>2</sup>[ ]

(46) “value of supply” means,—

- (a) in respect of a taxable supply, the consideration in money including all Federal and Provincial duties <sup>3</sup>[and taxes], if any, which the supplier receives from the recipient for that supply but excluding the amount of tax:

Provided that—

---

<sup>1</sup>Clauses (44A) & (44AA) inserted by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Clause (45) omitted by Finance Act, 2004, dated June 24, 2004.

<sup>3</sup>Words inserted by Finance Act, 1999, dated June 30, 1999.

**Advance payments.**—See General Order 1 of 2006 dated June 5, 2006 ‘prescribing’ procedure to streamline adjustment of advance payments.

**Time of supply, payment and delivery.**— Following is an extract from General Order No. 6 of 1995 dated June 1, 1995:—

“2. It is clarified that sales tax for a tax period should be charged only on that portion of money which is received or only on that portion of supply which is made during that tax period and not on the whole of amount which is to be received in due course or on the whole of the supply which has yet to be completed.”

**Payment in advance during exemption period, delivery after withdrawal of exemption.**— See CBR’s Ruling No. 30/2002, dated April 10, 2002 in Part VIII.

**Receipt of security.**— See CBR’s U.O. No. 1/96-STT/98, dated January 8, 1999.

**Time of Supply.**— Following is an extract from Circular No. 2 of 2021 explaining the amendment by F. Act 2021:—

“Advance receipt of payment has been excluded from the purview of definition of time of supply.”

**Cl. (45)–Omission.**— Before omission by Finance Act, 2004, it read as follows:—

“(45) “turnover tax” means tax levied under section 3A of this Act.”

- (i) in case the consideration for a supply is in kind or is partly in kind and partly in money, the value of the supply shall mean the open market price of the supply excluding the amount of tax; <sup>1</sup>[ ]
- (ii) in case the supplier and recipient are associated persons and the supply is made for no consideration or for a consideration which is lower than the open market price, the value of supply shall mean the open market price of the supply excluding the amount of tax; <sup>2</sup>[and]
- <sup>3</sup>[(iii) in case a taxable supply is made to a consumer from general public on installment basis on a price inclusive of mark up or surcharge rendering it higher than open market price, the value of supply shall mean the open market price of the supply excluding the amount of tax.]
- (b) in case of trade discounts, the discounted price excluding the amount of tax; provided the tax invoice shows the discounted price and the related tax and the discount allowed is in conformity with the normal business practices;

---

<sup>1</sup>Word "and" was omitted by Finance Ordinance, 2001 dated June 18, 2001.

<sup>2</sup>Word "and" inserted by Finance Ordinance, 2001, dated June 18, 2001.

<sup>3</sup>Sub-clause (iii) inserted by Finance Ordinance, 2001, dated June 18, 2001.

---

**Cl. (46)–Fixation of value of supply.**–The Federal Government has fixed minimum values for supply of certain products as follows (*see* SROs in Part III):–

- (i) Steel scrap and billets at various rates for tax at import stage, by SRO 679(I)/2006 dated June 30, 2006.
- (ii) Re-rollable scrap for tax at import stage, minimum value at US\$ 275 per tonne, by SRO 170(I)/2008 dated February 22, 2008.
- (ii) Coal, locally produced at Rs. 1,000 per tonne, by SRO 532(I)/2008 dated June 11, 2008.
- (iii) Cotton-seed at Rs. 330 per 40 kg. and oil-dirt at Rs. 220 per 40 kg., by SRO 501(I)/2004, dated June 12, 2004.
- (iv) Urea fertilizer, locally produced at Rs. 6,660 per m. tonne, by SRO 545(I)/2004 dated June 30, 2004
- (v) Phosphoric acid at Rs. 7,000 pmt. for tax at import stage for fertilizer industry, by SRO 494(I)/2004 dated June 12, 2004.
- (vii) Nitrogenous fertilizers locally produced, at Rs. 3,765 pmt., by SRO 15(I)/2006 dated January 6, 2006.
- (viii) Potassic fertilizers at Rs. 4,610 pmt. for tax at import stage as well as local supply, by SRO 103(I)/2005 dated February 3, 2007.
- (ix) White crystalline sugar at US\$ 440 for tax at import stage, by SRO 563(I)/2006 dated June 5, 2006.
- (ix) White crystalline sugar at Rs. 21.50 for tax on local supply, by SRO 564(I)/2006 dated June 5, 2006.
- (x) Potatoe chips, incandescent lamps, tube lights and energy saver lamps at various rates for tax at import stage, by SRO 732(I)/2006 dated July 13, 2006.
- (xi) Computers, new and used, at various rates for tax at import stage, by SRO 1021 (I)/2006 dated October 2, 2006.
- (xii) Bagasse for in-house consumption by parties to an appeal, at Rs. 200 per tonne, by SRO 178(I)/2002 dated March 29, 2002.

- (c) in case where for any special nature of a transaction it is difficult to ascertain the value of a supply, the open market price;
- (d) in case of imported goods <sup>2</sup>[excluding those as specified in the Third Schedule], the value determined under section 25 <sup>3</sup>[ ] of the Customs Act, including the amount of customs-duties and <sup>4</sup>[federal] excise duty levied thereon; <sup>5</sup>[ ]
- (e) in case where there is sufficient reasons to believe that the value of a supply has not been correctly declared in the invoice, the value determined by the Valuation Committee comprising representatives of trade and the <sup>6</sup>[Inland Revenue] constituted by the <sup>6</sup>[Commissioner] <sup>7</sup>[; / ]
- <sup>8</sup>[(f) in case of manufacture of goods belonging to another person, the actual consideration received by the manufacturer for the value addition carried out in relation to such goods;]

<sup>2</sup>Word inserted by Finance Act, 2019 dated June 30, 2019.

<sup>3</sup>Word etc. "or 25B" omitted by Finance Act, 2004 dated June 24, 2004.

<sup>4</sup>Substituted for "central" by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>5</sup>Word "and" omitted by Finance Supplementary (Amendment) Act, 1997 dated April 14, 1997, w.e.f. March 28, 1997 by virtue of declaration under section 3 of the Provisional Collection of Taxes Act, 1931 made with Bill No. 1 of 1997, introduced in the National Assembly on March 28, 1997. Earlier this amendment was made by Sales Tax (Second Amendment) Ordinance, 1996, dated November 2, 1996.

<sup>6</sup>Substituted for "Sales Tax Department" & "Collector" respectively by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. These amendment were earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>7</sup>Word "and" omitted by Finance Act, 2019 dated June 30, 2019. Earlier it was substituted for "colon" by Finance Supplementary (Amendment) Act, 1997, dated April 14, 1997, w.e.f. March 28, 1997 by virtue of declaration under section 3 of the Provisional Collection of Taxes Act, 1931 made with Bill No. 1 of 1997, introduced in the National Assembly on March 28, 1997. Earlier it was substituted by Sales Tax (Second Amendment) Ordinance, 1996, dated 2nd November, 1996.

<sup>8</sup>Clause (f) substituted by Finance Act, 2019 dated June 30, 2019. Earlier it was added by Finance Supplementary (Amendment) Act, 1997, dated April 14, 1997, w.e.f. March 28, 1997 by virtue of declaration under section 3 of the Provisional Collection of Taxes Act, 1931 made with Bill No. 1 of 1997, introduced in the National Assembly on March 28, 1997. Earlier it was inserted by Sales Tax (Second Amendment) Ordinance, 1996.

**Cl. (46)(f)–Substitution.**– Before substitution by F. Act, 2019 it read as follows:-

- “(f) in case the goods other than taxable goods are supplied to a registered person for processing, the value of supply of such processed goods shall mean the price excluding the amount of sales tax which such goods will fetch on sale in the market;”

**Treatment of income tax at import stage.**– See CBR’s Ruling No. 11 of 2003 dated May 12, 2003 in Part VIII.

**Export proceeds as remittance from foreign office of company.**– See CBR’s Ruling No. 6 of 2003 dated April 1, 2003 in Part VIII.

**Services of customs agents, minimum value.**– See CBR’s Ruling No. 3 of 2003 dated February 6, 2003 in Part VIII.

- <sup>1</sup>[(g) in case of a taxable supply, with reference to retail tax, the price of taxable goods excluding the amount of retail tax, which a supplier will charge at the time of making taxable supply by him, or such other price as the Board may, by a notification in the Official Gazette, specify.]
- <sup>2</sup>[(h) in case of supply of electricity by an independent power producer <sup>3</sup>[or WAPDA], the amount received on account of energy purchase price only and the amount received on account of capacity purchase price, energy purchase price premium, excess bonus, supplemental charges etc. shall not be included in the value of supply; <sup>4</sup>[ ]

<sup>1</sup>Sub-Clause (g) inserted by Finance Act, 1997, dated July 01, 1997.

<sup>2</sup>Clauses (h) & (i) inserted by Finance Act, 2019 dated June 30, 2019.

<sup>3</sup>Words inserted by Finance Act, 2020 dated June 30, 2020 and shall be deemed to have been inserted with effect from 1<sup>st</sup> July, 2019.

<sup>4</sup>Word "and" omitted by Finance Act, 2020 dated June 30, 2020.

**Value of 'printed postage stamp' and 'printed postal stationery'.—** See CBR's Circular Letter C. No. 1/180-STT/94 dated April 8, 1999, in Part VIII.

**Value of imported goods.**— Following is an extract from General Order No. 10 of 1994 dated October 28, 1994:—

"2. The matter has been examined in consultation with Justice Division. After perusing the relevant provisions of the Sales Tax Act, 1990, including clause (d) of sub-section (31) of Section 2 of the Act, it is ruled that the value of supply would mean *the value determined under section 25 or 25-B of the Customs Act, 1969, plus the Customs duty actually paid.*"

**Excise duty not part of value of supply.**— See General Order No. 5 of 1999, dated June 29, 1999 in Part V.

**Excise duty on defence services cheque books.**— See CBR's Circular Letter C. No. 3(1)STP/98, dated March 16, 1998 in Part VIII.

**Fixation of value of imports.**—Following is an extract from 'Salient Features of the Budget 2006':—

"Clause (46) of section 2 of the Sales Tax Act, 1990, empowers the Board to fix minimum value of taxable supply. However, there was no such provision to empower the Board to fix value of imported goods for the purposes of assessment of Sales Tax."

**Markup on credit sales as part of value.**— Following is an extract from General Order No. 4 of 1997 dated October 11, 1997:—

"2. It is, therefore, clarified, after consultation with Law Section of Ministry of Law and Justice, that the mark up on credit sales should be taken into account for arriving at the assessable value for the purpose of assessment of sales tax."

**Mark-up on instalment sales not part of value.**— The position is now different in respect of mark-up on installment sales, by virtue of insertion (in 2001) of clause (iii) in Proviso to clause (46).

**Goods produced by vendors from raw materials supplied by principal.**— Following is an extract from General Order No. 1 of 1998 dated June 17, 1998:—

- (iv) The aforesaid principle will inter-alia apply even in cases where goods are chargeable to sales tax on the basis of retail price. The principal will pay tax on the basis of retail price whereas the vendor will be liable to pay tax only on his gross conversion charges.
- (v) There is, however, one exception to the foregoing. Under section 2(46)(f), in case of processing of non-taxable raw materials, the value of processed goods will be the open market price of finished goods and not the processing charges alone."

- (i) in case of supply of electric power and gas by a distribution company, the total amount billed including price of electricity and natural gas, as the case may be, charges, rents, commissions and all duties and taxes, local, provincial and federal but excluding the amount of late payment surcharge and the amount of sales tax <sup>1</sup>[:]

<sup>1</sup>[*Explanation.*- It is clarified that the value of supply does not include the amount of subsidy provided by the federal government or provincial governments to the electricity <sup>2</sup>[or natural gas including re-gasified liquefied natural gas] consumers and has never been chargeable to tax under the Act;]

- <sup>3</sup>[(j) in case of registered person who is engaged in purchasing used vehicles from general public on which sales tax had already been paid at the time of import or manufacturing, and which are, later on, sold in the open market after making certain value addition, value of supply will be the difference between sale and purchase price of the said vehicle on the basis of the valuation method prescribed by the Board.]

<sup>1</sup>Full stop substituted for semi-colon and explanation inserted by Finance Act, 2022 dated June 30, 2022. Earlier word "and" was omitted by Finance Ordinance, 2001 dated June 18, 2001.

<sup>2</sup>Words inserted by Tax Laws (Second Amendment) Ordinance, 2022 dated August 22, 2022.

<sup>3</sup>Clause (j) inserted by Finance Act, 2020 dated June 30, 2020.

**Value of electrical energy by IPPs, Hubco/Kapco.**— See General Order No. 1 of 2000, dated January 24, 2000 in Part V.

**Royalty of cinematograph films (exposed) as part of value.**— See CBR's Circular Letters C. No. 1(3)ss(Val)/92, dated July 3, 1996 and C. No. 1(3)S(Val)/92, dated November 12, 1998 in Part VIII.

**Valuation of rectified spirit produced by sugar mills.**— See CBR's Circular Letter C. No. 3(1)ST/98, dated June 29, 1998 in Part VIII.

**Discounts, free goods etc.**— Following is an extract from CBR's Circular Letter No. 3(1)STP/98.Pt., dated January 8, 1999:—

"I am directed to refer to your letter No. SSAS(07)/CBR/98 dated 8.12.1998 on the above subject and to say that as per clause (b) of sub-section (46) of section 2 of the Sales Tax Act, 1990, "trade discounts" are admissible to the extent of discounted price excluding the amount of tax, provided that the tax invoice shows the discounted price and the related tax and the discount allowed is in conformity with the normal business practices. However, value of all other goods given free of charge, separately, or on \*reduce price/value have to be assessed at the market value for levy of sales tax."

\*should have been "reduced".

<sup>1</sup>[Provided that, where the Board deems it necessary it may, by notification in the official Gazette, fix the value of any imported goods <sup>2</sup>[, including those as specified in the Third Schedule,] or taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of imported goods or supplies <sup>3</sup>[.]

<sup>4</sup>[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:]

Provided further that where the value at which import or supply is made is higher than the value fixed by the Board, the value of goods shall, unless otherwise directed by the Board, be the value at which the import or supply is made;]

<sup>5</sup>[(46A) “whistleblower” means whistleblower as defined in section 72D of the Sales Tax Act, 1990]

---

<sup>1</sup>Provisos substituted by Finance Act, 2006 dated July 01, 2006.

<sup>2</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>3</sup>Substituted for colon by Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>Expression inserted by Finance Act, 2026 dated June 26, 2026.

<sup>5</sup>Clause (46A) inserted by Finance Act, 2015 dated June 30, 2015.

---

**Clause (46)(j) Provisos, substitution.**– Provisos before substitution by Finance Act, 2006, read as follows:–

“Provided that, where the Central Board of Revenue deems it necessary, it may, by notification in the Official Gazette, fix the value of any taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of supplies:

Provided further that where the value at which the supply is made is higher than the value fixed by the Central Board of Revenue, the value of goods shall <sup>1</sup>[, unless otherwise directed by the Board,] be the value at which the supply is made;”

<sup>1</sup>Inserted by Finance Ordinance, 2001 and shall be deemed to have always been so inserted.

**Delivery charges/cost as part of value.**– Following is an extract from CBR’s Circular Letter No. 3(2)STP/99, dated April 22, 1999:–

“3. In case the supplies are sold/delivered at buyers premises, the total consideration in money charged (including delivery charges) will be included in the “value of supply” for assessment of the tax.”

**Income tax withholding not part of value.**– See CBR’s Circular Letter C. No. 3(19)STP/2000, dated July 23, 2001 in Part VIII.

**Sales by car dealers.**– See CBR’s Circular Letter C. No. 3(62)STP/97 (Pt.I), dated October 2, 2001 in Part VIII.

**Vehicles imported under gift scheme, sale through dealer.**– See CBR’s Circular Letter C. No. 3(62)STP/97(Pt.I), dated October 11, 2001 in Part VIII.

**Electricity purchased by WAPDA from IPPs.**– See CBR’s Circular Letter C. No. 1(33)STR/99(Pt I), dated October 12, 2001 in Part VIII.

**CNG fitted vehicles.**– See CBR’s Ruling No. 42/2002, dated June 5, 2002 in Part VIII.

**Value in case of pharmaceuticals.**– See CBR’s Ruling No. 20/2002, dated March 22, 2002 in Part VIII.

- (47) “wholesaler” <sup>3</sup>[includes a dealer and] means any person who carries on, whether regularly or otherwise, the business of buying and selling goods by wholesale or of supplying or distributing goods, directly or indirectly, by wholesale for cash or deferred payment or for commission or other valuable consideration or stores such goods belonging to others as an agent for the purpose of sale; and includes <sup>4</sup>[a person supplying taxable goods to <sup>5</sup>[a person] <sup>6</sup>/who deducts income tax at source under the Income Tax Ordinance, 2001 (XLIX of 2001)] <sup>7</sup>[ ]; and
- (48) “zero-rated supply” means a taxable supply which is charged to tax at the rate of zero per cent under section 4.

---

<sup>3</sup>Words inserted by Finance Act, 1997, dated July 1, 1997.

<sup>4</sup>The words, brackets and figures inserted by Finance Act, 1998, dated July 1, 1998.

<sup>5</sup>Substituted for “persons deducting advance tax under sub-section (4) of section 50 of the Income Tax Ordinance, 1979 (XXXI of 1979)” by Finance Act, 2004, dated June 24, 2004.

<sup>6</sup>Substituted for “whose income is not liable to tax under the Income Tax Ordinance, 2001 (XLIX of 2001) but has deducted income tax at source under section 153 of the said Ordinance” by Finance Act, 2006, dated July 01, 2006.

<sup>7</sup>Words “, and a person who in addition to making retail supplies is engaged in wholesale business” omitted by Finance Act, 2008 dated June 27, 2008.

---

**Income tax collection not part of value of gas.**— See CBR’s Circular Letter C. No. 3(19)STP/2000, dated February 27, 2001 in Part VIII.

**Value of phone card to be cost of unactivated card.**— See CBR’s Circular Letter C. No. 1/54-STT/98, dated November 30, 1998 in Part VIII.

**Excise duty on ship plates, value to include CED.**— See CBR’s Ruling No. 46/2002, dated June 10, 2002 in Part VIII.

**Value of electricity, dispute with UCH power.**— See CBR’s Ruling No. 64/2002, dated October 11, 2002 in Part VIII.

**Value of imports, amount of customs duty.**— See CBR’s Circular No. 10 of 1994, dated October 27, 1994 in Part VII.

Also see footnotes u/s 3.

**Clause (47)–Status of supplier to Govt. institutions.**— See CBR’s two Circular Letters both numbered C. No. 3(72)STP/97, dated December 29, 1998 and January 3, 1999, respectively, in Part VIII.

**Clause (47).**— Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2006:—

“Seeks to amend clause (47) of section 2 to align the definition of “wholesaler” with the Income Tax law.”

Following is an extract from ‘Salient Features of the Budget 2006’:-

“Removing anomaly in the definition of ‘Wholesaler’.

By virtue of the amendment, the wholesalers while making supplies to the persons, other than Government departments, who are deducting income tax at source, shall be required to pay sales tax on such supplies.”

**Clause (48).**— Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:—

“Seeks to substitute reference to the repealed Income Tax Ordinance 1979, by the new Income Tax Ordinance 2001.”

(2) The tax in respect of taxable supplies made <sup>1</sup>[ ] during a tax period shall be paid by the registered person <sup>2</sup>[by the date as prescribed in this respect] <sup>3</sup>[:]

<sup>4</sup>[Provided that the Board may, by a notification in the Official Gazette, direct that the tax in respect of all or such classes of supplies (other than zero rated supplies) of all or such taxable goods, as may be specified in the aforesaid notification, shall be charged, collected and paid in any other way, mode, manner or at time as may be specified therein <sup>4</sup>[:]]

<sup>4</sup>[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.]

---

<sup>1</sup>Words "in Pakistan" omitted by Finance Act, 2003, dated June 17, 2003.

<sup>2</sup>Substituted for "at the time of filing the return in respect of that period under Chapter-V" by Finance Act, 2016 dated June 24, 2016. Earlier "the time of" was substituted for "any time before" by Finance Act, 1996, dated July 1, 1996.

<sup>3</sup>Colon substituted for full stop by Finance Act, 1997, dated July 1, 1997.

<sup>4</sup>Proviso inserted by Finance Act, 1997, dated July 1, 1997.

<sup>5</sup>Colon substituted for full stop and provisos inserted by Finance Act, 2026 dated June 30, 2026.

---

3. You are advised to deal with each case individually on merits in accordance with the law."

**S. 5(a)-Supply of cars against advance payment, change in rate.**— See CBR's Circular Letter No. 3(1)STP/99, dated April 7, 1999 in Part VIII.

**S. 6-Bank branches for payment and filing of returns.**— The CBR has specified various Branches of National Bank of Pakistan for payment of sales tax on return-cum-challan for various collectorates. See SRO 524(I)/2006 dated June 5, 2006.

<sup>1</sup>[(3) The tax due on taxable supplies <sup>2</sup>[ ] shall be paid by any of the following modes, namely:—

- (i) through deposit in a bank designated by the Board; and
- (ii) through such other mode and manner as may be specified by the Board.]

<sup>3</sup>[ ]

<sup>4</sup>[(5) The Federal Government may, subject to such conditions, limitations and restrictions as it may impose, by notification in the official Gazette, allow payment of sales tax on installments basis by the Federal or Provincial Governments or any public sector organization on import or supply of any goods or class of goods:

Provided that such payment may be allowed from any previous date specified in the notification under this sub-section.]

---

<sup>1</sup>Sub-section (3) substituted by Finance Act, 1996, dated July 1, 1996.

<sup>2</sup>Words “made in Pakistan” omitted by Finance Act, 2003, dated June 17, 2003.

<sup>3</sup>Sub-section (4) omitted by Finance Act, 1996, dated July 1, 1996.

<sup>4</sup>Sub-section (5) inserted by Finance Act, 2022 dated June 30, 2022.

---

**S. 6(3)-Substitution.**— The sub-section (3) before substitution by Finance Act, 1996 read as under:—

“(3) The tax due on taxable supplies made in Pakistan shall be paid by any of the following modes:—

- (a) by way of adjustment in the account current which the registered person may maintain with the Sales Tax Department for this purpose; or
- (b) through deposit in the authorised bank; or
- (c) such other mode as the Federal Government may specify.”

**S. 6(4)-Omission.**— The omitted sub-section (4) read as under:—

“(4) Where the payment is made through deposit in an authorised bank, the registered person shall enclose a copy of the bank receipt with the return.”

**S. 7-Tax determination.**—Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2007:—

“Seeks to amend section 7 to link the determination of tax liability with the extent of adjustment of input tax.”

Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:—

“Seeks to provide for input tax adjustment on accrual basis.”

**S. 7(1)Pr.-Substitution.**—Before substitution the proviso read as follows:—

“Provided that the taxpayer may adjust input tax paid on the purchases in the immediate <sup>1</sup>/twelve/ preceding tax periods from the output tax subject to the condition that the taxpayer specifies the reasons for such delayed input tax adjustment in the revised sales tax return for such period or in the return for the immediately succeeding tax period.”

<sup>1</sup>Substituted for “three” by Finance Act, 2005, dated June 29, 2005.

**7. Determination of tax liability.**— (1) <sup>1</sup>[Subject to the provisions of <sup>2</sup>[section 8 and] 8B, for] the purpose of determining his tax liability in respect of taxable supplies made during a tax period, a registered person shall <sup>3</sup>[, subject to the provisions of section 73,] be entitled to deduct input tax <sup>4</sup>[paid <sup>5</sup>/or payable/ <sup>6</sup>/during the tax period/ for the purpose of taxable supplies made, or to be made, by him], from the output tax <sup>7</sup>[, excluding the amount of further tax under sub-section (1A) of section 3,] <sup>8</sup>[ ] that is due from him in respect of that tax period and to make such other adjustments as are specified in section 9 <sup>9</sup>[:]

<sup>10</sup>[Provided that where a registered person did not deduct input tax within the relevant period, he may claim such tax in the return for any of the six succeeding tax periods.]

(2) A registered person shall not be entitled to deduct input tax from output tax unless,—

- (i) in case of a claim for input tax in respect of a taxable supply made <sup>11</sup>[ ], he holds a tax invoice <sup>12</sup>[in his name and bearing his registration number] in respect of such supply <sup>13</sup>[, or in case of supply of electricity or gas, a bill bearing his registration number and the address where the connection is installed] for which a return is furnished <sup>14</sup>[:]

<sup>1</sup>Substituted for “For” by Finance Act, 2007 dated June 30, 2007.

<sup>2</sup>Substituted for “section” by Finance Act, 2014 dated June 26, 2014.

<sup>3</sup>Words etc. inserted by Finance Ordinance, 2001, dated June 18, 2001.

<sup>4</sup>Words and commas inserted by Finance Act, 1996 dated July 1, 1996.

<sup>5</sup>Words inserted by Finance Act, 2004 dated June 24, 2004.

<sup>6</sup>Words inserted by Finance Act, 1998 dated July 1, 1998.

<sup>7</sup>Words inserted by Finance Act, 2014 dated June 26, 2014.

<sup>8</sup>Commas and words “, excluding the amount of further tax,” omitted by Finance Act, 2004 dated June 24, 2004. Earlier these were inserted by Finance Act, 2003 dated June 17, 2003.

<sup>9</sup>Substituted for full stop by Finance Act, 2003 dated June 17, 2003.

<sup>10</sup>Proviso substituted by Finance Act, 2008 dated June 27, 2008. It was inserted by Finance Act, 2003 dated June 17, 2003.

<sup>11</sup>Words “in Pakistan” omitted by Finance Act, 2003 dated June 17, 2003.

<sup>12</sup>Words inserted by Finance Act, 2003 dated June 17, 2003.

<sup>13</sup>Words inserted by Finance Act, 2019 dated June 30, 2019.

<sup>14</sup>Colon substituted for semi-colon by Finance Act, 2016 dated June 24, 2016.

**S. 7(2)(ii)–Substitution.**— Before substitution by F. Act, 2003, clause (ii) read as follows:—

- “(ii) in case of goods imported into Pakistan, he holds the bill of entry duly cleared by the customs under section 79 or section 104 of the Customs Act, 1969 (IV of 1969);”

**S. 7(2)(iii)–Omission.**— Before omission by Finance Act, 1996, clause (iii) read as follows:—

- “(iii) in case of purchase from a non-registered person of second-hand goods or such other goods as the Federal Government may, by notification in the official Gazette specify, he keeps the records as prescribed in section 22 <sup>1</sup>[:]”

<sup>1</sup>Substituted for full stop by Finance Act, 1994, dated June 30, 1994.

Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:—

“Seeks to clarify that input tax adjustment, in respect of goods purchased in auction would be subject to the condition that the treasury challan is in the name of registered person duly showing his sales tax registration.”

<sup>1</sup>[ ]

<sup>2</sup>[**8A. Joint and several liability of registered persons in supply chain where tax unpaid.**—Where a registered person receiving a taxable supply from another registered person is in the knowledge or has reasonable grounds to suspect that some or all of the tax payable in respect of that supply or any previous or subsequent supply of the goods supplied would go unpaid <sup>3</sup>[, of which the burden to prove shall be on the department], such person as well as the person making the taxable supply shall be jointly and severally liable for payment of such unpaid amount of tax <sup>4</sup>[:]]

<sup>5</sup>[Provided that the Board may by notification in the official gazette, exempt any transaction or transactions from the provisions of this section.]

<sup>1</sup>Sub-section (7) omitted by Finance Act, 2004 dated June 24, 2004. Earlier it was inserted by Sales Tax (Amendment) Ordinance, 2001 dated February 7, 2001.

<sup>2</sup>Section (8A) inserted by Finance Act, 2006 dated July 1, 2006.

<sup>3</sup>Words etc inserted by Finance Act, 2015 dated June 30, 2015.

<sup>4</sup>Substituted for full stop by Finance Act, 2007 dated June 30, 2007.

<sup>5</sup>Proviso inserted by Finance Act, 2007 dated June 30, 2007.

(iv) For stocks as at June 30, 2005, if not used for exports by December 31, 2005, in case of exporters of leather, textile, carpets, sports and surgicals industries. See SRO 992(I)/2005 dated September 21, 2005.

(v) For supply of locally produced coal. See SRO 549(I)/2006 dated June 5, 2006.

**Soyabean seed imports.**—Solvent extraction industry shall pay tax @ 6% of value of import subject to the condition that no refund of input tax will be admissible. See SRO 313(I)/2006 dated March 31, 2006.

**Stock in trade to include vehicles.**— See CBR's Ruling No. 21/2002, dated March 22, 2002 in Part VIII.

**Building materials adjustment not allowed.**— See CBR's letter No.2(1)STP/99, dated October 2, 1999.

**Empty gas cylinders, no adjustment allowed.**— See CBR's letter C. No. 1/43-STT/99, dated April 30, 1999.

**Rules for apportionment of input tax.**— See Part V for Apportionment of Input Tax Rules, 1996, made by SRO 698(I)/96, dated August 22, 1996.

**S. 8(7)—Omission.**— Sub-section (7) before omission by Finance Act, 2004, read as follows:—

“(7) Notwithstanding anything contained in any of the provisions of this Act, the Federal Government may, by notification in the official Gazette, specify any goods or class of goods in respect of which the provisions of section 3A shall not apply.”

**S. 8A-Unpaid tax.**—Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2006:—

“Seeks to add a new provision of law to introduce the concept of joint & several liability for all partners in the supply chain.”

Following is an extract from ‘Salient Features of the Budget 2006’:-

“Incorporating legal provisions in the Sales Tax law to introduce the concept of Joint and Several liability of all partners in the supply chain.

The measure is aimed at countering the ‘missing trader fraud’ to secure the government revenue.

By virtue of the amendment, all partners in the supply chain would be jointly and severally liable in case the tax due on any stage of supply is not deposited.”

<sup>1</sup>**8B. Adjustable input tax.**– (1) Notwithstanding anything contained in this Act, in relation to a tax period, a registered person <sup>2</sup>[ ] shall not be allowed to adjust input tax in excess of ninety per cent of the output tax for that tax period:

<sup>3</sup>[Provided that the restriction on the adjustment of input tax in excess of ninety per cent of the output tax, shall not apply in case of fixed assets or capital goods:]

<sup>4</sup>[ ]:

Provided further that the Board may, by notification in the official Gazette, exclude any person or class of persons from the purview of sub-section (1) <sup>5</sup>[:]

<sup>5</sup>[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.]

(2) A registered person, subject to section (1), may be allowed adjustment <sup>6</sup>[or refund] of input tax not allowed under sub-section (1) subject to the following conditions, namely:–

- (i) in the case of registered persons, whose accounts are subject to audit under the Companies Ordinance, 1984, upon furnishing a statement alongwith annual audited accounts, duly certified by the auditors, showing value additions less than the limit prescribed under sub-section (1) above; or

---

<sup>1</sup>Section 8B inserted by Finance Act, 2007 dated June 30, 2007.

<sup>2</sup>Words “other than public limited companies listed on Pakistan Stock Exchange” omitted by Finance Act, 2022 dated June 30, 2022. Earlier inserted by Finance Act, 2021 dated June 30, 2021.

<sup>3</sup>Proviso substituted by Finance Act, 2011 dated June 30, 2011.

<sup>4</sup>Words “after the start of production of a new unit” omitted by Finance Act, 2008 dated June 27, 2008.

<sup>5</sup>Colon substituted for full stop and proviso inserted by Finance Act, 2026 dated June 26, 2026.

<sup>6</sup>Words inserted by Finance Act, 2009 dated June 30, 2009.

---

**S. 8B-90% limit on input tax.**–The following are excluded from the purview of the provision vide SRO 647(I)/2007 June 27, 2007: electrical energy sector; oil marketing and petroleum refineries; fertilizer manufacturers; manufacturers of RM taxed at 18.5% and 21%; wholesalers-cum-retailers; persons making zero-rated supplies and commercial importers.

**S. 8B-Proviso substitution.**– Before substitution by Finance Act, 2011 read as follows:–

“Provided that the tax charged on the acquisition of fixed assets shall be adjustable against the output tax in twelve equal monthly instalments”

**S. 8B(1).**–Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2011:–

“Seeks to substitute first proviso to sub-section (1) of section 8B to allow immediate refund of sales tax on fixed assets or capital good.”

**Disallowance of input tax adjustment.**– Following is an extract from Circular No. 2 of 2021 explaining the amendment by F. Act 2021:–

“In order to encourage listed corporate sector, Public limited Companies listed on Pakistan Stock Exchange have been excluded from the purview of section 8B of the Sales Tax Act, 1990. Moreover, in order to enhance cost of retailers not integrated with the FBR’s online system, disallowance of input tax adjustment by such retailers has been further enhanced to 60%.”

- (ii) in case of other registered persons, subject to the conditions and restrictions as may be specified by the Board by notification in the official Gazette.

(3) The adjustment or refund of input tax mentioned in sub-section (2), if any, shall be made on yearly basis in the second month following the end of the financial year of the registered person.

(4) Notwithstanding anything contained in sub-sections (1) and (2), the Board may, by notification in the official Gazette, prescribe any other limit of input tax adjustment for any person or class of persons. <sup>1</sup>[In order to limit input tax allowance, the Board may also use data based automated risk management system to defer certain input tax or fix higher or lower limits of input tax adjustment:

Provided that the registered person may contest the action taken under this sub-section by filing application and documents with the Commissioner concerned, who shall decide the case within thirty days of such application.]

<sup>2</sup>[(4A) Notwithstanding anything contained in sub-sections (1), (2) and (3), input tax allowed in case of locally manufactured electric vehicles subject to reduced rate of tax under the Eighth Schedule shall be limited to the extent of amount of output tax and no refund or carry forward of excess input tax shall be allowed.]

(5) Any auditor found guilty of misconduct in furnishing the certificate mentioned in sub-section (2) shall be referred to the Council for disciplinary action under section 20D of Chartered Accountants, Ordinance, 1961(X of 1961).]

<sup>3</sup>[(6) In case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-section (9A) of section 3, during a tax period or part thereof, the adjustable input tax for whole of that tax period shall be reduced by <sup>4</sup>[60%.]

**9. Debit and credit note.**— Where a registered person has issued a tax invoice in respect of a supply made by him and as a result of cancellation of supply or return of goods or a change in the nature of supply or change in the value of the supply or some such event the amount shown in the tax invoice or the return needs to be modified, the registered person may, subject to such conditions and limitations as the Board may impose, issue a debit or credit note and make corresponding adjustment against output tax in the return <sup>5</sup>[:]

<sup>1</sup>Words and proviso inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>Sub-section (4A) inserted by Finance Act, 2020 dated June 30, 2020.

<sup>3</sup>Section 8B(6) inserted by Finance Act, 2019 dated June 30, 2019.

<sup>4</sup>Substituted for “15%” by Finance Act, 2021 dated June 30, 2021.

<sup>5</sup>Colon substituted for full stop by Finance Act, 2026 dated June 26, 2026.

<sup>1</sup>[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.]

<sup>2</sup>**[10. Refund of input tax.]**—(1) If the input tax paid by a registered person on taxable purchases made during a tax period exceeds the output tax on account of zero rated local supplies or export made during that tax period, the excess amount of input tax shall be refunded to the registered person not later than forty-five days of filing of refund claim in such manner and subject to such conditions as the Board may, by notification in the official Gazette specify:

<sup>2</sup>[Provided that in case of excess input tax against supplies other than zero-rated or exports, such excess input tax may be carried forward to the next tax period, alongwith the input tax as is not adjustable in terms of sub-section (1) of section 8B, and shall be treated as input tax for that period and the Board may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, prescribe the procedure for refund of such excess input tax;]

---

<sup>1</sup>Proviso inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Section 10 substituted by Finance Act, 2007 dated June 30, 2007.

<sup>3</sup>Substituted for proviso by Finance Act, 2008 dated June 27, 2008.

---

**S. 9—Rules for Debit/Credit Note.**— See Part V for Debit and Credit Note and Destruction of Goods Rules, 1996, made by SRO 696(I)/96, dated August 22, 1996.

**Scope of the provision.**— Following is an extract from CBR's Circular Letter No. 3(1)STP/98.Pt., dated January 8, 1999:—

“2. It is further informed that presently, debit and credit note can only be issued for those goods which fall under the express provisions of section 9 of the Sales Tax Act, 1990, read with SRO 696(I)/96, dated 22.8.1996. Scope of the notification cannot be extended beyond parameters laid therein.”

**Goods not supplied after receiving advance.**— Following is an extract from CBR's Circular Letter No. 3(1)STP/98.Pt., dated January 8, 1999:—

“3. In case sales tax was paid on advance cash/payment received and subsequently, the goods were not delivered (as a whole or part), debit and credit note in this situation may be issued for adjustment of tax paid, accordingly.”

**Debit and credit note.**—See CBR's Ruling No. 50/2002, dated July 12, 2002 in Part VIII.

Provided further that the Board may, from such date and subject to such conditions and restrictions as it may impose, by notification in the official Gazette, direct that refund of input tax against exports shall be paid <sup>1</sup>[at the fixed rates and in the manner as] notified in such notification.

(2) If a registered person is liable to pay any tax, default surcharge or penalty payable under any law administered by the Board, the refund of input tax shall be made after adjustment of unpaid outstanding amount of tax or, as the case may, default surcharge and penalty.

(3) Where there is reason to believe that a person has claimed input tax credit or refund which was not admissible to him, the proceedings against him shall be completed within sixty days. For the purposes of enquiry or audit or investigation regarding admissibility of the refund claim, the period of sixty days may be extended up to one hundred and twenty days by an officer not below the rank of an Additional <sup>2</sup>[Commissioner Inland Revenue] and the Board may, for reasons to be recorded in writing, extend the aforesaid period which shall in no case exceed nine months.]

<sup>1</sup>Substituted for "along with duty drawback at the rates" by Finance Act, 2019 dated June 30, 2019.

<sup>2</sup>Substituted for "Collector of Sales Tax" by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

**S. 10(1)Pr.**Before substitution the first proviso read as follows:-

"Provided that the Board may, subject to such conditions and restrictions as it may impose, by notification in the official Gazette, prescribe the procedure for refund of excess input tax against other taxable supplies:"

**S. 10-Substitution.**—Before substitution by Finance Act 2007, the section read as follows:-

<sup>1</sup>[**10. Excess amount to be <sup>2</sup>[ ] refunded.**—(1) Subject to the provisions of sub-section (2), if in relation to a tax period, the total deduction of input tax and other adjustments as specified in section 9 exceed the output tax, the excess amount shall be <sup>3</sup>[refunded to the registered person]:

<sup>4</sup>[Provided that any excess amount of tax shall be refunded to the registered person subject to such conditions, restrictions and limitations as the Board may, by notification in the official Gazette, specify:

Provided further that the Board may, by notification in the official Gazette, restrict or regulate the amount of refund claimed by a registered person as input tax credit to such extent and in such manner as it may specify therein.]

(2) Notwithstanding anything contained in sub-section (1), the input tax incurred <sup>5</sup>[ ] shall be refunded not later than thirty days of filing of return in such manner and subject to such conditions as the Board may, by notification in the Official Gazette, specify.

(4) Where there is reason to believe that a person has claimed input tax credit or refund which was not admissible to him, the provisions regarding time limit shall not apply till the investigation, including the verification of the deposit of tax claimed as refund, is completed and the claim is either accepted or rejected.]"

<sup>1</sup>Section 10 substituted by Finance Act, 1998, dated July 1, 1998. Earlier it was substituted by Finance Act, 1996, dated July 1, 1996.

<sup>2</sup>Words "carried forward or" omitted by Finance Act, 2005, dated June 29, 2005.

<sup>3</sup>Substituted for "carried forward by the registered manufacturer, importer, wholesaler or retailer to the next tax period and shall be treated as input tax for that tax period" by Finance Act, 2005, dated June 29, 2005.

<sup>4</sup>Provisos substituted by Finance Act, 2005, dated June 29, 2005. Earlier the first proviso was substituted by Finance Act, 2004, dated June 24, 2004.

<sup>5</sup>Words "in connection with a zero-rated supply" omitted by Finance Act, 2006, dated July 1, 2006.

<sup>6</sup>Substituted for "additional tax" by Finance Act, 2005, dated June 29, 2005

\* apparently intended word "be" is missing in the gazette.

**11G. Limitation for assessment.**- (1) The show cause notice under sections 11D to 11F shall be issued within five years, from the end of the financial year in which the relevant date falls.

(2) An order under sections 11D, 11E and 11F shall be made within one hundred and <sup>1</sup>[eighty days] of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded, in writing specify, provided that such extended period shall in no case exceed from ninety days:

Provided that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the registered person not exceeding sixty days shall be excluded from the computation of the period specified in this sub-section.

(3) For the purpose of sections 11D, 11E and 11F, the words “relevant date” means-

- (a) the time of payment of sales tax or charge as provided under section 6;
- (b) the time of payment for goods or services on which sales tax was to be withheld under sub-section (7) of section 3; and
- (c) in a case where sales tax or charge has been erroneously refunded, the date of its refund.]

<sup>2</sup>[**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.]

<sup>1</sup>Substituted for “twenty days” by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>S. 11H inserted by Finance Act, 2026 dated June 26, 2026.

<sup>1</sup>[ ]

<sup>2</sup>**[13. Exemption.]** (1) Notwithstanding the provisions of section 3, supply of goods or import of goods specified in the Sixth Schedule shall, subject to such conditions as may be specified by the <sup>3</sup>[Federal Government], be exempt from tax under this Act <sup>4</sup>[.]

<sup>4</sup>[ ]

<sup>5</sup>[(2) Notwithstanding the provisions of sub-section (1)–

<sup>6</sup>[(a) the Federal Government may, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements, by notification in the official Gazette, exempt any supplies made or imports, of any goods or class of goods from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein;]

<sup>1</sup>Section 12 omitted by Finance Act, 1996 dated July 1, 1996.

<sup>2</sup>Section 13 substituted by Finance Act, 1996 dated July 1, 1996.

<sup>3</sup>Substituted for “Board” by Sales Tax (Amendment) Ordinance, 1999 dated August 13, 1999.

<sup>4</sup>Full stop substituted for colon and Provisos omitted by Tax Laws Amendment Ordinance, 2000 dated May 24, 2000. Earlier, the colon was substituted for full stop and the two provisos were inserted by Sales Tax (Amendment) Ordinance, 1999 dated August 13, 1999.

<sup>5</sup>Sub-section (2) inserted by Tax Laws Amendment Ordinance, 2000 dated May 24, 2000. Earlier it was omitted by Sales Tax (Amendment) Act, 1999 dated March 30, 1999 which comes into force on the first day of December, 1998. Earlier the omission was made by Sales Tax (Second Amendment) Ordinance, 1998 dated December 1, 1998, with effect from December 1, 1998.

<sup>6</sup>Section 13(2)(a) substituted by Finance Act, 2019 dated June 30, 2019.

**S. 12-Omission.**– Before omission by Finance Act, 1996, section 12 read as follows:–

**“12. Appeal against assessment order.**– A registered person not satisfied with the assessment made under section 11 may, within fourteen days of the communication of the assessment order, file an appeal specifying in writing the grounds of objection against the assessment before an officer of Sales Tax next above the officer who made the assessment <sup>1</sup>[.]”

<sup>1</sup>Full stop substituted for colon and proviso omitted by Finance Act, 1991, dated June 27, 1991. The proviso before **omission read as follows:**–

“Provided that where an assessment is made by the Collector, there shall be no right of appeal.”

**S. 13-Substitution.**– Before substitution by Finance Act, 1996, section 13 read as follows:–

**“13. Exemption.**– (1) The Federal Government may, by notification in the official Gazette, exempt any taxable supplies made by a registered person in Pakistan or any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to such conditions and limitations as may be specified.

(2) The Board may, by special order in each case stating the reasons, exempt any supply from the payment of the whole or any part of the tax chargeable under this Act.

<sup>1</sup>[(3) The exemption from tax chargeable under this Act may be allowed from any previous date specified in the notification issued under sub-section (1) or, as the case may be, order made under sub-section (2).]” <sup>1</sup>Sub-section (3) inserted by Finance Act, 1992, dated July 1, 1992.

**S. 13(1)-Provisos-Omission.**– Before omission by Tax Laws Amendment Ordinance, 2000, provisos read as follows:–

“Provided that the Federal Government may, by notification in the official Gazette, withdraw any exemption granted under the Sixth Schedule to the extent specified in the notification:

Provided further that the aforesaid power to withdraw an exemption shall not be construed to include the power to revive or to restore the exemption so withdrawn.”

<sup>1</sup>[     ]

<sup>2</sup>/(3) The exemption from tax chargeable under sub-section (2) may be allowed from any previous date specified in the notification issued under clause (a) <sup>3</sup>[     ]./

<sup>4</sup>[     ]

<sup>5</sup>[     ]

<sup>1</sup>Clause (b) omitted by Finance Act, 2015 dated June 30, 2015. Earlier it was omitted by Ordinance No. IX of 2015 dated April 30, 2015.

<sup>2</sup>Sub-section (3) inserted by Tax Laws Amendment Ordinance, 2000, dated May 24, 2000. Earlier it was omitted by Sales Tax (Amendment) Act, 1999, dated March 30, 1999 which came into force on the first day of December, 1998. Earlier the omission was made by Sales Tax (Second Amendment) Ordinance, 1998, dated December 1, 1998, with effect from December 1, 1998.

<sup>3</sup>Words etc "or, as the case may be, order made under clause (b) of that sub-section" omitted by Finance Act, 2015 dated June 30, 2015.

<sup>4</sup>Sub-section (4) omitted by Finance Act, 2006, dated July 1, 2006.

<sup>5</sup>Sub-section (5) omitted by Sales Tax (Amendment) Ordinance, 2000, dated September 5, 2000. Earlier it was inserted by Sales Tax (Amendment) Act, 1999, dated March 30, 1999 which came into force on the first day of December, 1998. Earlier this insertion was made by Sales Tax (Second Amendment) Ordinance, 1998, dated December 1, 1998, with effect from December 1, 1998.

**S. 13(2)-Omission.**— Before omission by the Sales Tax (Amendment) Act, 1999, sub-section (2) read as follows:—

“(2) Notwithstanding the provisions of sub-section (1) –

- (a) the Federal Government may, by notification in the official Gazette, exempt any taxable supplies made in Pakistan or any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein; and
- (b) the Board may, by special order in each case stating the reasons, exempt any supply from the payment of the whole or any part of the tax chargeable under this Act.”

**S. 13(2)(a)-Substitution.**— Before substitution by F. Act, 2019, it read as follows:—

- “(a) the <sup>2</sup>[Federal Government may] <sup>3</sup>[, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations, protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices, removal of anomalies in taxes, development of backward areas <sup>4</sup>./ implementation of bilateral and multilateral agreements <sup>5</sup>/and matters relating to international financial institutions or foreign government-owned financial institutions/], by notification in the official Gazette, exempt any taxable supplies made <sup>6</sup>[     ] or <sup>7</sup>[import or supply of] any goods or class of goods, from the whole or any part of the tax chargeable under this Act, subject to the conditions and limitations specified therein; <sup>8</sup>[     ]”

<sup>2</sup>Substituted for “[Board with the approval of the Federal Minister-in-charge] may “[, pursuant to the approval of the Economic Coordination Committee of Cabinet]” by Finance Act, 2018 dated May 23, 2018. Earlier words in bracket was substituted for “Federal Government” by Finance Act, 2017 dated June 20, 2017. “Words etc inserted by Finance Act, 2015 dated June 30, 2015. Earlier it was inserted by Ordinance No. IX of 2015 dated April 30, 2015.

<sup>3</sup>Words etc inserted by Finance Act, 2015 dated June 30, 2015. Earlier it was inserted by Ordinance No. IX of 2015 dated April 30, 2015.

<sup>4</sup>Substituted for “and” by Finance Act, 2016 dated June 24, 2016.

<sup>5</sup>Words etc inserted by Finance Act, 2016 dated June 24, 2016.

<sup>6</sup>Words “in Pakistan” omitted by Finance Act, 2003 dated June 17, 2003.

<sup>7</sup>Words inserted by Finance Act, 2008 dated June 27, 2008.

<sup>8</sup>Word “and” omitted by Finance Act, 2015 dated June 30, 2015.

**S. 13(2)(b)-Omission.**— Before omission by F. Act, 2015, it read as follows:—

- “(b) the Board may, by special order in each case stating the reasons, exempt any <sup>1</sup>[import or supply of goods of such description or class, as may be specified] from the payment of the whole or any part of the tax chargeable under this Act.”

<sup>1</sup>Substituted for “supply” by Finance Act, 2004, dated June 24, 2004.

---

**S. 13(2)(b).**— Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:—

“Seeks to make provision for allowing exemption through special order.”

**S. 13(3)-Omission.**— Before omission by the Sales Tax (Amendment) Act, 1999, sub-section (3) of section 13 read as follows:—

“(3) The exemption from tax chargeable under sub-section (2) may be allowed from any previous date specified in the notification issued under clause (a) or, as the case may be, order made under clause (b) of that sub-section.”

**S. 13(4).**— Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2006:—

“Seeks to omit an existing provision of law to simplify legislation governing exemptions.”

Following is an extract from ‘Salient Features of the Budget 2006’:-

“Abolishing the provisions regarding voluntary registration of person making exempt supplies.

The provision regarding voluntary registration was omitted last year. Accordingly, the provision regarding voluntary registration of persons making exempt supplies has become redundant and is therefore, being abolished.”

**S. 13(4)-Omission.**— Before omission by the Finance Act, 2006, it read as follows:—

“(4) Where a person does not desire to avail any tax exemption, he may, after voluntary registration, opt to pay sales tax at the rate applicable to such supplies under the provisions of section 3<sup>1</sup> [ ] subject to condition that he shall not thereafter be deregistered till the expiry of two years from the date of such registration.]”

<sup>1</sup>Commas, words etc. “, other than fixed tax specified in clause (d) of sub-section (2) of that section,” omitted by Sales Tax (Amendment) Act, 1999, dated March 30, 1999 which came into force on the first day of December, 1998. Earlier the same amendment was made by Sales Tax (Second Amendment) Ordinance, 1998, dated December 1, 1998, with effect from December 1, 1998. Due to some error in the gazettes, the word “than” (appearing after the word “other”) does not appear in the words omitted.

**S. 13(5)-Omission.**— Before omission by the Sales Tax (Amendment) Ordinance, 2000, it read as follows:—

“(5) Notwithstanding the omission of sub-section (2), the Federal Government may, by notification in the official Gazette, rescind a notification issued by it or by the Board under sub-section (2) prior to the first day of December, 1998”

<sup>1</sup>[            ]

<sup>2</sup>**[21. De-registration, blacklisting and suspension of registration.]**– (1) The Board or any officer, authorized in this behalf, may subject to the rules, de-register a registered person or such class of registered persons not required to be registered under this Act.

(2) Notwithstanding anything contained in this Act, in cases where the <sup>3</sup>[Commissioner] is satisfied that a registered person is found to have issued fake invoices <sup>4</sup>[, has committed non-compliance of sub-sections (5) and (6) of section 23 or section 40C] <sup>5</sup>[            ] or has <sup>6</sup>[otherwise] committed tax fraud, he may blacklist such person or suspend his registration in accordance with such procedure as the Board may, by notification in the official Gazette, prescribe.]

<sup>1</sup>Sections 19 & 20 omitted by Finance Act, 2004, dated June 24, 2004.

<sup>2</sup>Section 21 substituted by Finance Act, 2004, dated June 24, 2004. Earlier it was also substituted by Finance Act, 1998, dated July 1, 1998.

<sup>3</sup>Substituted for “Collector” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Words etc., inserted by Finance Act, 2026 dated June 26, 2026.

<sup>5</sup>Comma and words “, evaded tax” omitted by Finance Act 2005, dated June 29, 2005.

<sup>6</sup>Inserted by Finance Act 2005, dated June 29, 2005.

**S. 18-Substitution.**– Before substitution by Finance Act, 1996, section 18 read as follows:–

**“18. Voluntary Registration.**– If any person not otherwise liable for registration opts for registration he may make an application for registration in the prescribed manner to the Collector and on receipt of his application that person may be registered for the purposes of this Act.”

**S. 19-Omission.**– Section 19 before omission by Finance Act, 2004, read as follows:–

**“19. Compulsory Registration.**– If a person who is required to be registered <sup>1</sup>[or enrolled] under this Act does not apply for registration <sup>1</sup>[or enrolment] and the Collector or such other officer as may be authorised by him in this behalf, after such inquiry as he thinks fit, is satisfied that such person was required to be registered <sup>1</sup>[or enrolled], the Collector or such other officer shall register <sup>1</sup>[or enroll] that person and that he shall be deemed to have been registered <sup>1</sup>[or enrolled] from the date he became liable for registration <sup>1</sup>[or enrollment] <sup>2</sup>[.]

<sup>3</sup>[Provided that if it is subsequently established that a person who was not liable to be registered <sup>1</sup>[or enrolled] but was wrongly registered <sup>1</sup>[or enrolled] under this section due to inadvertence, error or misconstruction, the Collector shall cancel such registration <sup>1</sup>[or enrollment] and such person shall, subject to the provisions of section 3B, not be liable to pay any tax, additional tax or penalty under any of the provisions of this Act or rules made thereunder.]”

**S. 19-Compulsory registration.**– See footnotes to section 3A.

<sup>1</sup>Words inserted by Finance Act, 2003, dated June 17, 2003.

<sup>2</sup>Substituted for the full-stop by Finance Ordinance, 2001, dated June 18, 2001.

<sup>3</sup>Proviso inserted by Finance Ordinance, 2001, dated June 18, 2001.

**S. 20-Omission.**–Before omission by Finance Act, 2004, section 20 read as follows:–

**“20. Change in the particulars of Registration.**– In case there is a change in the name, address or other particulars as stated in the registration application, the registered person shall notify the change to the Collector or the local Sales Tax Office within fourteen days of such change.”

**S. 21-Substitution.**– Before substitution by Finance Act, 2004, section 21 read as follows:–

**“21. De-registration.**– (1) Every registered person who ceases to carry on his business or whose supplies become exempt from tax, shall apply to the Collector for cancellation of his registration, and the Collector, after satisfying himself <sup>1</sup>[either through an audit or otherwise] that no tax liability is outstanding against that person, may cancel the registration of that person from such date as he may specify but not later than four months from the date of such application or the date all the dues outstanding against such person are deposited by him, whichever is the later:

Provided that the Collector may, for reasons to be recorded in writing, extend the aforesaid period by a further period of two months.

(2) A registered person whose total taxable turnover of his taxable activity during the last twelve months remains below the limit specified in section <sup>2</sup>[14], may apply to the Collector for,—

- (a) cancellation of his registration; and
- (b) his enrolment\* as turnover tax payer; and the Collector, if satisfied that the applicant has ceased to be liable for registration, may, cancel the registration of that person and may enrol\* him as turnover tax payer from such date as he may specify:

Provided that if such liability ceases during the currency of a financial year, the cancellation of registration and enrolment\* as turnover tax payer shall take effect from the beginning of next financial year.

(3) The person making application under sub-section (1) or sub-section (2) shall <sup>3</sup>[, upon completion of the audit, which may have been initiated upon his application for deregistration, discharge any outstanding liability which may have been raised therein by filing a final return under the provision of section 28].

(4) If a registered person fails to file tax return under section 26 for six consecutive months, the officer of sales tax, not below the rank of an Assistant Collector, may, without prejudice to any action that may be taken under any other provision of this Act, after issuing a notice in writing and after giving an opportunity of being heard to such person, cancel the registration after satisfying himself that no tax liability is outstanding against such person <sup>4</sup>[;]

<sup>5</sup>[Provided that in cases where the Collector is satisfied that a registered person is found to have issued fake invoices, evaded tax or has committed tax fraud, he may blacklist such person or suspend his registration or as the case may be, enrolment pending further inquiry:

Provided further that order suspending registration, enrolment or blacklisting such registered or enrolled person, shall be in writing and copy thereof shall be communicated to the registered or enrolled person, as the case may be, and show cause notice for recovery of evaded amount of tax and de-registration or de-enrollment may be issued within ninety days of completion of inquiry.]

(5) The obligations and liabilities of the person whose registration is cancelled under sub-section (1), (2) or (4) relating to the period when he conducted business as a registered person shall not be affected by the fact that his registration has been cancelled or that he has ceased to be a registered person.]

<sup>6</sup>[(6) Any person enrolled under section 3A may apply for de-enrollment and the provisions of this section shall mutatis mutandis apply.]”

<sup>1</sup>Substituted for “through an audit” by Finance Ordinance, 2001, dated June 18, 2001.

<sup>2</sup>Substituted for “3A” by Finance Act, 2003, dated June 17, 2003.

<sup>3</sup>Substituted for “continue to file the return under section 26 till his registration is cancelled by the Collector” by Finance Act, 2003, dated June 17, 2003.

<sup>4</sup>Substituted for full stop by Finance Act, 2003, dated June 17, 2003.

<sup>2</sup>Provisos inserted by Finance Act, 2003, dated June 17, 2003.

<sup>3</sup>Sub-section (6) inserted by Finance Act, 1999, dated June 30, 1999.

\*should have been “enrollment” and “enroll” respectively.

**S. 21-Substitution.**— Before substitution by Finance Act, 1998, section 21 read as follows:—

**“21. De-registration.**— (1) Every registered person who ceases to carry on his business <sup>1</sup>[or whose supplies become exempt from tax] shall communicate this fact to the Collector or the local Sales Tax Office within fourteen days of the date of cessation, and the Collector or such other officer as may be authorised by him may, after satisfying himself that no tax liability is outstanding against that person, cancel the registration of that person from such date as may be determined by him.

(2) A registered person who ceases to be liable for registration under this Act, may apply to the Collector for the cancellation of his registration, and the Collector if satisfied that he has so ceased may, on an application made by that person, cancel the registration of that person from such date as he may specify:

*Provided* that if such liability ceases during the currency of a financial year the cancellation shall take effect from the beginning of next financial year.

(3) The obligations and liabilities of the person whose registration is cancelled under sub-section (1) or sub-section (2) relating to the period when he conducted business as a registered person shall not be affected by the fact that his registration has been cancelled or that he has ceased to be a registered person.

<sup>2</sup>[(4) Notwithstanding anything contained in the preceding sub-sections, a person shall cease to be liable for registration when the total taxable turnover of his taxable activity during the last twelve months remains below one million rupees.]”

<sup>1</sup>Words inserted by Finance Act, 1996, dated July 1, 1996.

<sup>2</sup>Sub-section (4) inserted by Finance Act, 1996, dated July 1, 1996.

<sup>1</sup>/(3) The Board may, by notification in the official gazette, prescribe the procedure or software for electronically maintenance of records, filing of sales tax returns or refunds and for any other matter or approve any software for electronic maintenance of records and filling of returns or refunds by a person or class of such persons./]

<sup>2</sup>[(4) The registered persons, whose accounts are subject to audit under the Companies Ordinance, 1984 (XLVII of 1984), shall be required to submit a copy of the annual audited accounts, along with a certificate by the auditors certifying the payment of due tax by the registered person.]

**23. Tax Invoices.**— (1) A registered person making a taxable <sup>3</sup>[as well as exempt supply shall issue a tax invoice including an advance receipt invoice, bearing a verifiable and unique FBR invoice number] at the time of supply of goods containing the following particulars <sup>4</sup>[, in Urdu or English language,], namely:—

- (a) name, address and registration number of the supplier;
- <sup>5</sup>[(b) name, address and registration number of the recipient and in case of supplies by manufacturer or importer to unregistered distributor, the NIC or NTN of such unregistered distributors, as the case may.]

**Explanation.**— For the purpose of this clause, ordinary consumer means a person who is buying goods for his own consumption and not for the purpose of re-sale or processing:

---

<sup>1</sup>Sub-section (3) substituted by Finance Act, 2003.

<sup>2</sup>Sub-section (4) inserted by Finance Act, 2007 dated June 30, 2007.

<sup>3</sup>Substituted for “supply shall issue a serially numbered tax invoice” by Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>Words inserted by Finance Act, 2019 dated June 30, 2019.

<sup>5</sup>Clause (b) substituted by Finance Act, 2022 dated June 30, 2022. Earlier it was substituted by Finance Act, 2019 dated June 30, 2019.

---

**S. 22(1)Proviso-Substitution.**— Before substitution by F. Act, 1997, it read as follows:—

“Provided that the registered importers, distributors and wholesalers not charging output tax on taxed supplies made by them or persons paying turnover tax shall keep such records as may be specified by the Board.”

**S. 22(3)-Substitution.**— Before substitution by Finance Act, 2003, it read as follows:—

“(3) Where a person who is required to maintain records under this Act may keep the record on electronic data in such form and manner as may be approved by the Board.”

**S. 22(3)-Records on computers.**— The CBR has allowed keeping of business records on computer in such form and manner as the taxpayer may wish to keep subject to conditions re: access to Dept.; generating statements and hard copies; and keeping back up on electronic media. See SRO 697(I)/96, dated August 22, 1996 in Part III.

**S.23(1)(b)-Substitution.**— Before substitution by F. Act, 2022, it read as follows:—

- “(b) name, address and registration, number of the recipient and NIC or NTN of the unregistered person, as the case may be, excluding supplies made by a retailer where the transaction value inclusive of sales tax amount does not exceed rupees <sup>1</sup>[one hundred] thousand, if sale is being made to an ordinary consumer.”

<sup>1</sup>Substituted for “fifty” by Finance Act, 2020 dated June 30, 2020.

**S.23(1)(b)-Substitution.**— Before substitution by F. Act, 2019, it read as follows:—

- “(b) name <sup>1</sup>[, address and registration number] of the recipient;”

<sup>1</sup>Substituted for the words “and address” by Finance Act, 1998.

<sup>1</sup>[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.]

- (c) date of issue of invoice;
- (e) value exclusive of tax;
- (d) description <sup>2</sup>[, including count, denier and construction in case of textile yarn and fabric,] and quantity of goods;
- (f) amount of sales tax; and

<sup>3</sup>[ ]

<sup>1</sup>Provisos substituted by Finance Act, 2026 dated June 26, 2026. Earlier these were inserted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>2</sup>Words inserted by Finance Act, 2019 dated June 30, 2019.

<sup>3</sup>Clause (ff) omitted by Finance Act, 2004 dated June 24, 2004. Earlier it was inserted vide Finance Act, 1998.

**S.23(1)(b)Provisos-Substitution.**— Before substitution by F. Act, 2026, these read as follows:—

“Provided that the condition of NIC or NTN shall be effective from 1<sup>st</sup> August, 2019 <sup>1</sup>[:/]

“Provided further that the condition of NIC shall not apply in the case of payment through debit or credit card or digital mode;”

<sup>1</sup>Semi-colon substituted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

**S.23(1)(ff)-Omission.**— Clause (ff) before omission by Finance Act, 2004, read as follows:—

“(ff) Amount of sales tax as specified in sub-section (1A) of section 3;”

**S.23(1)Provisos-Substitution.**— Before substitution by F. Act, 1996, it read as follows:—

“Provided that the Federal Government, keeping in view the nature of a business activity or value of a supply, may, by notification in the official Gazette, dispense with the requirement of the issuance of tax invoice or prescribe a modified invoice containing such particulars as may be specified therein:

Provided further that –

- (i) not more than one tax invoice shall be issued for a taxable supply; and
- (ii) where a person claims to have lost the original tax invoice, the supplier may provide a copy clearly marked "copy only" to that person.”

**S.23(1)<sup>3rd</sup> Proviso-Omission.**— Before omission, it read as follows:—

“Provided also that if it is subsequently proved that CNIC provided by the purchaser was not correct, liability of tax or penalty shall not arise against the seller, in case of sale made in good faith.”

**Replacement invoice particulars.**— The CBR has specified that replacement invoices issued by registered importers, distributors and wholesalers shall be serially numbered and shall include particulars of: name, address and registration numbers of the supplier and buyer; date; description and quantity of goods; value; and amount of input tax (paid at previous stage). See SRO 553(I)/96, dated July 1, 1996 in Part III.

(g) value inclusive of tax:

<sup>1</sup>[Provided that the Board may, by notification in the official Gazette, specify such modified invoices <sup>2</sup>[ ] for different persons or classes of persons:

Provided further that not more than one tax invoice shall be issued for a taxable supply <sup>3</sup>[./]

<sup>4</sup>[Provided also that where any goods are transported or supplied, the registered person shall ensure the generation and linkage of the tax invoice with the e-Bilty generated under section 40C of this Act and section 83C of the Customs Act, 1969.]

<sup>5</sup>[(2) No person other than a registered person or a person paying <sup>6</sup>[ ] <sup>7</sup>[retail tax] shall issue an invoice under this section.]

<sup>8</sup>[(3) A registered person making a taxable supply shall, subject to such conditions, restrictions and limitations as the Board may, by notification in the official Gazette, specify to issue electronic invoices.]

<sup>9</sup>[(4) The Board may, by notification in the Official Gazette, prescribe the manner and procedure for regulating the issuance and authentication of tax invoices.]

---

<sup>1</sup>Two provisos substituted for a proviso by Finance Act, 1996 dated July 1, 1996.

<sup>2</sup>Commas and words ", including replacement invoice," omitted by Finance Act, 1997 dated July 1, 1997.

<sup>3</sup>Full stop substituted for colon by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier it was substituted for full stop by Finance Act, 2019 dated June 30, 2019.

<sup>4</sup>Proviso inserted by Finance Act, 2025 in force from July 1, 2025. Earlier 3<sup>rd</sup> proviso was omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier it was inserted by Finance Act, 2019 dated June 30, 2019.

<sup>5</sup>Sub-section (2) inserted by Finance Act, 1996 dated July 1, 1996.

<sup>6</sup>Words "turnover tax or" omitted by Finance Act, 2004 dated June 24, 2004.

<sup>7</sup>Words inserted by Finance Act, 1997 dated July 1, 1997.

<sup>8</sup>Sub-section (3) substituted by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier it was inserted by Finance Act 2005 dated June 29, 2005.

<sup>9</sup>Sub-section (4) inserted by Finance Act 2007 dated June 30, 2007.

---

**Section 23(3)-Substitution.**– Before substitution by Finance Act, 2024, read as follows:–

“(3) A registered person making a taxable supply may, subject to such conditions, restrictions and limitations as the Board may, by notification in the official Gazette, specify, issue invoices to another registered person electronically and to the Board as well as to the <sup>1</sup>[Commissioner], as may be specified.]

<sup>1</sup>Substituted for “Collector” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>1</sup>[(5) The Board through notification in the official Gazette, may require any person or class of persons to integrate their electronic invoicing system with the Board's Computerized System for real time reporting of sales in such mode and manner and from such date as may be specified therein.]

(6) Licensed integrator shall integrate electronic invoicing system of registered persons referred to in sub-section (5) in such mode and manner as may be prescribed:

Provided that from such date, and in such mode and manner, as prescribed by the Board, all Tier-1 retailers shall integrate their retail outlets with Board's computerized system for real-time reporting of sales.]

<sup>2</sup>[**24. Retention of record and documents for** <sup>3</sup>[six] years.– A person who is required to maintain any record or documents under this Act, shall retain the record and documents for a period of <sup>3</sup>[six] years after the end of the tax period to which such record or documents relate <sup>4</sup>[or till such further period the final decision in any proceedings including proceedings for assessment, appeal, revision, reference, petition and any proceedings before an Alternative Dispute Resolution Committee is finalized].

<sup>1</sup>Sub-sections (5) & (6) inserted by Finance Act 2025 in force from July 1, 2025.

<sup>2</sup>Section 24 substituted by Finance Act, 1996, dated July 1, 1996. Earlier it was substituted by Finance Act, 1991, dated June 27, 1991.

<sup>3</sup>Substituted for "five" Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009. This was substituted for "three" by Finance Act 2007, dated June 30, 2007 and for "five" by Finance Act 2005, dated June 29, 2005.

<sup>4</sup>Words inserted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

**Section 24-Substitution.**– Before substitution by Finance Act, 1996, read as follows:–

**"24. Retention of records for 5 years.**– A registered person shall retain the prescribed records for a period of five years after the end of the tax period to which those relate."

**Before substitution** by Finance Act, 1991, section 24 read as follows:–

**"24. Retention of records for five years.**– A registered person required to maintain records under sub-section (1) of section 23 shall retain such records in Pakistan for a period of five years after the end of the tax period to which those relate."

**Specification of products on invoices.**– Following is the text of General Order No. 5 of 1998, dated August 28, 1998:–

"It has been observed that in certain cases, the counts/deniers and construction of textile goods have not been declared in the tax invoices issued by registered persons making taxable supplies thereof. This causes problems in verification of value (as the value of textile goods is directly relatable to the counts/deniers and construction thereof) and also of its use in the goods in which these have been used as inputs.

2. All textile mills and persons making taxable supplies of textile items (specially yarns and fabrics) should specify the count/denier and construction thereof in the tax invoices issued by them."

**Serial numbering of invoices of branches.**– See CBR's Ruling No. 69 of 2002 dated November 19, 2002 in Part VIII.

**Single tax invoice for a day.**– Following is an extract from CBR's Circular Letter C. No. 1/1-Coord/2000, dated January 31, 2000:–

"(i) That the CBR should devise a methodology for acceptance of one tax invoice for every day representing all sales on that day to unregistered persons (action by ST Wing by 20 Feb. 2000). The procedure will also cover the entire period since Distributors were registered."

<sup>1</sup>[**25. Audit of sales tax affairs.**- (1) The Commissioner on the basis of reasons to be recorded in writing, may direct the officer of Inland Revenue not below the rank of Assistant Commissioner to conduct audit of sales tax affairs of any registered person and issue a notice to such registered person intimating him regarding audit of sales tax affairs.

*Explanation.*- For the removal of doubt, it is declared that the powers of the Commissioner to direct conduct of audit and to issue a notice under this sub-section are independent of the powers of the Board under section 72B and nothing contained in section 72B restricts the powers of the Commissioner to direct conduct of audit and to issue notice under this sub-section.

(2) The Commissioner shall communicate the reasons referred to in sub-section (1) to the registered person whose audit is to be conducted through the notice under sub-section (1).

*Explanation.*- For the removal of doubt, it is declared that the Commissioner may not provide an opportunity of hearing before issuance of notice under sub-section (1).

(3) The reasons referred to in sub-section (1) shall be based on scrutiny of the available records including sales tax and federal excise returns, income tax returns and withholding statements, financial statements or third party information:

Provided that the reasons shall not include the mere verification of input tax, output tax, refund claim and compliance of legal provisions without identifying risk factors that require such verification.

(4) Subsequent to the issuance of notice under sub-section (1), the officer of Inland Revenue, may call for any record or documents including record maintained under this Act, the rules made thereunder or any other law for the time being in force for conducting audit of the sales tax affairs of the person. Where such record or documents have been kept on electronic data, the registered person shall allow authorize officer of Inland Revenue access to the use of machine and software on which such data is kept and the officer of Inland Revenue may obtain duly attested hard copies of such information or data from the registered person:

Provided that the officer of Inland Revenue shall not call for record or documents of the registered person after expiry of six years from the end of the financial year to which they relate.

---

<sup>1</sup>Section 25 substituted by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier it was substituted by Finance Act, 1996 dated July 1, 1996.

(5) The officer of Inland Revenue may require the registered person to attend his office in person or through an authorized representative. The registered person shall produce such accounts, documents or any evidence as the officer of Inland Revenue may consider necessary.

(6) The officer of Inland Revenue not below the rank of Assistant Commissioner may conduct or cause to be conducted such enquiry and obtain such information from any third party as he considers appropriate.

(7) The officer of Inland Revenue not below the rank of Assistant Commissioner shall conduct audit of the sales tax affairs to verify the correctness or otherwise of the declared tax liability, output tax, input tax claimed, tax paid, refund claimed, stocks consumed or available for ascertaining compliance or otherwise with the provisions of this Act and the rules made thereunder on the basis of the record and evidence obtained under sub-sections (5) or (6).

(8) The officer of Inland Revenue may conduct audit proceedings electronically through video links, or any other facility as may be prescribed by the Board.

<sup>1</sup>[(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;

---

<sup>1</sup>Section 25(8A) & (8B) inserted by Finance Act, 2026 dated June 26, 2026.

**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]

<sup>1</sup>[(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.]

(9) After <sup>2</sup>[issuing the audit report], the officer of Inland Revenue may, if required pass an order under section 11E, after providing an opportunity of being heard to the registered person under sub-section (1) of section 11E.

(10) Notwithstanding anything contained in sub-sections (7) and (9) where a registered person fails to produce before the officer of Inland Revenue, any accounts, documents or records required to be maintained under this Act or the rules made thereunder or any other relevant document electronically kept record, electronic machine or any other evidence that may be required by the officer of Inland Revenue for the purpose of audit. The officer of Inland Revenue may proceed to make best judgment assessment under section 11D of this Act.

(11) Notwithstanding the penalties prescribed in section 33, if a registered person <sup>3</sup>[deposits] the amount of tax short paid or amount of tax evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:

Provided that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge during the audit, or at any time before issuance of show cause notice under section 11E, he may deposit the evaded amount of tax, default surcharge under section 34, and twenty five percent of the penalty payable under section 33:

Provided further that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with default surcharge after issuance of show cause notice under section 11E, he shall deposit the evaded amount of tax, default surcharge under section 34, and <sup>4</sup>[fifty percent] of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated.]

<sup>1</sup>Section 25(8A) & (8B) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Substituted for "completion of the audit" by Finance Act, 2026 dated June 26, 2026.

<sup>3</sup>Substituted for "wishes to deposit" by Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>Substituted for "full amount" by Finance Act, 2026 dated June 26, 2026.

**S. 25-Substitution.**– Before substitution by F. Act, 2024 it read as follow:

**“25. Access to record, documents, etc.**– <sup>2</sup>[(1)] A person who is required to maintain any record or documents under this Act <sup>3</sup>[or any other law/ shall, as and when required by <sup>4</sup>[Commissioner], produce record or documents which are in his possession or control or in the possession or control of his agent; and where such record or documents have been kept on electronic data, he shall allow access to <sup>5</sup>[the officer of Inland Revenue authorized by the Commissioner] and use of any machine on which such data is kept.]

<sup>5</sup>[(2) The officer of Inland Revenue authorized by the Commissioner, on the basis of the record, obtained under sub-section (1), may, once in a year, conduct audit:

Provided that in case the Commissioner has information or sufficient evidence showing that such registered person is involved in tax fraud or evasion of tax, he may authorize an officer of Inland Revenue, not below the rank of Assistant Commissioner, to conduct an inquiry or investigation under section 38:

Provided further that nothing in this sub-section shall bar the officer of Inland Revenue from conducting audit of the records of the registered person if the same were earlier audited by the office of the Auditor-General of Pakistan <sup>6</sup>[.]

<sup>2</sup>Renumbered as sub-section (1) by Finance Act, 2003.

<sup>3</sup>Words inserted by Finance Act, 1999 dated June 30, 1999.

<sup>4</sup>Substituted for “an officer of Sales Tax” and “such officer of Sales Tax” respectively by Finance Act 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. Earlier the words “Sales Tax” were substituted by “Inland Revenue” by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>5</sup>Sub-sections (2) and (3) substituted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. Earlier sub-sections (2) to (5) were inserted by Finance Act, 2003.

<sup>6</sup>Substituted colon by Finance Act, 2019 dated June 30, 2019. Earlier it was substituted for full stop by Finance Act, 2018 dated May 23, 2018.

<sup>1</sup>[ ]

<sup>2</sup>[(2A) For the purpose of sub-section (2) of section 25, the Commissioner may conduct audit proceedings electronically through video links or any other facility as prescribed by the Board.]

<sup>3</sup>[(3) After completion of the audit under this section or any other provision of this Act, the officer of Inland Revenue may, after obtaining the registered person’s explanation on all the issues raised in the audit shall pass an order under section 11 <sup>4</sup>[ ]]

<sup>5</sup>[ ]

<sup>6</sup>[ ]

<sup>1</sup>Proviso omitted by Finance Act, 2019 dated June 30, 2019. Earlier it was inserted by Finance Act, 2018 dated May 23, 2018.

<sup>2</sup>Sub-section (2A) inserted by Finance Act, 2020 dated June 30, 2020.

<sup>3</sup>Sub-sections (2) and (3) substituted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. Earlier sub-sections (2) to (5) were inserted by Finance Act, 2003.

<sup>4</sup>Words etc “or section 36, as the case may be” omitted by Finance Act, 2015 dated June 30, 2015.

<sup>5</sup>Sub-section (4) omitted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. Earlier it was inserted by Finance Act, 2003.

<sup>6</sup>Sub-section (4A) inserted by Finance (Amendment) Ordinance, 2009 dated October 28, 2009 but was included in the Finance Act 2010 as sub-section (3) with some changes.

(5) Notwithstanding the penalties prescribed in section 33, if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with <sup>1</sup>[default surcharge] voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him:

Provided if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with <sup>1</sup>[default surcharge] during the audit, or at any time before issuance of show cause notice <sup>2</sup>[ ], he may deposit the evaded amount of tax, <sup>1</sup>[default surcharge] under section 34, and twenty five per cent of the penalty payable under section 33:

Provided further that if a registered person wishes to deposit the amount of tax short paid or amount of tax evaded along with <sup>1</sup>[default surcharge] after issuance of show cause notice, he shall deposit the evaded amount of tax, <sup>1</sup>[default surcharge] under section 34, and full amount of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated.]

<sup>1</sup>Substituted for “additional tax” by Finance Act 2005 dated June 29, 2005.

<sup>2</sup>Words “in lieu of audit report” omitted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010.

<sup>3</sup>[*Explanation.*—For the purpose of sections 25, 38, 38A, 38B and 45A and for removal of doubt, it is declared that the powers of the Board, Commissioner or officer of Inland Revenue under these sections are independent of the powers of the Board under section 72B and nothing contained in section 72B restricts the powers of the Board, Commissioner or officer of Inland Revenue to have access to premises, stocks, accounts, records, etc. under these sections or to conduct audit under these sections.]”

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

**Section 25(2)-Substitution.**—Before substitution by F.A., 2010, it read as follows:—

“(2) The officer of <sup>1</sup>[Inland Revenue], on the basis of the record, obtained under sub-section (1), may, once in a year, conduct audit:

Provided that in case the <sup>2</sup>[Commissioner] has information or sufficient evidence showing that such registered person is involved in tax fraud or evasion of tax, he may authorize an officer of <sup>2</sup>[Inland Revenue], not below the rank of Assistant <sup>2</sup>[Commissioner], to conduct an inquiry or investigation under section 38 <sup>3</sup>[.]

<sup>1</sup>Substituted for “Sales Tax” by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>2</sup>Substituted for “Collector” by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>3</sup>Colon substituted for full stop and proviso inserted by Finance Act, 2008 dated June 27, 2008.

<sup>1</sup>[Provided further that nothing in this sub-section shall bar the <sup>2</sup>[Inland Revenue] officer from conducting audit of the records of the registered person if the same were earlier audited by the office of the Auditor-General of Pakistan\*]”

<sup>1</sup>Colon substituted for full stop and proviso inserted by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Substituted for “Sales Tax” by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

\*There should have been a full stop.

**Section 25(2)-Proviso-Omission.**—Before omission by F.A., 2019, it read as follows:—

“Provided also that audit under this section shall be conducted only once in every three years.”

**Section 25(3)-Substitution.**— Before substitution by F. A. 2010, it read as follows:—

“(3) The Assistant <sup>1</sup>[Commissioner] (Audit), shall issue audit observation pointing out the contraventions of the Act or rules, as the case may be, and the amount of tax evaded therein, on the basis of scrutiny of such records, as prescribed under the Act or rules or in any other manner by the Board. The registered person may, within a period of fifteen days of the receipt of audit observation, submit his point of view in writing.”

**Section 25(4)-omission.**— Before omission by Finance Act, 2010, it read as follows:—

“(4) If, within the period prescribed in sub-section (3), no reply is received or the reply furnished by the registered person is found unsatisfactory, the Assistant <sup>1</sup>[Commissioner] shall issue an audit report specifying the amount of tax or charge that has not been levied or has been short levied or has been erroneously refunded or any other violation of any provision of Act or rules made thereunder.”

<sup>1</sup>Substituted for “Collector” by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

**Section 25(4A)-Sub-section (4A), as inserted by the Finance (Amendment) Ordinance 2009, read as follows:—**

“(4A) After completion of the audit under this section or any other provision of law, the officer of Inland Revenue may, if considered necessary, after obtaining the registered person’s explanation on all the issues raised in the audit shall pass an order under section 11 or section 36, as the case may be, imposing the correct amount of tax, charging default surcharge, imposing penalty and recovery of any amount erroneously refunded.”

**S. 25-Substitution.**— Before substitution F. Act, 1996 it read as follow:

**“25. Access to records, documents etc.**— A registered person shall, as and when required by an officer of sales tax, produce records which are in his possession or control as may be required by such officer.”

<sup>1</sup>[**25A. Drawing of samples.**– Where an authorized officer of <sup>2</sup>[Inland Revenue] considers it necessary to take a sample of any goods or raw materials, for the purpose of determining their liability to sales tax or for the purpose of establishing their value or for any other reason, he may remove a minimum quantity of goods or raw materials sufficient to enable a proper examination or analysis to be made. At the time of taking the sample the person in possession of the goods shall be informed and given the opportunity to sign the representative samples, so drawn, and take a corresponding sample for his record. Any sample taken under this section shall be taken against a proper receipt a copy each of which shall be kept in the record by the registered person and the <sup>3</sup>[Large Taxpayers Unit or Regional Tax Office, as the case may be].]

<sup>4</sup>[**25AA. Transactions between associates.**– <sup>5</sup>[(1)] The Commissioner or an officer of Inland Revenue may, in respect of any transaction between persons who are associates, determine the transfer price of taxable supplies between the persons as is necessary to reflect the fair market value of supplies in an arm’s length transaction.]

<sup>6</sup>[(2) The Board may, by notification in official gazette, prescribe rules for carrying out the purpose of sub-section (1).]

---

<sup>1</sup>S. 25A inserted by Finance Act, 1999 dated June 30, 1999.

<sup>2</sup>Substituted for “Sales Tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>3</sup>Substituted for “Collectorate” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009, dated October 28, 2009.

<sup>4</sup>S. 25AA inserted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009, dated October 28, 2009.

<sup>5</sup>S. 25AA renumbered as (1) by Finance Act, 2021 dated June 30, 2021.

<sup>6</sup>S. 25AA(2) inserted by Finance Act, 2021 dated June 30, 2021.

---

Also See footnotes under section **32A for Audit.**

**Determining transfer pricing.**– Following is an extract from Circular No. 2 of 2021 explaining the amendment by F. Act 2021:-

“A new sub-section has been added in section 25AA to provide enabling provision for prescribing rules for determining transfer pricing of taxable supplies between associates to reflect fair market value in arm’s length transactions.”

<sup>1</sup>[**30A. Directorate General (Intelligence and Investigation), Inland Revenue.**- (1) The Directorate General (Intelligence and Investigation) 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, <sup>2</sup>[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.]

<sup>3</sup>[**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.

<sup>1</sup>Section 30A substituted by Finance Act, 2018 dated May 23, 2018. Earlier Ss. 30A, 30B, 30C, 30D and 30E were inserted by Finance Act, 2005 dated June 29, 2005.

<sup>2</sup>Substituted for "post" by Finance Act, 2019 dated June 30, 2019.

<sup>3</sup>Section 30AA inserted by Finance Act, 2026 dated June 26, 2026.

**S.30A-Substitution.**-Before substitution by Finance Act, 2018, it read as follows:-

**"30A. Directorate General, (Intelligence and Investigation) <sup>1</sup>[Inland Revenue].**- The Directorate General (Intelligence and Investigation) <sup>1</sup>[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."

<sup>1</sup>Substituted for "CBR" by Finance Act, 2011 dated June 30, 2011. Earlier it was substituted for "Customs and Excise" by Finance Act, 2007, dated June 30, 2007.

**S. 30A.**-Following is an extract from 'Notes on Clauses' of Finance Bill, 2011:-

"Seeks to amend section 30A to provide for the nomenclature of Directorate General of Intelligence and Investigation Inland Revenue."

(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).]

<sup>1</sup>[**30AB. Tax Fraud Investigation Wing Inland Revenue.**– (1) There shall be established a wing to be known as Tax Fraud Investigation Wing-Inland Revenue.

(2) The functions of the tax fraud Investigation Wing Inland Revenue shall be to detect, analyze, investigate, combat and prevent tax fraud.

(3) The tax fraud Investigation Wing Inland Revenue shall comprise Fraud Intelligence and Analysis Unit, Fraud Investigation Unit, Legal Unit, Accountants Unit, Digital Forensic and Scene of Crime Unit, Administrative Unit or any other Unit as may be notified by the Board through notification in the official Gazette.

(4) The tax fraud Investigation Wing Inland Revenue shall consist of a Chief Investigator and as many following officers, as may be notified by the Board-

- (a) Senior investigators, investigators, Junior investigators or any other officer of Inland Revenue with any other designation;
- (b) a Senior Forensic Analyst and as many Forensic Analysts and Junior Forensic Analysts; and
- (c) a Senior Data Analyst and as many Data Analysts and Junior Data Analysts.

---

<sup>1</sup>Section 30AB inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

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

- (a) specify the functions and jurisdiction of the Tax Fraud Investigation Wing Inland Revenue and its Units and its officers; and
- (b) confer the powers of authorities specified in section 30 upon the tax fraud Investigation Wing Inland Revenue and its officers at clause (a) of sub-section 4.

(6) Nothing contained in this section shall prevent the authorities appointed under section 30 or any other authority or officer conferred with the power and functions of authorities appointed under section 30 from conducting investigation and prosecution proceedings under Chapter-VII of the Act.]

<sup>1</sup>[**30B. Directorate General** <sup>2</sup>[ ] **Internal Audit.**– The Directorate General <sup>2</sup>[ ] Internal Audit 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.]

<sup>1</sup>[**30C. <sup>3</sup>[Inland Revenue Services Academy].**– The <sup>5</sup>[Inland Revenue Services Academy] 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.]

<sup>4</sup>[**30CA. Directorate General of Digital Initiatives.**– The Directorate General of Digital Initiatives 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.]

---

<sup>1</sup>Ss. 30B, 30C, 30D and 30E inserted by Finance Act, 2005 dated June 29, 2005.

<sup>2</sup>Words “of Inspection and” omitted by Finance Act, 2007 dated June 30, 2007.

<sup>3</sup>Substituted for “Directorate General of Training and Research” by Finance Act, 2022 dated June 30, 2022.

<sup>4</sup>S. 30CA substituted by Finance Act, 2023 dated June 26, 2023. Earlier it was inserted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

---

**S. 30CA.**– Before substitution it read as follows:–

**“30CA. Directorate General of Digital Invoicing and Analysis.**– The Directorate General of Digital Invoicing and Analysis 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.”

<sup>1</sup>[**30D. Directorate General of Valuation** <sup>2</sup>[ ]].- The Directorate General of Valuation <sup>2</sup>[ ] 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.]

<sup>3</sup>[**30DD. Directorate of Post Clearance Audit.**- The Directorate of Post Clearance Audit shall consist of a Director and as many Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.]

<sup>4</sup>[**30DDD. Directorate General of Input Output Co-efficient Organization.**- The Directorate General of Input Output Co-efficient Organization (IOCO)-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.]

<sup>5</sup>[**30DDDA. Directorate-General of law.**— (1) The Directorate-General of law shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors, Law Officers 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, specify the functions, jurisdiction and powers of the Directorate-General of law.]

<sup>6</sup>[**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.]

---

<sup>1</sup>Ss. 30B, 30C, 30D and 30E inserted by Finance Act, 2005 dated June 29, 2005.

<sup>2</sup>Words “and Post Clearance Audit” omitted by Finance Act, 2007 dated June 30, 2007.

<sup>3</sup>S. 30DD inserted by Finance Act, 2007 dated June 30, 2007.

<sup>4</sup>S. 30DDD inserted by Finance Act, 2016 dated June 24, 2016.

<sup>5</sup>S. 30DDDA inserted by Tax Laws (Amendment) Act, 2024 dated May 03, 2024.

<sup>6</sup>S. 30DDDB inserted by Finance Act, 2026 dated June 26, 2026.

<sup>1</sup>[**30E. Powers and Functions of Directorate, etc.**— The Board may, by notification in the official Gazette, specify the functions, jurisdiction and powers of the Directorates General as specified in the preceding sections and their officers by notification in the official Gazette.]

**31. Powers.** An officer of <sup>2</sup>[Inland Revenue] appointed under section 30 shall exercise such powers and discharge such duties as are conferred or imposed on him under this Act; and he shall also be competent to exercise all powers and discharge all duties conferred or imposed upon any officer subordinate to him:

Provided that, notwithstanding anything contained in this Act or the rules, the Board may, by general or special order, impose such limitations or conditions on the exercise of such powers and discharge of such duties as it deems fit.

---

<sup>1</sup>Ss. 30B, 30C, 30D and 30E inserted by Finance Act, 2005, dated June 29, 2005.

<sup>2</sup>Substituted for “sales tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.



<sup>1</sup>[**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.]

---

<sup>1</sup>Section 32C inserted by Finance Act, 2026 dated June 26, 2026.

<sup>1</sup>[       ]

---

<sup>1</sup>Section 32AA omitted by Finance Act, 2008 dated June 27, 2008. It was inserted by Tax Laws Amendment Ordinance, 2000, dated May 24, 2000.

---

**S. 32AA-Omission.**—Before omission S. 32AA read as follows:-

**“32AA. Audit of Retailer.**— (1) An officer of Sales Tax not below the rank of auditor or deputy superintendent may, subject to such conditions and limitations as may be imposed by the Board or Collector, carry out audit of any retailer assigned to him by Assistant Collector and such audit may include surveillance, video filming, gathering of information through pretending or actual customer of the taxable activities of such retailer.

(2) A retailer who pays <sup>1</sup>[       ] retail tax under section 3AA may in lieu of audit of his business by an officer of Sales Tax, opt for audit by a Chartered Accountant or a Cost and Management Accountant authorized by <sup>2</sup>[Board] in terms of section 32A provided he pays half of the fee payable to such Chartered Accountant or, as the case may be, Cost and Management Accountant.”

<sup>1</sup>Words “turnover tax under section 3A or” omitted by Finance Act, 2004, dated June 24, 2004.

<sup>2</sup>Substituted for “Central Board of Revenue” by Finance Act, 2007, dated June 30, 2007.

**Audit of Customs Agents.**— See CBR’s Ruling No. 3 of 2003 dated February 6, 2003 in Part VIII.

**Audit by DG Revenue Receipts Audit, documents to be required.** See CBR’s letter C. No. 5(49)ST-INT-AUDIT/2001, dated November 17, 2001.

**Sales tax audit, streamlining.**— See General Order No. 9 of 1999, dated September 22, 1999 in Part VI.

**Audit by DG Audit revenue receipts.**— See CBR’s Circular Letter C. No. 9-S(ST-Audit)/97, dated August 2, 1997 in Part VIII.

**Audit by AGP in premises of taxpayers.**— See CBR’s Circular Letter C. No. 1/204-STT/99, dated October 20, 2001 in Part VIII.

**Parameters of sales tax audit.**— See CBR’s Circular Letter C. No. C.No.5(49)ST-Int.Audit/2001, dated November 17, 2001 in Part VIII.

**Procedures to be followed for audit.**— See CBR’s General Order No. 2 of 2003, dated June 07, 2003 in Part VI.

## Chapter - VII

### <sup>2</sup>[Offences, Penalties and Punishment]

<sup>1</sup>[**33. <sup>2</sup>[Offences, penalties and punishment].-** <sup>3</sup>[ ] Whoever commits any offence described in column (1) of the Table below shall, in addition to and not in derogation of any punishment to which he may be liable under any other law, be liable to the penalty mentioned against that offence in column (2) thereof:-

TABLE

| Offences                                                           | Penalties                                                                                                                                                                                                                                                                                                                                      | Section of the Act to which offence has reference |
|--------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| (1)                                                                | (2)                                                                                                                                                                                                                                                                                                                                            | (3)                                               |
| 1. Where any person fails to furnish a return within the due date. | Such person shall pay a penalty <sup>4</sup> [and Punishment] of <sup>5</sup> [fifty] thousand rupees:<br><br>Provided that in case a person files a return within <sup>6</sup> [ten] days of the due date, he shall pay a penalty <sup>4</sup> [and Punishment] of <sup>7</sup> [two] <sup>8</sup> [thousand] rupees for each day of default. | 26                                                |

<sup>1</sup>Section 33 substituted by Finance Act, 2005, dated June 29, 2005. It was earlier substituted by Finance Act, 1996, dated July 1, 1996.

<sup>2</sup>Substituted for "Offences and penalties" by Finance Act, 2025 in force from July 1, 2025.

<sup>3</sup>Figure and brackets "(1)" omitted by Finance Act, 2008 dated June 27, 2008.

<sup>4</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>5</sup>Substituted for "ten" by Finance Act, 2026 dated June 26, 2026. Earlier it was substituted for "five" by Finance Act, 2019 dated June 30, 2019.

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

<sup>7</sup>Substituted for "one" by Finance Act, 2019 dated June 30, 2019.

<sup>8</sup>Substituted for "hundred" by Finance Act, 2026 dated June 26, 2026.

**S. 33-Substitution.-** Before substitution by Finance Act, 2005, it read as follows:-

**33. General Penalties.-** (1) Any person who fails to furnish a return within the due date shall pay a penalty of <sup>1</sup>[five thousand] rupees <sup>2</sup>[.]

<sup>3</sup>[Provided that in case a person files a return within fifteen days of the due date, he shall pay a penalty of one hundred rupees for each day of default.]

(2) Any person who—

- (a) fails to issue an invoice when required under this Act;
- (b) unauthorisedly issues an invoice in which an amount of tax is specified;
- (c) fails to notify the changes of material nature in the particulars of registration or taxable activity;

<sup>1</sup>Substituted for "two thousand and five hundred" by Tax Laws (Amendment) Ordinance, 2001, dated March 15, 2001. Earlier it was substituted for "five thousand" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>2</sup>Substituted for full stop by Finance Act, 2003, dated June 17, 2003.

<sup>3</sup>Proviso inserted by Finance Act, 2003, dated June 17, 2003.

1-245-15-07-2026

<sup>1</sup>[(cc) fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made thereunder;]

(d) repeats erroneous calculations in the return during a year whereby amount of tax less than the actual tax due is paid,

shall pay a penalty of <sup>2</sup>[five] thousand rupees or <sup>3</sup>[three] per cent of the amount of the tax involved, whichever is higher:

<sup>4</sup>[Provided that in case the amount of sales tax payable in the return does not exceed five thousand rupees, he shall pay a penalty of one thousand rupees:]

Provided <sup>5</sup>[further] that no penalty shall be imposed when any miscalculation is made for the first time during a year.

(3) Any person who—

<sup>1</sup>Clause (cc) inserted by Finance Act, 1997, dated July 1, 1997.

<sup>2</sup>Substituted for "ten" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>3</sup>Substituted for "five" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>4</sup>Proviso inserted by Finance Act, 2004, dated June 24, 2004.

<sup>5</sup>Word inserted by Finance Act, 2004, dated June 24, 2004.

(a) is required to apply for registration <sup>1</sup>[ ] under this Act fails to make an application <sup>2</sup>[for registration before making taxable supplies;]

(b) fails to maintain records required under this Act or the rules made thereunder <sup>3</sup>[; or]

<sup>4</sup>[(c) fails to furnish the information required by the Board through a notification issued under sub-section (5) of section 26,]

shall pay a penalty of <sup>5</sup>[ten] thousand rupees or <sup>6</sup>[five] percent of the amount of tax involved, whichever is higher.

(4) Any person who –

(a) submits a false or forged document to any officer of Sales Tax;

(b) destroys, alters, mutilates or falsifies the records;

(c) knowingly or fraudulently makes false statement, false declaration, false representation, false personification, gives any false information or issues or uses a document which is forged or false;

(d) denies or obstructs the access of an authorised officer to business premises, registered office or to any other place where records are kept;

(e) otherwise obstructs the authorised officer in the performance of his official duties; or

(f) commits, causes to commit or attempts to commit the tax fraud,

shall pay a penalty of <sup>7</sup>[twenty five] thousand rupees or <sup>8</sup>[one hundred] percent of the amount of tax involved, whichever is higher.

<sup>1</sup>Words "or enrollment" omitted by Finance Act, 2004, dated June 24, 2004.

<sup>2</sup>Substituted for "within the specified period; or" by Finance Act, 2004, dated June 24, 2004.

<sup>3</sup>Substituted for comma by Finance Act, 2004, dated June 24, 2004.

<sup>4</sup>Clause (c) inserted by Finance Act, 2004, dated June 24, 2004.

<sup>5</sup>Substituted for "twenty" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>6</sup>Substituted for "ten" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>7</sup>Substituted for "fifty" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>8</sup>Substituted for "thirty" by Finance Act, 2004, dated June 24, 2004. Earlier "thirty" was substituted for "fifty" by Finance Ordinance, 2000, dated June 19, 2000.

(5) Any person who causes or attempts to commit or abets the commission of any of the acts specified in the preceding sub-sections shall pay the penalties specified therein.

(6) Where any of the acts specified in sub-sections (3) and (4) of this section is committed by a corporate body or an association of persons, whether incorporated or not, the Chief Executive of that body shall pay a penalty of <sup>1</sup>[twenty five] thousand rupees, in addition to other penalties adjudged against him under any other provisions of this Act.

<sup>2</sup>[(6A) A registered <sup>3</sup>[ ] person or retailer who without any reasonable cause fails to comply with the provisions of section 25, shall pay,—

(a) for failing to produce the record on receipt of first notice, a penalty of two thousand five hundred rupees;

<sup>1</sup>Substituted for "fifty" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>2</sup>Sub-section (6A) inserted by Finance Act, 2003, dated June 17, 2003.

<sup>3</sup>Words "or enrolled" omitted by Finance Act, 2004, dated June 24, 2004.

- <sup>1</sup>[1A. Where any online marketplace, payment intermediary or courier fails to furnish prescribed monthly statement within due date. Such person shall be liable to pay: 26]
- (i) Penalty of three lac rupees for the first default if he fails to furnish the prescribed statement for two consecutive months;
- (ii) Penalty of one million rupees for each subsequent default within one year.
- <sup>1</sup>[1B. Where any online marketplace, courier allow use of its services in the course of e-commerce by unregistered persons Such person shall be liable to pay: 14]
- (i) Penalty of five lac rupees for first default;
- (ii) Penalty of one million rupees for each subsequent default.
2. Any person who fails to issue an invoice when required under this Act. Such person shall pay a penalty <sup>1</sup>[and 23 Punishment] of <sup>2</sup>[twenty-five thousand rupees or five per cent] of the amount of the tax involved, whichever is higher.
3. Any person who unauthorizedly issues an invoice in which an amount of tax is specified. Such person shall pay a penalty <sup>1</sup>[and 3, 7 Punishment] of <sup>3</sup>[fifty] thousand rupees or <sup>and 23</sup> <sup>3</sup>[ten] per cent of the amount of the tax involved, whichever is higher.
4. Any person who fails to notify the changes of material nature in the particulars of registration of taxable activity. Such person shall pay a penalty <sup>1</sup>[and 14 Punishment] of five thousand rupees.

---

<sup>1</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>Substituted for "five thousand rupees or three per cent" by Finance Act, 2026 dated June 26, 2026.

<sup>3</sup>Substituted for "ten" & "five" respectively by Finance Act, 2026 dated June 26, 2026.

---

(b) for failing to produce the record on receipt of second notice, a penalty of ten thousand rupees; and

(c) for failing to produce the record on receipt of third notice, a penalty of fifty thousand rupees.]

(7) Any person who contravenes any of the provision of this Act for which no penalty has, specifically, been provided in this Act, shall pay a penalty of <sup>4</sup>[two thousand and five hundred] rupees or <sup>5</sup>[three] percent of the amount of tax involved, whichever is higher].

<sup>4</sup>Substituted for "five thousand" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>5</sup>Substituted for "five" by Finance Ordinance, 2000, dated June 19, 2000.

5. Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made thereunder. Such person shall pay a penalty <sup>1</sup>[and 3, 6, 7 Punishment] of <sup>1</sup>[fifty thousand rupees or and 48 five per cent of the amount of the tax involved, whichever is higher]:

Provided that, if the amount of tax or any part thereof is paid within <sup>2</sup>[ten] days from the due date, the defaulter shall pay a penalty <sup>3</sup>[and Punishment] of five

<sup>4</sup>[thousand] rupees for each day of default:

Provided further that no penalty <sup>1</sup>[and Punishment] shall be imposed when any miscalculation is made for the first time during a year:

Provided further that if the amount of tax due is not paid even after the expiry of a period of sixty days of issuance of the notice for such payments by an officer of <sup>5</sup>[Inland Revenue not below the rank of Assistant Commissioner Inland Revenue], the defaulter shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to amount equal to the amount of tax involved, or with both.

6. Any person who repeats erroneous calculation in the return during a year whereby amount of tax less than the actual tax due is paid. Such person shall pay a penalty <sup>1</sup>[and 7 and Punishment] of five thousand rupees or 26 three per cent of the amount of the tax involved, whichever is higher.

<sup>1</sup>Substituted for "ten thousand rupees or five per cent of the amount of the tax involved, whichever is higher" by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Substituted for "fifteen" by Finance Act, 2015 dated June 30, 2015.

<sup>3</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>4</sup>Substituted for "hundred" by Finance Act, 2026 dated June 26, 2026.

<sup>5</sup>Substituted for "Sales Tax, not below the rank of Assistant Collector of Sales Tax" by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

7. Any person who is required to apply for registration under this Act fails to make an application for registration before making taxable supplies. Such person shall pay a penalty <sup>1</sup>[and Punishment] of <sup>2</sup>[fifty] thousand rupees or five per cent of the amount of tax involved, whichever is higher: 14  
 Provided that such person who is required to get himself registered under this Act, fails to get registered within sixty days of the commencement of taxable activity, he shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax involved, or with both.
8. Any person who fails to maintain records required under this Act or the rules made thereunder. Such person shall pay a penalty <sup>1</sup>[and Punishment] of <sup>2</sup>[fifty] thousand rupees or five per cent of the amount of tax involved, whichever is higher. 22 and 24
9. Where a registered person who, without any reasonable cause, in non compliance with the provisions of section 25,— 25
- (a) fails to produce the record on receipt of first notice; such person shall pay a penalty <sup>1</sup>[and Punishment] of five thousand rupees;
  - (b) fails to produce the record on receipt of second notice; and such person shall pay a penalty <sup>1</sup>[and Punishment] of ten thousand rupees; and
  - (c) fails to produce the record on receipt of third notice. such person shall pay a penalty <sup>1</sup>[and Punishment] of fifty thousand rupees.

---

<sup>1</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>Substituted for “ten” by Finance Act, 2026 dated June 26, 2026.

---

10. Any person who fails to furnish the information required by the Board through a notification issued under sub-section (5) of section 26. Such person shall pay a penalty <sup>26</sup> <sup>1</sup>[and Punishment] of ten thousand rupees.

<sup>2</sup>[

]

12. Any person who denies or obstructs the access of an authorized officer to the business premises, registered office or to any other place where records are kept, or otherwise refuses access to the stocks, accounts or records or fails to present the same when required under section 25, 38 <sup>3</sup>[, 38A or 40B]. Such person shall pay a penalty <sup>4</sup>[and <sup>25, 38</sup> <sup>3</sup>], Punishment] of twenty five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. <sup>5</sup>[Without prejudice to above, he shall also be liable,], upon conviction by a Special Judge, to imprisonment for a term <sup>6</sup>[which may extend to an amount equal to the amount of tax evaded or sought to be evaded], or with both. 38A and 40B]

<sup>1</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>S. No.11 omitted by Finance Act, 2025 in force from July 1, 2025. Before omission it read as follows:-

“11. Any person who,—

- (a) submits a false or forged document to any officer of <sup>2</sup>[Inland Revenue]; or <sup>3</sup>[Such person shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax evaded or sought to be evaded, whichever is higher. Without prejudice to the above, he shall also be liable, upon conviction by a Special Judge to imprisonment for a term which may extend to five years if the tax evaded or sought to be evaded is less than one billion, and which may extend to ten years if the tax evaded or sought to be evaded is one billion and above and fine which may extend to an amount equal to the amount of tax evaded or sought to be evaded, or with both.] <sup>2(37) and general.”</sup>
- (b) destroys, alters, mutilates or falsifies the records including a sales tax invoice; or
- (c) knowingly or fraudulently makes false statement, false declaration, false representation, false personification, gives any false information or issues or uses a document which is forged or false.

<sup>2</sup>Substituted for “sales tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010.

<sup>3</sup>Substituted for “Such person shall pay a penalty of twenty five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax involved, or with both.” by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>3</sup>Substituted for “or 38A” and “and 38A” respectively by Finance Act, 2009 dated June 30, 2009.

<sup>4</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>5</sup>Substituted for “He shall, further be liable” by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>6</sup>Substituted for “which may extend to five years, or with fine which may extend to an amount equal to the loss of tax involved” by Finance Act, 2024 w.e.f. 1 July, 2024.

- <sup>1</sup>[23. Any person who manufactures, possesses, transports, distributes, stores or sells <sup>1a</sup>[goods or class of goods as specified by the Board under subsection (1) of section 40C] with counterfeited tax stamps, banderoles, stickers, labels or barcodes or without tax stamps, banderoles, stickers, labels or barcodes
- (i) Such <sup>2</sup>[specified goods] shall be liable to outright confiscation <sup>3</sup>[as may be prescribed] <sup>4</sup>[ ]. Any person committing the offence shall pay a penalty <sup>5</sup>[and Punishment] of twenty-five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. <sup>6</sup>[Without prejudice to above, he shall also be liable,], upon conviction by a Special Judge, to simple imprisonment for a term which may extend to three years, or with additional fine <sup>7</sup>[which may extend to an amount equal to the amount of tax evaded or sought to be evaded], or with both.
- (ii) In case of transport of <sup>2</sup>[specified goods] with counterfeited tax stamps, banderoles, stickers, labels or barcodes, or without tax stamps, banderoles, stickers, labels or barcodes, permanent seizure of the vehicle used for transportation of nonconforming or counterfeit <sup>2</sup>[specified goods]; and
- (iii) In case of repeat sale of <sup>2</sup>[specified goods] without or with counterfeited, tax stamps, banderoles, stickers, labels or barcodes, the premises used for such sale <sup>8</sup>[shall be liable to be sealed by an officer of Inland Revenue in the manner as may be prescribed].

<sup>1</sup>S. No. 23 and entries relating thereto inserted by Finance Act 2017 dated June 20, 2017.

<sup>1a</sup>Substituted for "cigarette packs" by Finance Act, 2023 dated June 26, 2023.

<sup>2</sup>Substituted for "cigarette packs", "cigarette stock" & "cigarettes" respectively by Finance (Supplementary) Act 2022 dated January 15, 2022.

<sup>3</sup>Words inserted by Finance Act 2024 w.e.f. 1 July, 2024.

<sup>4</sup>Words "and destruction" omitted by Finance (Supplementary) Act 2022 dated January 15, 2022.

<sup>5</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>6</sup>Substituted for "He shall, further be liable" by Finance Act 2024 w.e.f. 1 July, 2024.

<sup>7</sup>Substituted for "which may extend to an amount equal to the loss of tax involved" by Finance Act 2024 w.e.f. 1 July, 2024.

<sup>8</sup>Substituted for "be sealed for a period not exceeding fifteen days" by Finance Act 2024 w.e.f. 1 July, 2024.

<sup>1</sup>[24. Any person, who is integrated for monitoring, tracking, reporting or recording of sales, production and similar business transactions with Board or its computerized system, conducts such transactions in a manner so as to avoid monitoring, tracking, reporting or recording of such transactions, or issues an invoice which does not carry the prescribed invoice number or barcode <sup>2</sup>[or QR code] or bears duplicate invoice number or counterfeit barcode <sup>2</sup>[or QR code or defaces the prescribed invoice number of barcode or QR code], or any person who abets commissioning of such offence.

Such person shall pay a penalty <sup>3</sup>[and Punishment] of five hundred thousand rupees or two hundred per cent of the amount of tax involved, whichever is higher. <sup>3a</sup>[Without prejudice to above, he shall also be liable,], upon conviction by a Special Judge, to simple imprisonment for a term which may extend to two years, or with additional fine which may extend to two million rupees, or with both.

<sup>3b</sup>[Notwithstanding above, the business premises of such person shall be liable to be sealed by an officer of Inland Revenue in the manner prescribed.]

Any person who abets commissioning of such offence, shall be liable, upon conviction by a Special Judge, to simple imprisonment for a term which may extend to one year, or with additional fine which may extend to two hundred thousand rupees, or with both.

<sup>4</sup>[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.]

sub-section (9A) of section 3 and section 40C

<sup>5</sup>/ / and section 40C

<sup>1</sup>S. No. 24 to 27 and entries relating thereto inserted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was inserted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>2</sup>Words inserted by Finance Act, 2022 dated June 30, 2022.

<sup>3</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>3a</sup>Substituted for "He shall, further be liable" by Finance Act 2024 w.e.f. 1 July, 2024.

<sup>3b</sup>Words inserted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>3</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>4</sup>S. No. 25 and entries relating thereto substituted by Finance Act, 2026 dated June 26, 2026.

<sup>5</sup>Words "sub-section (9A) of section 3" omitted by Finance Act, 2022 dated June 30, 2022. Earlier it was omitted by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021.

---

**S. 25.**-Before substitution it read as follows:-

“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 the Act, and if registered, fails to integrate in the manner as required under law.

Such person shall be liable to pay a penalty <sup>3</sup>[and Punishment] up to one million rupees, and if continues to commit the same offence after a period of <sup>4</sup>[two] months after imposition of penalty <sup>3</sup>[and Punishment] as aforesaid, his business premises <sup>5</sup>[shall be liable to be sealed by an officer of Inland Revenue in the manner as may be prescribed.”

<sup>3</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>4</sup>Substituted for “six” by Finance Act, 2020 dated June 30, 2020.

<sup>5</sup>Substituted for “shall be sealed 'till such time he integrates his business in the manner as stipulated under <sup>2</sup>/section 40C/” by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>1</sup>Substituted for “and an embargo shall be placed on his sales” by Finance Act, 2020 dated June 30, 2020.

<sup>2</sup>Substituted for “sub-section (9A) of section 3 or section 40C, as the case may be” by Finance Act, 2022 dated June 30, 2022. Earlier it was substituted by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021.

<sup>1</sup>[25A. A person required to integrate his business as stipulated under <sup>2</sup>[section 23], <sup>3</sup>[or sub-section (4) of section 40C,] who fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under the law and rules made thereunder <sup>4</sup>[or fails to issue electronic invoices after integration].

Such person shall be liable to pay:

- (i) penalty <sup>4</sup>[and Punishment] of five hundred thousand rupees for first default;
- (ii) penalty <sup>4</sup>[and Punishment] of one million rupees for second default after fifteen days of order for first default;
- (iii) penalty <sup>4</sup>[and Punishment] of two million rupees for third default after fifteen days of order for second default;
- (iv) penalty <sup>4</sup>[and Punishment] of three million rupees for fourth default after fifteen days of order for third default:

<sup>2</sup>[section 23]  
<sup>3</sup>[and sub-section (4) of section 40C]

Notwithstanding above, the business premises of such person shall be liable to be sealed by an officer of Inland Revenue in the manner prescribed:

Provided that if the retailer integrates his business with the Board's Computerized System before imposition of penalty <sup>4</sup>[and Punishment] for second default, penalty <sup>4</sup>[and Punishment] for first default shall be waived by the Commissioner.

<sup>1</sup>S. No. 25A and entries relating thereto substituted by Finance Act, 2022 dated June 2022. Earlier it was inserted by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021. Before substitution it read as follows:-

"25A. A person required to integrate his business as stipulated under sub-section (9A) of section 3, who fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under the law and rules made thereunder.

Such person shall be liable to pay-

- (i) penalty of five hundred thousand rupees for first default;
- (ii) penalty of one million rupees for second default after fifteen days of order for first default;
- (iii) penalty of two million rupees for third default after fifteen days of order for second default;
- (iv) penalty of three million rupees for fourth default after fifteen days of order for third default:

Sub-section (9A) of section 3"

<sup>1</sup>[Notwithstanding above, the business premises of such person shall be liable to be sealed by an officer of Inland Revenue in the manner prescribed.]

Provided <sup>2</sup>[ ] that if the retailer integrates his business with the Board's computerized system before imposition of penalty for second default, penalty for first default shall be waived by the Commissioner.

<sup>1</sup>Proviso substituted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Before substitution it read as follows:-

"Provided that if such person fails to integrate his business within fifteen days of imposition of penalty for fourth default, his business premises shall be sealed till such time he integrates his business in the manner as stipulated under sub-section (9A) of section 3."

<sup>2</sup>Word "further" omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>2</sup>Substituted for "Sub-section (9A) of section 3" by Finance Act, 2025 in force from July 1, 2025.

<sup>3</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>4</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

|                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <sup>1</sup> [25AA. Any licensed integrator who is authorized to provide electronic invoicing system for integration of registered persons fails to integrate such registered persons in the manner as required under this Act and rules made thereunder. | Such person shall be liable to pay penalty <sup>2</sup> [and Punishment] of rupees (5) of one million or one percent of the total value of the sales suppressed, 40C.] whichever is higher.                                                                                                                                                                                                                                                                                                                                                    |
| <sup>3</sup> [25B. Where any person fails to generate an e-bilty, or tampers with, misuses, or forges such document in contravention of sub-section (6) of section 40C.                                                                                   | Such person shall be liable to pay sub-section penalty of fifty thousand rupees and (6) of 40C.] recovery of any tax evaded through such contravention                                                                                                                                                                                                                                                                                                                                                                                         |
| 26. Any person, being a manufacturer or importer of an item which is subject to tax on the basis of retail price, who fails to print the retail price in the manner as stipulated under the Act.                                                          | Such person shall pay a penalty <sup>2</sup> [and sub-Punishment] of ten thousand rupees or section (27) of five per cent of the amount of tax involved, section 2 whichever is higher. and clause (a) of sub-section (2) of section 3. Further, such goods shall also be liable to confiscation <sup>3</sup> [as may be prescribed]. However, the adjudication authority, after such confiscation, may allow redemption of such goods on payment of fine which shall not be less than twenty percent of the total retail price of such goods. |

---

<sup>1</sup>S. No. 25AA inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>2</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>3</sup>Sr. No. 25B and related entries inserted by Finance Act, 2025 in force from July 1, 2025.

27. Any person, being owner of the goods, which are brought to Pakistan in violation of section 40D. Such person shall pay a penalty <sup>1</sup>[and section Punishment] of ten thousand rupees or five 40D] per cent of the amount of tax involved, whichever is higher:

Further, such goods shall also be liable to confiscation <sup>2</sup>[as may be prescribed]. However, the adjudication authority, after such confiscation, may allow redemption of such goods, on payment of fine which shall not be less than twenty percent of value, or retail price in case of items falling in the Third Schedule, of such goods.

<sup>3</sup>[28. Any person who is required to share information under section 56AB, fails to do so in the manner as required under the law Such person shall pay a penalty <sup>1</sup>[and 56AB.] Punishment] of twenty five thousand rupees for first default and fifty thousand rupees for each subsequent default

<sup>4</sup>[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. (i) Such person shall pay a penalty equal to 2(37)] the face value of the simulated or fictitious invoice or invoices.

(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.

(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.

<sup>1</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>3</sup>S. No. 28 and entries relating thereto inserted by Finance Act, 2020 dated June 30, 2020.

<sup>4</sup>S. Nos. 29 to 31 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

(iv) Listing on the register shall be removed upon full payment of the penalty and default surcharge, and upon satisfactory demonstration of compliance.

<sup>1</sup>[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 7, 8A per cent of the unmatched input tax amount, in addition to reversal of the inadmissible credit and payment of default surcharge under section 34.

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 7, 8A, per cent of the unreversed input tax 33 (S. credit, in addition to the reversal of such No. credit and default surcharge under 29)] section 34.

<sup>2</sup>[ ]

<sup>1</sup>S. Nos. 29 to 31 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Section 33A omitted by Finance Act, 2022 dated June 30, 2022. Earlier it was inserted by Finance Act 2019 dated June 30, 2019. Before omission it read as follows:-

**“33A. Proceedings against authority and persons.-** (1) Subject to section 51, the Board shall prescribe rules for initiating criminal proceedings against any authority mentioned in sections 30 to 30DDD, including any officer or official subordinate to the aforesaid authority, who willfully and deliberately commits or omits an act which results in undue benefit or advantage to the authority or the officer or official or to any other person.

(2) Where proceedings under sub-section (1) have been initiated against the authority or officer or official, the Board shall simultaneously intimate the relevant Government agency to initiate criminal proceedings against the person referred to in sub-section (1).

(3) The proceedings under this section shall be without prejudice to any other liability that the authority or officer or official or the person may incur under any other law for the time being in force.”

<sup>1</sup>**[34. Default surcharge.]**– (1) Notwithstanding the provisions of section 11, if a registered person does not pay the tax due or any part thereof, whether wilfully or otherwise, in time or in the manner specified under this Act, rules or notifications issued thereunder or claims a tax credit, refund or makes an adjustment which is not admissible to him, or incorrectly applies the rate of zero *per cent* to supplies made by him, he shall, in addition to the tax due, pay default surcharge at the rate mentioned below:–

<sup>1</sup>Section 34 substituted by Finance Act 2005 dated June 29, 2005. It was earlier substituted by Finance Act 1996 dated July 1 1996.

**S. 34-Substitution.**– Before substitution by Finance Act 2005, it read as follows:–

**“34. Additional Tax.**– <sup>1</sup>[(1) Notwithstanding the provisions of section 11, if a registered person or enrolled person does not pay the tax due or any part thereof in time or in the manner specified under this Act, rules or notification issued thereunder or claims a tax credit, refund or makes an adjustment, which is not admissible to him, or incorrectly applies the rate of zero per cent to supplies made by him, he shall, in addition to the tax due, and the prescribed penalties, pay additional tax at the rate of <sup>2</sup>[one] per cent of the tax due per month or any part thereof.]

(2) For the purpose of calculation of additional tax,–

- (a) in the case of inadmissible input tax credit or refund, the period of default shall be reckoned from the date of adjustment of such credit or, as the case be, refund is received; and
- (a) in the case of non-payment of tax or part thereof, the period of default shall be reckoned from the <sup>3</sup>[16th] day of a month (following the due date of the tax period to which the default relates) to the day preceding the date on which the tax due is actually paid.

<sup>4</sup>[ ]

<sup>5</sup>**[Explanation.]**– For the purpose of this section tax due does not include the amount of penalty.]

<sup>1</sup>Sub-section (1) substituted by Finance Act, 1997, dated July 1, 1997.

<sup>2</sup>Substituted for “two” by Finance Act, 2003, dated June 17, 2003. Earlier “two” was substituted for “one and a half” by Tax Laws (Amendment) Ordinance, 2001, dated March 15, 2001, and “one and a half” was substituted for “five” by Finance Ordinance, 2000, dated June 19, 2000.

<sup>3</sup>Substituted for “21st” by Sales Tax (Amendment) Act, 1999, dated March 30, 1999 which came into force from the first day of December, 1998. Earlier the same amendment was made by Sales Tax (Second Amendment) Ordinance, 1998, dated December 1, 1998, with effect from December 1, 1998.

<sup>4</sup>Explanation omitted by Finance Ordinance, 2000, dated June 19, 2000.

<sup>5</sup>Explanation inserted by Sales Tax (Amendment) Ordinance, 2001, dated February 7, 2001.

Before substitution by Finance Act, 1997, sub-section (1) read as follows:–

“(1) Notwithstanding the provisions of section 11, if a registered person does not pay the tax or part thereof within the time specified in section 6 or claims a tax credit or refund which is not admissible to him, or incorrectly applies the rate of zero percent to supplies made by him, he shall, in addition to the tax due, pay additional tax at the following rates, namely:–

- (a) five per cent of the tax due per month or any part thereof during the first three months; <sup>1</sup>[and]
- (b) two per cent of the tax due per month or any part thereof for the succeeding periods.”

<sup>1</sup>Substituted for “or” by Finance Supplementary (Amendment) Act, 1997, dated April 14, 1997, w.e.f. March 28, 1997 by virtue of declaration under section 3 of the Provisional Collection of Taxes Act, 1931 made with Bill No. 1 of 1997, introduced in the National Assembly on March 28, 1997. Earlier this amendment was made by Sales Tax (Second Amendment) Ordinance, 1996, dated November 2, 1996.

<sup>1</sup>[ ]

<sup>2</sup>**[40. Searches under warrant.]**— (1) Where any officer of <sup>3</sup>[Inland Revenue] has reason to believe that any documents or things which in his opinion, may be useful for, or relevant to, any proceedings under this Act are kept in any place, he may after obtaining a warrant from the magistrate, enter that place and cause a search to be made at any time.

(2) The search made under sub-section (1) shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).]

<sup>4</sup>[ ]

<sup>1</sup>Section 39 omitted by Finance Act, 1996 dated July 1, 1996.

<sup>2</sup>Section 40 substituted by Finance Act, 2004, dated June 24, 2004.

<sup>3</sup>Substituted for “Sales Tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Section 40A omitted by Finance Act, 2006 dated July 01, 2006. It was inserted by Finance Act, 1994 dated June 30, 1994.

**S. 39-Omission.**—Before omission by Finance Act, 1996, it read as follows:—

**“39. Seizure of goods liable to confiscation.**— Any officer of Sales Tax empowered by the <sup>1</sup>[Board or] Collector in this behalf may seize any goods liable to confiscation and any documents or things which in his opinion will be useful as evidence in any proceeding under this Act and where it is not practicable to seize any such goods or things, he may serve on the owner of the goods or any person holding them in his possession or charge an order that he shall not remove, part with, change or otherwise deal with the goods except with the prior permission of such officer.”

<sup>1</sup>Words inserted by Finance Act, 1992, dated July 1, 1992.

**S. 40-Substitution.**— Before substitution by Finance Act, 2004, it read as follows:—

**“40. Searches how to be made.**— All searches made under this Act or the rules made thereunder shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).”

Following is an extract from ‘Notes on Clauses’ of Finance Bill, 2004:—

“Seeks to provide for search under warrant.”

**S. 40A** before omission by Finance Act, 2006, read as follows:—

<sup>1</sup>**[40A. Search without warrant.]** (1) Notwithstanding the provisions of section 40, where any officer of Sales Tax not below the rank of an Assistant Collector of Sales Tax has reasons to believe that <sup>2</sup>[ ] any documents or things which, in his opinion, may be useful for, or relevant to, any proceeding under this Act are concealed or kept in any place and that there is a danger that they be removed before a search can be effected under section 40, he may, after preparing a statement in writing of the grounds of his belief for which search is to be made, search or cause search to be made <sup>3</sup>[in his presence] for such <sup>4</sup>[ ] documents or things in that place.

(2) Any officer or person who makes a search or causes a search to be made under sub-section (1) shall leave a signed copy of the statement referred to in that section in or about the place searched and shall, at the time the search is made or as soon as is practicable thereafter, deliver a signed copy of such statement to the occupier of the place at his last known address.

(3) No suit, prosecution or other legal proceedings shall be instituted, except with the previous sanction in writing of the Federal Government against any person in respect of anything done or purporting to be done in respect of exercise of any powers conferred by sub-section (1) or sub-section (2).”

<sup>1</sup>Substituted for “40A” by Finance Act, 1996, dated July 1, 1996.

<sup>2</sup>Words “any goods liable to confiscation or” omitted by Sales Tax (Amendment) Ordinance, 2001, February 7, 2001.

<sup>4</sup>Words inserted by Finance Act, 2005, dated June 29, 2005.

<sup>5</sup>Word and comma “goods,” omitted by Sales Tax (Amendment) Ordinance, 2001, February 7, 2001.

<sup>1</sup>[40B. Posting of <sup>2</sup>[Inland Revenue] Officer.— Subject to such conditions and restrictions, as deemed fit to impose, the <sup>3</sup>[Board] <sup>4</sup>[ ], may post Officer of <sup>2</sup>[Inland Revenue] to the premises of registered person or class of such persons to monitor production, sale of taxable goods and the stock position <sup>5</sup>[.]

<sup>6</sup>[ ]

<sup>7</sup>[40C. Monitoring or tracking by electronic or other means.—  
(1) Subject to such conditions, restrictions and procedures, as deemed fit to impose or specify any registered person or class of registered persons or any good or class of goods in respect of which monitoring or tracking of production, sales, clearances, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.

<sup>1</sup>S. 40B inserted by Finance Act, 2003. Earlier a different section 40B was omitted by Finance Act, 1996 dated July 1, 1996, which was inserted by Finance Act, 1995 dated July 2, 1995.

<sup>2</sup>Substituted for “Sales Tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>3</sup>Substituted for “Central Board of Revenue” by Finance Act, 2007 dated June 30, 2007.

<sup>4</sup>Words “or Chief Commissioner” omitted by Finance Act, 2018 dated May 23, 2018. Earlier it was inserted by Finance Act, 2013 dated June 29, 2013, effective from June 13, 2013.

<sup>5</sup>Substituted for colon by Finance Act, 2018 dated May 23, 2018.

<sup>6</sup>Proviso and Explanation omitted by Finance Act, 2018 dated May 23, 2018.

<sup>7</sup>S. 40C inserted by Finance Act, 2013 dated June 29, 2013.

**S. 40B-Omission.**— Before omission by Finance Act, 1996, section 40B read as follows:—

**“40B. Power to stop and search conveyances.**— (1) Where the Sales Tax Officer has reason to believe that within the territories of Pakistan, including territorial waters, any conveyance has been, is being, or is about to be, used in the removal of any taxable goods or in the carriage of any illegal removal of taxable goods, he may, at any time, stop any such conveyance and—

- (a) rummage and search any part of the conveyance;
- (b) examine and search any goods thereon; and
- (c) break open the lock of any door, fixture or package for making search.

(2) Where in the circumstances referred to in sub-section (1), it becomes necessary to stop any conveyance, the Sales Tax Officer may use or cause to be used all lawful means for stopping it or preventing its escape including, if all other means fail, firing upon it.”

**S. 40B-Pro & Explanation-Omission.**— Before omission by F. Act, 2018, these read as follows:—

“Provided that if a <sup>1</sup>[Commissioner], on the basis of material evidence, has reason to believe that a registered person is involved in evasion of sales tax or tax fraud, he may, by recording the reason in writing, post an Officer of <sup>2</sup>[Inland Revenue] to the premises of such registered person to monitor production or sale of taxable goods and the stocks position.”

<sup>1</sup>Substituted for “Collector” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>2</sup>Substituted for “Sales Tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

**“Explanation.**—For the removal of doubt, it is declared that the powers of the Board, Chief Commissioner and Commissioner under this section are independent of the provisions of section 40.”

<sup>1</sup>Explanation inserted by Finance Act, 2014 dated June 26, 2014.

<sup>1</sup>[(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.]

<sup>2</sup>[(4) Notwithstanding anything contained in this Act or any other law for the time being in force, the provisions of section 83C of the Customs Act, 1969 (IV of 1969) shall *mutatis mutandis* apply.]

<sup>3</sup>[ ]

<sup>4</sup>[(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.]

<sup>1</sup>S. 40C(2) & (3) substituted by Finance Act, 2026 dated June 26, 2026. Earlier sub-section (3) was inserted by Finance Act, 2015 dated June 30, 2015.

<sup>2</sup>Sub-section (4) substituted by Finance Act, 2025 in force from July 1, 2025. Earlier sub-sections (4) & (5) were inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>3</sup>Sub-section (5) omitted by Finance Act, 2025 in force from July 1, 2025. Earlier sub-sections (4) & (5) were inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>4</sup>S. 40C(6) inserted by Finance Act, 2026 dated June 26, 2026.

**S. 40C(2)&(3)-Substitution.**— Before substitution by F. Act, 2026, these read as follows:—

“(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 without affixing tax stamp, banderole, stickers, labels, <sup>1</sup>[bar codes,] <sup>2</sup>[production monitoring, video analytics,] etc. in any such form, style and manner as may be prescribed by the Board in this behalf.”

<sup>1</sup>Word inserted by Finance Act, 2015 dated June 30, 2015.

<sup>2</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

“(3) Such tax stamps, banderoles, stickers, labels, barcodes <sup>1</sup>[, monitoring equipment] *etc.*, shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.”

<sup>1</sup>Word inserted by Finance Act, 2025 in force from July 1, 2025.

**S. 40C(4)-Substitution.**— Before substitution by F. Act, 2025, it read as follows:—

“(4) Notwithstanding anything contained in this Act, the Board through notification in the official Gazette, may require any person or class of persons to integrate their electronic invoicing system with the Board's Computerized System for real time reporting of sales in such mode and manner and from such date as may be specified therein; and”

**S. 40C(5)-Omission.**— Before omission by F. Act, 2025, it read as follows:—

“(5) Licensed integrator shall integrate electronic invoicing system of registered persons referred to in sub-section (4) in such mode and manner as may be prescribed.”

<sup>1</sup>[**40D. Provisions relating to goods supplied from tax-exempt areas.**- (1) The conveyances carrying goods supplied from the tax-exempt areas, shall be accompanied by such documents in respect of the goods carried as may be prescribed under rules.

(2) The Regional Tax Office having jurisdiction may establish check-posts on the routes originating from tax-exempt areas for the purpose of examining the goods carried and the documents related thereto. An officer not below the rank of Inspector, Inland Revenue, as authorized by the Commissioner, Inland Revenue, and assigned to such check-posts, may stop vehicles on such routes as coming from tax-exempt areas and examine documents for ascertaining their validity and conformity to the goods carried.

(3) In the absence of the prescribed documents or any discrepancy in such documents, the goods so carried shall be seized along with the vehicle carrying the goods by the officer as aforesaid under proper acknowledgment.

(4) The notices to the owner of the goods and the vehicle to show cause against imposition of penalty shall be issued within fifteen days of the seizure as aforesaid.

(5) For the purposes of this section, the expression “tax-exempt areas” means Azad Jammu and Kashmir, Gilgit-Baltistan, <sup>2</sup>[Border Sustenance Markets and] Tribal Areas as defined in Article 246 of the Constitution of the Islamic Republic of Pakistan and such other areas as may be prescribed.”

<sup>3</sup>[**40E. Licensing of brand name.**- (1) Manufacturers of the specified goods shall be required to obtain brand licence for each brand or stock keeping unit (SKU) in such manner as may be prescribed by the Board.

(2) Any specified brand and SKU found to be sold without obtaining a licence from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction in the prescribed manner and such destruction and confiscation shall be without prejudice to any other penal action which may be taken under this Act.]

---

<sup>1</sup>S. 40D inserted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was inserted Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>2</sup>Words inserted by Finance Act, 2021 dated June 30, 2021.

<sup>3</sup>S. 40E inserted by Finance Act, 2021 dated June 30, 2021.

---

<sup>1</sup>[**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.]

---

<sup>1</sup>S. 40F inserted by Finance Act, 2026 dated June 26, 2026.

**Border sustenance markets.**— Following is an extract from Circular No. 2 of 2021 explaining the amendment by F. Act 2021:-

“Border Sustenance Markets have been included in the tax exempt areas and accordingly supplies made from such areas to the taxable areas shall be chargeable to sales tax.”

**Stock keeping unit.**— Following is an extract from Circular No. 2 of 2021 explaining the amendment by F. Act 2021:-

“New section has been added in both STA and FEA making it mandatory for manufacturers of the specified goods to obtain brand license for each separate brand or stock keeping unit (SKU) produced by them.”

<sup>1</sup>[ ]<sup>1</sup>Ss. 41 & 42 omitted by Finance Act, 1996, dated July 1, 1996.**S. 41-Omission.**— Before omission by Finance Act, 1996, section 41 read as follows:—

**“41. Goods seized how dealt with.**— (1) All goods seized under section 39 <sup>1</sup>[may] be given in the custody of the owner to be kept at a safe place, and the owner shall be responsible for the safe custody of the said goods:

*Provided* that if the owner refuses to take custody of the goods, the same shall be deposited in a State warehouse appointed by the Collector for this purpose.

(2) When any goods liable to confiscation under this Act are seized under section 39, the Collector or any other officer authorised by him in this behalf may, notwithstanding that the case is pending adjudication under sections 43, 45 or 46 or a proceeding in any court, cause the goods to be sold and have the proceeds kept in deposit pending adjudication of the case or the final judgment by the court.

(3) If on final adjudication of the case, the goods sold under sub-section (2) are found not liable to confiscation, the sales proceeds after necessary deduction of taxes or dues leviable, thereon shall be paid to the owner in the prescribed manner.”

<sup>1</sup>Substituted for “shall” by Finance Act, 1992, dated July 1, 1992.**S. 42-Omission.**— Before omission by Finance Act, 1996, section 42 read as follows:—

**“42. Disposal of confiscated goods.**— Goods confiscated under this Act, shall be disposed of in such manner as may be prescribed.”

<sup>1</sup>[ ]

<sup>2</sup>[(5) The Commissioner (Appeals) shall not admit any documentary material or evidence which was not produced before the Officer Inland Revenue unless the Commissioner (Appeals) is satisfied that the appellant was prevented by sufficient cause from producing such material or evidence before the Officer Inland Revenue.]

<sup>3</sup>[**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.]

**46. Appeals to Appellate Tribunal.**– <sup>3</sup>[(1) Any person including an officer of inland revenue not below the rank of Additional Commissioner aggrieved by an order of the Commissioner (Appeals) under this Act or the rules made thereunder; or any person other than SOE aggrieved by an order passed by officer of inland revenue when second proviso to section 45B applies, may within thirty days of the receipt of such order, prefer an appeal to the Appellate Tribunal:

<sup>1</sup>Sub-section (4) omitted by Finance Act 2006 dated July 01, 2006.

<sup>2</sup>Sub-section (5) inserted by Finance Act 2020 dated June 30, 2020.

<sup>3</sup>S. 45C inserted by Finance Act 2026 dated June 26, 2026.

<sup>3</sup>Section 46(1) substituted by Finance Act, 2025 in force from July 1, 2025. Earlier it was substituted by Tax Laws (Amendment) Act, 2024 dated May 03, 2024, it was substituted by Finance Act, 2008 dated June 27, 2008.

**S. 46(1)-Substitution.**– Before substitution by F. Act, 2025, it read as follows:-

“(1) Subject to section 43A, any person, other than an SOE, aggrieved by any order <sup>1</sup>[, excluding the order of suspension or blacklisting under sub-section (2) of section 21,] passed by an officer of Inland Revenue, or the Board or Commissioner (Appeals) under this Act or the rules made there under may, within thirty days of the receipt of such order, prefer an appeal to the Appellate Tribunal or, as the case may be, a reference to the High Court:

Provided that where sub-section (11) of section 134A of Income Tax Ordinance, 2001(XLIX of 2001) shall apply, an SOE may prefer an appeal under this sub-section.”

<sup>1</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

**S. 46(1)-Substitution.**– Before substitution by Tax Laws (Amendment) Act, 2024, it read as follows:-

“(1) Any person including an officer of <sup>2</sup>[Inland Revenue] not below the rank of an Additional <sup>3</sup>[Commissioner], aggrieved by any order passed by–

- (a) the <sup>4</sup>[Commissioner Inland Revenue] (Appeals) under section 45B,
- (b) the <sup>4</sup>[Commissioner Inland Revenue] through adjudication or under any of the provisions of this Act or rules made thereunder,
- (c) the Board under section 45A,

may, within sixty days of the receipt of such decision or order, prefer appeal to the Appellate Tribunal.”

<sup>2</sup>Substituted for “Sales Tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>3</sup>Substituted for “Collector” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Substituted for “Collector Sales Tax” by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

Provided that where sub-section (11) of section 134A of Income Tax Ordinance, 2001 (XLIX of 2001) shall apply, an SOE may prefer an appeal under this sub-section.]

<sup>1</sup>[(2)The Appellate Tribunal may admit, hear and dispose of the appeal as per procedure laid down in sections <sup>2</sup>[131 and 132 of the Income Tax Ordinance, 2001 (XLIX of 2001)], and rules made thereunder.]

<sup>3&4</sup>[ ]

<sup>1</sup>Sub-section (2) substituted by Finance Act, 2009 dated June 30, 2009.

<sup>2</sup>Substituted for "194A, 194B, 194C of the Customs Act, 1969 (IV of 1969)" by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amend.) Ord, 2009 dated October 28, 2009.

<sup>3</sup>Sub-section (2A) omitted by Tax Laws (Amendment) Act, 2024 dated May 03, 2024. Earlier it was inserted by Finance Act, 2010 dated June 30, 2010 and this shall take effect and shall be deemed to have taken effect from June 05, 2010. This amendment was earlier made by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Sub-sections (3) to (9) omitted by Finance Act, 2009 dated June 30, 2009.

**S. 46(2A)-Omission.**—Before omission by Tax Laws (Amendment) Act, 2024, it read as follows:-

"(2A) All appeals and proceedings under this Act pending before the Customs, Excise and Sales Tax Appellate Tribunal constituted under section 194 of the Customs Act 1969 (IV of 1969) shall stand transferred to the Appellate Tribunal constituted under section 130 of the Income Tax Ordinance 2001 (XLIX of 2001) with effect from the 28<sup>th</sup> day of October, 2009."

**S. 46(3) to (9)-Omission.**— Before omission by F. Act, 2009, these read as follows:-

"(3) The appeal shall be accompanied by a <sup>1</sup>[fee of <sup>2</sup>/one thousand/ rupees paid in such manner as the Board may prescribe].

(4) The Appellate Tribunal, after giving the parties to the appeal, an opportunity of being heard may pass such orders in relation to the matter before it as it thinks fit <sup>3</sup>[:]

<sup>4</sup>[Provided that when any such order amounts to an interim order staying the recovery of tax, such order shall cease to have effect on the expiration of a period of six months following the day on which it is made unless the case is finally decided, or the interim order is withdrawn by the Tribunal earlier <sup>5</sup>/:]

<sup>1</sup>Substituted for "fee of one hundred rupees" by Finance Act, 1999, dated June 30, 1999.

<sup>2</sup>Substituted for "seven hundred and fifty" by Finance Ordinance, 2002, dated June 15, 2002. Earlier "seven hundred and fifty" was substituted for "one thousand" by Finance Ordinance, 2001, dated June 18, 2001.

<sup>3</sup>Colon substituted for full stop by Tax Laws (Amendment) Ordinance, 1999 dated December 17, 1999.

<sup>4</sup>Proviso inserted by Tax Laws (Amendment) Ordinance, 1999 dated December 17, 1999.

<sup>5</sup>Substituted for full stop and thereafter proviso inserted by Finance Act, 2003, dated June 17, 2003.

<sup>1</sup>[Provided further that such interim order or orders, as the case may be, shall cease to have effect on the expiration of a total period of six months following the day on which the first interim order is made, unless the case is finally decided, or the interim order is withdrawn by the Appellate Tribunal earlier.]

(5) The Appellate Tribunal shall send a copy of its order disposing the appeal to the appellant and to the <sup>2</sup>[the concerned officer of Sales Tax].

<sup>3</sup>[(6) All appeals relating to the Sales Tax Act, 1951, pending before the Income Tax Appellate Tribunal at the commencement of the Finance Act, 1997 shall stand transferred for disposal to the Appellate Tribunal.]

<sup>4</sup>[(7) Order under this section shall be passed within <sup>5</sup>[eight] months of filing of appeal.]

<sup>6</sup>[(8) Subject to the provisions of this Act or any other law for the time being in force, the Appellate Tribunal shall have power to regulate its own procedure and the procedure of the Benches thereof in all matters arising out of the exercise of its powers or of the discharge of its functions, including the places at which the Benches shall hold their sittings.]

<sup>1</sup>Substituted for full stop and thereafter proviso inserted by Finance Act, 2003, dated June 17, 2003.

<sup>2</sup>Substituted for "Collector of Sales Tax or by Collector of Sales Tax (Appeals), as the case may be" by Finance Ordinance, 2000, dated June 19, 2000.

<sup>3</sup>Sub-section (6) inserted by Finance Act, 1997, dated July 1, 1997.

<sup>4</sup>Sub-section (7) substituted by Finance Act 2005, dated June 29, 2005. Earlier it was inserted by Finance Ordinance, 2000, dated June 19, 2000.

<sup>5</sup>Substituted for "six" by Finance Act, 2008 dated June 27, 2008.

<sup>6</sup>Sub-section (8) inserted by Finance Ordinance, 2001, dated June 18, 2001.

<sup>1</sup>[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.]

---

<sup>1</sup>Ss. 47AA & 47AAA inserted by Finance Act, 2026 dated June 26, 2026.

<sup>1</sup>[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.

---

<sup>1</sup>Ss. 47AA & 47AAA inserted by Finance Act, 2026 dated June 26, 2026.

(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.]

<sup>1</sup>[**47AB. Saving.**— The period of limitation provided in clause (c) of sub-section (1) of section 46 and sub-section (1) of section 47 shall continue to apply where any decision of the commissioner (Appeals) or the Appellate Tribunal is received prior to the date of commencement of the Tax Laws (Amendment) Act, 2024 (V of 2024).]

<sup>2</sup>[ ]

---

<sup>1</sup>S. 47AB inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>2</sup>Chapter VIII-A 'Settlement of Cases' containing Ss. 47A to 47K omitted by Finance Ordinance, 2000, dated June 19, 2000. Earlier it was inserted by Finance Act, 1996, dated July 1, 1996.

---

***(Pages 140 to 148 omitted due to updating)***

|                  |                                                                                                                                                                                                                                                      |                                                         |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|
| 54.              | Import of chocolates sold in retail packing                                                                                                                                                                                                          | 1704.9010, 1806.2090, 1806.3100, 1806.3200, 1806.9000   |
| 55.              | Import of cereal bars sold in retail packing                                                                                                                                                                                                         | 1904.1010, 1904.1090, 1904.2000, 1904.3000, 1904.9000.] |
| <sup>1</sup> [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                                              |

---

<sup>1</sup>Serial No. 56 to 75 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

- |     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                     |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 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               |

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.]

---

<sup>1</sup>Serial No. 56 to 75 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

|                                       |                      |
|---------------------------------------|----------------------|
| <sup>1</sup> [                        | ]                    |
| <sup>2</sup> [                        | ]                    |
| <sup>1</sup> [                        | ]                    |
| <sup>3</sup> [27A Wheat and rice bran | Respective headings] |
| <sup>4</sup> [                        | ]                    |
| <sup>1</sup> [                        | ]                    |
| <sup>5</sup> [                        | ]                    |

<sup>1</sup>Serial Nos. 24, 26, 27, 29, 29C and entries relating thereto omitted by Finance Act, 2021 dated June 30, 2021.

<sup>2</sup>S. No. 25 and entries relating thereto omitted by Finance Act, 2013 dated June 29, 2013, effective from June 13, 2013. Earlier headings substituted for "19.01," by Finance Act, 2007 dated June 30, 2007.

<sup>3</sup>S. No. 27A and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>S. No. 28 and entries relating thereto omitted by Finance Act, 2015 dated June 30, 2015.

<sup>5</sup>Serial Nos. 29A & 29B omitted by Finance Act, 2011 dated June 30, 2011. Earlier S.Nos. 29A to 29C and related entries was inserted by Finance Act, 2007 dated June 30, 2007.

**S. Nos. 24, 26, 27-Omission.**— Before omission these read as follows:-

|                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "24. Edible oils and vegetable ghee, including cooking oil, on which Federal Excise Duty is charged, levied and collected <sup>1</sup> [by a registered manufacturer or importer] as if it were a tax payable under section 3 of the Act. | 1507.9000, 1508.9000, 1509.1000, 1509.9000, 1510.0000, <sup>2</sup> [1511.1000,] <sup>3</sup> [ ] 1511.9020, 1511.9030, 1512.1900, 1513.1900, 1513.2900, 1514.1900, 1514.9900, 1515.2900, 1515.5000, 1516.2010, 1516.2020, <sup>3</sup> [ ] <sup>4</sup> [1517.1000], 1517.9000 and 1518.0000" |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

<sup>6</sup>[Explanation.- Exemption of this entry shall not be available <sup>6</sup>[on local supplies made by importers,] distributors, wholesalers or retailers,]"

<sup>1</sup>Words inserted by Finance Act, 2007 dated June 30, 2007.

<sup>2</sup>Inserted by Finance Act, 2014 dated June 26, 2014.

<sup>3</sup>Sub-headings "1511.9010, and 1517.1000" omitted by Finance Act, 2007 dated June 30, 2007.

<sup>4</sup>Inserted by Finance Act, 2008 dated June 27, 2008.

<sup>5</sup>Explanation inserted by Finance Act, 2007 dated June 30, 2007.

<sup>6</sup>Substituted for "to" Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

|                                                                                                                  |                                                                                                                                                                                          |
|------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "26. Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged. | 2009.1100, 2009.1200, 2009.1900, 2009.2100, 2009.2900, 2009.3100, 2009.3900, 2009.4100, 2009.4900, 2009.5000, 2009.6100, 2009.6900, 2009.7100, 2009.7900, <sup>1</sup> [ ] and 2009.9000 |
| 27. Ice and waters excluding those for sale under brand names or trademarks."                                    | 2201.1010"                                                                                                                                                                               |

<sup>1</sup>Heading "2009.8000" omitted by Finance Act, 2017 dated June 20, 2017.

|                                                               |                                                                                                                                                                  |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "28 Poultry feed and its ingredients excluding soyabean meal. | 2301.2090, 2306.4100, <sup>1</sup> [2309.9010, 2309.9020, 2309.9090, 2936.2100, 2936.2200, 2936.2300, 2936.2400, 2936.2500, 2936.2600, 2936.2700 and 2936.2800]" |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|

<sup>1</sup>Substituted for "2306.7000, 2309.9000 and respective headings of 29.36" by Finance Act, 2007 dated June 30, 2007.

|                                                                                                                  |            |
|------------------------------------------------------------------------------------------------------------------|------------|
| "29. Table salt including iodized salt excluding salt sold in retail packing bearing brand names and trademarks. | 2501.0010" |
|------------------------------------------------------------------------------------------------------------------|------------|

|                     |            |
|---------------------|------------|
| "29C. Glass bangles | 7020.0090" |
|---------------------|------------|

**Withdrawal of exemptions.**— Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"In pursuance of rationalizing and streamlining policy, certain exemptions under Table 1 of Sixth Schedule have either been withdrawn or shifted to Table 2 for the purpose of broadening of tax base and enhancing revenue, while retaining only those exemptions which are related to basic food items, health and education."

**Intermediary goods, 'Naphtha' taxable.**— See CBR's letter No. 1/25-STT/99, dated April 28, 1999.

**Redrying of tobacco, exempt process.**— See CBR's letter C. No. 3(41)STP/98, dated June 18, 1999.

|                   |                                                                                                                                            |                                                                                                                                                                                      |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <sup>1</sup> [    |                                                                                                                                            | ]                                                                                                                                                                                    |
| 31                | Holy Quran, complete or in parts, with or without translation; Quranic Verses recorded on any analogue or digital media; other Holy books. | <sup>2</sup> [4901.9910, 8523.2100, 8523.2910, 8523.2990, <sup>3</sup> [8523.4910, 8523.4920, 8523.4190], <sup>4</sup> [ ] 8523.5910, 8523.5990, 8523.8010, 8523.8020 and 8523.8090] |
| <sup>5</sup> [32. | Newsprint, books, and magazines but excluding brochures, leaflets and directories.                                                         | 49.01, 4902.1000, and 4902.9000]                                                                                                                                                     |
| 33.               | Currency notes, bank notes, shares, stocks and bonds.                                                                                      | <sup>6</sup> [49.07]                                                                                                                                                                 |
| <sup>7</sup> [    |                                                                                                                                            | ]                                                                                                                                                                                    |
| <sup>8</sup> [    |                                                                                                                                            | ]                                                                                                                                                                                    |
| <sup>9</sup> [    |                                                                                                                                            | ]                                                                                                                                                                                    |
| 38                | Monetary gold.                                                                                                                             | <sup>6</sup> [7108.1390] <sup>10</sup> [and 7108.2090]                                                                                                                               |
| <sup>11</sup> [   |                                                                                                                                            | ]                                                                                                                                                                                    |

<sup>1</sup>S. No. 30 omitted by Finance Act, 2011 dated June 30, 2011. Earlier it was substituted by Finance Act, 2007 dated June 30, 2007 for: "30. Adult diapers used for incontinence. 4818.9000".

<sup>2</sup>Substituted for "4901.9910 and respective headings of 85.24" by Finance Act, 2007 dt. June 30, 2007.

<sup>3</sup>Substituted for "8523.4010, 8523.4030 & 8523.4090" respectively by Finance Act, 2012 dated June 26, 2012.

<sup>4</sup>Heading "8523.5100". "8523.5200" omitted by Finance Act, 2017 dated June 20, 2017.

<sup>5</sup>S. No. 32 and entries relating thereto substituted by Finance Act, 2026 dated June 26, 2026. Earlier it was substituted by Finance Act, 2022 dated June 30, 2022, was substituted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>6</sup>Substituted for "4907.000", "7108.2000" by Finance Act, 2017 dated June 20, 2017.

<sup>7</sup>S. No. 34 omitted by Finance Act, 2011 dated June 30, 2011.

<sup>8</sup>S. No. 35 omitted by Finance Act, 2011 dated June 30, 2011. Earlier words substituted for "Cement Blocks." by Finance Act, 2007 dated June 30, 2007 and words "including ready mix concrete blocks" inserted by Finance Act, 2008 dated June 27, 2008.

<sup>9</sup>S. No. 36 & 37 omitted by Finance Act, 2019 dated June 30, 2019.

<sup>10</sup>Inserted by Finance Act, 2007 dated June 30, 2007.

**S. No. 32-Substitution.**— Before substitution by F. Act, 2026, it read as follows:-

"32. Newsprint and books but excluding brochures, leaflets and directories Respective headings."

**S. No. 32-Substitution.**— Before substitution by F. Act, 2022, it read as follows:-

"32. <sup>1</sup>[Newsprint, newspapers], journals, <sup>3</sup>[4801.0000,] 4901.9100, 4901.9990, periodicals, books <sup>2</sup>[ ] but excluding <sup>4</sup>[4902.1000, 4902.9000] and 4903.0000 directories.

<sup>1</sup>Substituted for "Newspapers" by Finance Act, 2009 dated June 30, 2009.

<sup>2</sup>Word and comma " , etc." omitted by Finance Act, 2008 dated June 27, 2008.

<sup>3</sup>Inserted by Finance Act, 2009 dated June 30, 2009.

<sup>4</sup>Substituted for "4902.1010, 4902.1090, 4902.9010, 4902.9090" by Finance Act, 2009 dated June 30, 2009.

**S. No. 32-Substitution.**— Before substitution by F. Act, 2022 it read as follows:-

"32. Newsprint and educational text books but excluding brochures, leaflets and directories 4801.0000, 4901.9100, 4901.9990 and 4903.0000."

**S. Nos. 36 & 37-Omission.**— Before omission these read as follows:-

"36. Silver, in unworked condition. <sup>1</sup>[7106.1000, 7106.9110 and 7106.9190]  
37. Gold, in unworked condition. <sup>2</sup>[7108.1100, 7108.1210 and 7108.1290]"

<sup>1</sup>Substituted for "7106.1000 and 7106.9100" by Finance Act, 2007 dated June 30, 2007.

<sup>2</sup>Substituted for "7108.1100 and 7108.1200" by Finance Act, 2007 dated June 30, 2007.

|       |                                                                                                                                                                                                                                                |                                                                                    |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| 1to4[ |                                                                                                                                                                                                                                                | ]                                                                                  |
| 45.   | Dextrose and saline infusion giving sets<br>5[ ] along with empty non-toxic bags for<br>infusion solution, Dextrose and saline<br>infusion giving sets, Artificial parts of the<br>body, Intra-Ocular lenses and glucose<br>testing equipment. | 9018.3910, 9018.3920,<br>9021.3100, 6[9021.3900]<br>and 7[Respective<br>headings.] |

<sup>1</sup>S. No. 39 and entries relating thereto omitted by Finance Act, 2015 dated June 30 2015.

<sup>1a</sup>Serial No. 40 and entries relating thereto omitted by Finance Act, 2006, dated July 01, 2006.

<sup>2</sup>S. Nos. 41 & 42 omitted by Finance Act, 2011 dated June 30, 2011. Earlier headings substituted for "8524.3100, 8524.3900, 8524.4000, 8524.9100, 8524.9910 and 8524.9990" by Finance Act, 2007 dated June 30, 2007.

<sup>3</sup>S. No. 43 omitted by Finance Act, 2011 dated June 30, 2011. Earlier it was and entries relating thereto substituted by Finance Act, 2006, dated July 01, 2006.

<sup>4</sup>S. No. 44 omitted by Finance Act, 2011 dated June 30, 2011. Earlier heading was substituted for "Respective headings" by Finance Act, 2007 dated June 30, 2007.

<sup>5</sup>Word "imported" omitted by Finance Act, 2007 dated June 30, 2007.

<sup>6</sup>Substituted for "9201.3900" by Finance Act, 2007 dated June 30, 2007.

<sup>7</sup>Substituted for "9027.8000" by Finance Act, 2022 dated June 30, 2022.

**S. No. 39-Omission.**— Before omission it read as follows:-

- "39. Incinerators of disposal of waste management, 8417.8000, 8430.2000 and  
motorized sweepers and snow ploughs. 8479.8990"

**Holy Quran, printing and publishing.**— See CBR's Circular Letter C. No. 1/54-STT/96, dated August 21, 1996 in Part VIII.

**Import of paper for Holy Quran not exempt.**— See CBR's Circular Letter C. No. 1/180-STT/94, dated November 14, 2001 in Part VIII.

**Books, DGPR reports.**— See CBR's Circular Letter C. No. 1/68-STT/99, dated April 21, 1999 in Part VIII for exemption to Audit Reports of DG Revenue Receipt Audit published in book form.

**Partly manufactured goods, two separately registered units of a company not to get exemption.**— See CBR's Circular Letter No. 3(19)STP/98, dated December 4, 1998 in Part VIII.

**Exemption on Printing Papers For Holy Quran.**— Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"Currently art and printing papers are chargeable to sales tax at standard rate of 17%. The said products have been granted exemption from sales tax, if used for printing and publication of Holy Quran. Resultantly, art and printing paper alongwith relevant PCT headings have been inserted in S. No. 137 of Table-1 of the Sixth Schedule to the STA."

**Withdrawal of exemption of sales tax on computer hardware.**—Following is an extract from 'Salient Features of the Budget 2006':-

"Sales tax exemption on computer hardware was provided to encourage the spread of information technology and use of computers.

I.T industry has now taken roots and established itself as a booming industry attracting huge investments. The trend for buying branded computers has increased substantially.

The levy has been introduced in lieu of 5% customs duty, which has been abolished. Besides, WHT rate has also been brought down from 6% to 1%."

**Plant and machinery notified for exemption.**— See SRO 987(I)/99, dated August 30, 1999 in Part IV and CBR's Circular Letter C. No. 1/11-STT/97, dated May 5, 1997 in Part VIII.

**Machinery for exempt production.**— See CBR's Circular Letter C. No. 3(9)STP/99, dated October 15, 1999 in Part VIII re: non-availability of sales tax exemption on import of machinery and plant for processing rice exempt under S. No. 3.

**Component parts of machinery not exempt.**— See CBR's Ruling No. 12/2002, dated February 11, 2002 in Part VIII.

**Computer printer ribbons are not exempt.**— See CBR's Ruling No. 66 of 2002 dated November 4, 2002 in Part VIII.

**Computer stationery and accessories.**— See CBR's Ruling No. 11/2002, dated January 31, 2002 in Part VIII for exemption to computer diskettes, tape cartridges, computer toner cartridges, ribbons and computer printers.

<sup>1</sup>[ ]

47. Import of articles of household and 99.05

personal effects including vehicles and also the goods for donation to projects established in Pakistan imported by any of the rulers of Gulf Shaikhdoms who is in possession of residential accommodation in Pakistan and goods including vehicles by the United Arab Emirates dignitaries as are listed in column (2) against heading No. 99.05 in column (1) of the First Schedule to the Customs Act, 1969 (IV of 1969), for their personal use and for donation to welfare projects established in Pakistan subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty on such goods under the said Act.

48. Goods imported or supplied under grants- 99.03

in-aid for which a specific consent has been obtained from the <sup>2</sup>[Board]; supplies and imports under agreements signed by the Government of Pakistan before the 30th June, 1996, provided the agreements contained the provision for exemption of tax at the time of signing of agreement.

<sup>1</sup>S. No. 46 omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>2</sup>Substituted for "Central Board of Revenue" by Finance Act, 2007 dated June 30, 2007.

**S.No. 43-Aircrafts.**-Before Substitution by Finance Act 2006, it read as follows:-

"43. Aircraft of unladen weight exceeding 8000 kgs. 8802.3000 and 8802.4000" excluding those for recreational or pleasure purpose.

**S. No. 46-Omission.**- Before omission it read as follows:-

"46. <sup>1</sup>[Goods imported by various agencies of the United Nations, 99.01, 99.02, diplomats, diplomatic missions, privileged persons and privileged 99.03 and 99.06" organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under Customs Act, 1969 (IV of 1969), and the conditions laid therein]

<sup>1</sup>Substituted by Finance Act, 2007 dated June 30, 2007. for: "Goods imported by diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, orders, rules, regulations made thereunder and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 (IV of 1969), and the conditions laid down for customs purposes are observed."

Following is an extract from 'Salient Features of the Budget 2006':-

"Under the existing regime, exemption was restricted to imported aircrafts having un-laden weight of 8000 kgs or more.

Measure is aimed at promoting the aviation industry, which uses aircrafts below 8000 kgs as opposed to commercial airlines using heavier aircrafts.

1-245-15-07-2026

|                                                                                                                                                                                                                                                                                      |                      |   |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---|
| <sup>1</sup> [                                                                                                                                                                                                                                                                       |                      | ] |
| <sup>2</sup> [156. Import of CKD kits by local manufacturers of following Electric Vehicles:-                                                                                                                                                                                        | Respective heading]  |   |
| i) Road Tractors for semitrailers (Electric Prime Movers)                                                                                                                                                                                                                            |                      |   |
| (ii) Electric Buses                                                                                                                                                                                                                                                                  |                      |   |
| (iii) Three Wheeler Electric Rickshaw                                                                                                                                                                                                                                                |                      |   |
| (iv) Three Wheeler Electric Loader                                                                                                                                                                                                                                                   |                      |   |
| (v) Electric Trucks                                                                                                                                                                                                                                                                  |                      |   |
| (vi) Electric Motorcycle                                                                                                                                                                                                                                                             |                      |   |
| <sup>3</sup> [157 Import of CKD (in kit form) of following electric vehicles (4 wheelers) by local manufacturers till 30th June, <sup>4</sup> [2027]:                                                                                                                                | Respective headings] |   |
| (a) Small cars/SUVs with 50 Kwh battery or below; and                                                                                                                                                                                                                                |                      |   |
| (b) Light commercial vehicles (LCVs) with 150 kwh battery or below.                                                                                                                                                                                                                  |                      |   |
| <sup>5</sup> [                                                                                                                                                                                                                                                                       |                      | ] |
| <sup>1</sup> S. No. 155 omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier S. No. 155 was inserted by Finance Act, 2020 dated June 30, 2020.                                                                                                               |                      |   |
| <sup>2</sup> S. No. 156 and relating entries inserted by Finance Act, 2020 dated June 30, 2020.                                                                                                                                                                                      |                      |   |
| <sup>3</sup> S. Nos. 157 to 162 and relating entries inserted by Finance Act, 2021 dated June 30, 2021. Earlier S. Nos. 157 to 160 was inserted by Tax Laws (Amendment) Ordinance, 2021 dated February 12, 2021.                                                                     |                      |   |
| <sup>4</sup> Substituted for "2026" by Finance Act, 2026 dated June 26, 2026.                                                                                                                                                                                                        |                      |   |
| <sup>5</sup> S. No. 158 omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier S. No. 158 was inserted by Finance Act, 2021 dated June 30, 2021 & S. Nos. 157 to 160 were inserted by Tax Laws (Amendment) Ordinance, 2021 dated February 12, 2021.            |                      |   |
| <b>S. No. 153.-</b> Before omission it read as follows:-                                                                                                                                                                                                                             |                      |   |
| "153. Steel billets, ingots, ship plates, bars and other long re-rolled profiles, on such imports and supplies by the manufacturer on which federal excise duty is payable in sales tax mode                                                                                         | Respective headings" |   |
| <b>S. No. 155.-</b> Before omission it read as follows:-                                                                                                                                                                                                                             |                      |   |
| "155. Oil cake and other solid residues, whether or not ground or in the form of pellets                                                                                                                                                                                             | 2306.1000"           |   |
| <b>S. No. 156-Substitution.-</b> Before substitution it read as follows:-                                                                                                                                                                                                            |                      |   |
| "156. Import of CKD kits by local manufacturers of following Electric Vehicles:-                                                                                                                                                                                                     |                      |   |
| (i) Road Tractors for semi-trailers (Electric Prime Movers)                                                                                                                                                                                                                          | 8701.2060            |   |
| (ii) Electric Buses                                                                                                                                                                                                                                                                  | 8702.4090            |   |
| (iii) Three Wheeler Electric Rickshaw                                                                                                                                                                                                                                                | 8703.8030            |   |
| (iv) Three Wheeler Electric Loader                                                                                                                                                                                                                                                   | 8704.9030            |   |
| (v) Electric Trucks                                                                                                                                                                                                                                                                  | 8704.9059            |   |
| (vi) Electric Motorcycle                                                                                                                                                                                                                                                             | 8711.6090]           |   |
| <b>S. No. 158.-</b> Before omission it read as follows:-                                                                                                                                                                                                                             |                      |   |
| "158 Goods temporarily imported into Pakistan by International Athletes which shall be subsequently taken by them within 120 days of temporary import                                                                                                                                | Respective headings" |   |
| <b>Exemption on CKD Kits For Electric Vehicles:-</b> Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-                                                                                                                                                |                      |   |
| "Exemption on import of CKD kits for electric vehicles has been granted to facilitate local manufacturing to introduce environment friendly and cheaper source of transportation to the general public. Accordingly, S. No. 157 has been inserted in the Sixth Schedule to the STA." |                      |   |

|                   |                                                                                                                                                                                                                                                                              |                                        |
|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|
| <sup>2</sup> [    |                                                                                                                                                                                                                                                                              | ]                                      |
| <sup>3</sup> [161 | Import of plant, machinery, equipment and raw materials for consumption of these items within Special Technology Zone by the Special Technology Zone Authority, zone developers and zone enterprises                                                                         | Respective headings                    |
| 162               | Import of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.                                                         | Respective headings]                   |
| <sup>4</sup> [163 | Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government: | 99.01,<br>99.02,<br>99.03 and<br>99.06 |

<sup>2</sup>S. Nos. 159 and 160 and relating entries omitted by Finance Act 2023 dated 26 June 2023.

<sup>3</sup>S. Nos. 157 to 162 and relating entries inserted by Finance Act, 2021 dated June 30, 2021. Earlier S. Nos. 157 to 160 was inserted by Tax Laws (Amendment) Ordinance, 2021 dated February 12, 2021.

<sup>4</sup>S. Nos. 163 to 174 and relating entries inserted by Finance Act, 2022 dated June 30, 2022.

**S. Nos. 159 & 160.**- Before omission these read as follows:-

|      |                                                                                                                          |            |
|------|--------------------------------------------------------------------------------------------------------------------------|------------|
| "159 | Import of auto disable Syringes till <sup>1</sup> [31st December, 2021]                                                  | 9018.3110  |
|      | (i) with needles                                                                                                         | 9018.3120  |
|      | (ii) without needles                                                                                                     |            |
| 160  | Import of following raw materials for the manufacturers of auto disable syringes till <sup>1</sup> [31st December, 2021] | 9018.3200  |
|      | (i) Tubular metal needles                                                                                                | 4016.9310" |
|      | (ii) Rubber Gaskets                                                                                                      |            |

<sup>1</sup>Substituted for "30th June, 2021" by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021.

**Exemption on Temporary Import by International Athletes:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"For the purpose of facilitation of international athletes, goods temporarily imported into Pakistan by international athletes or sportsmen which would be subsequently taken back by them within 120 days have been exempted from levy of sales tax. For this purpose, S. No. 158 has been inserted in the Sixth Schedule to the STA."

**Exemption on Imports of Auto-Disabled Syringes and Raw Materials:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"To promote usage of auto disabled syringes during COVID situation in the country, tax exemption on import of auto disposable syringes and their raw material was granted till 30th June, 2021 vide Tax Laws (Second Amendment) Ordinance, 2021. Accordingly, this exemption has been incorporated at S. No. 159 and 160 of Table-1 of Sixth Schedule to the STA."

**Exemption on plant, Machinery, equipment and raw material for special technology zones:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"To provide incentive to the IT industry in the country, import of plant, machinery, equipment and raw materials by Special Technology Zone Authority, developers and enterprises has been granted exemption by adding S. No. 161 of Table-1 of the Sixth Schedule to the STA."

**Exemption on Import under Export Facilitation Scheme, 2021:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"For the purpose of facilitation of exporters, exemption has been granted on import of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021. Similarly exemption from federal excise has also been granted on import and supply of certain items by registered persons authorized under Export Facilitation Scheme, 2021."

Provided that such goods are charged to zero-rate of customs duty under the Customs Act, 1969 (IV of 1969), and the conditions laid therein.

Provided further that exemption under this serial shall be available with effect from the 15th day of January, 2022.

|                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                        |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <sup>1</sup> [     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | ]                      |
| 165.               | Goods imported by or donated to hospitals run by the non-profit making institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969).                                                                                                                                                                                                                                                    | 99.13 and 99.14,       |
| 166.               | Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more.                                                                                                                                                                                                                                                                                                                                                                                                                           | Respective headings    |
| 167.               | Goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on such goods under the Customs Act, 1969 (IV of 1969).                                                                                                                                                                                                                         | 99.19, 99.20 and 99.21 |
| 168.               | Fertilizers <sup>2</sup> [excluding DAP]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Respective headings    |
| <sup>3</sup> [     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | ]                      |
| 171.               | Seeds for sowing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Respective heading     |
| <sup>1</sup> [172. | Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply. | Respective heading     |

<sup>1</sup>S. No.164 and relating entries omitted by Finance Act, 2025 in force from July 1, 2025. Earlier S. Nos.163 to 174 and relating entries inserted by Finance Act, 2022 dated June 30, 2022.

<sup>2</sup>Words inserted by Finance Act, 2023 dated June 26, 2023.

<sup>3</sup>S. Nos. 169 & 170 omitted by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier these were inserted by Finance Act, 2022 dated June 30, 2022.

<sup>4</sup>S. Nos.163 to 174 and relating entries inserted by Finance Act, 2022 dated June 30, 2022.

**S. No. 164.-** Before omission by Finance Act, 2025, it read as follows:-

"164. Photovoltaic cells whether or not assembled in modules or made up into panels 8541.4200 and 8541.4300"

**S. No. 169 & 170.-** Before omission by Finance Act, 2024, it read as follows:-

"169. Oil cake and other solid residues 2306.1000  
170. Tractor 8701.9220 and 8701.9320"

|                    |                                                                                                                                                                                                                                                                                                                                                                                  |                                                                                |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| 173.               | Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with.                                                                                                                                       | Respective heading                                                             |
| <sup>2</sup> [     |                                                                                                                                                                                                                                                                                                                                                                                  | ]                                                                              |
| <sup>3</sup> [175. | Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization.                                                                                          | 9908(i) and 9911.]                                                             |
|                    | Subject to the recommendations of the Minister Incharge and concurrence by the Federal Board of Revenue subject to condition that the concerned Ministry shall verify the genuineness of such cases and furnish an undertaking to the effect that donated goods shall not be sold, utilized or disposed of otherwise than for the purpose for which the same have been imported. |                                                                                |
| 176.               | POL products:                                                                                                                                                                                                                                                                                                                                                                    | 2710.1210,                                                                     |
|                    | (i) MS (Petrol)                                                                                                                                                                                                                                                                                                                                                                  | 2710.1931,                                                                     |
|                    | (ii) High Speed Diesel Oil                                                                                                                                                                                                                                                                                                                                                       | 2710.1911                                                                      |
|                    | (iii) Kerosene                                                                                                                                                                                                                                                                                                                                                                   | and                                                                            |
|                    | (iv) Light Diesel Oil                                                                                                                                                                                                                                                                                                                                                            | 2710.1921                                                                      |
| 177.               | Supply of electricity to Azad Jammu and Kashmir                                                                                                                                                                                                                                                                                                                                  | Respective headings                                                            |
| 178                | Import of gold under entrustment scheme under SRO 760(I)/2013                                                                                                                                                                                                                                                                                                                    | Respective heading                                                             |
| 179                | Import of cystagon, cysta drops and trientine capsules <sup>4</sup> [ ]                                                                                                                                                                                                                                                                                                          | Import of cystagon, cysta drops and trientine capsules (for personal use only) |
| 180                | Bovine semen                                                                                                                                                                                                                                                                                                                                                                     | 0511.1000.]                                                                    |

<sup>2</sup>S. No. 174 and entries relating thereto omitted by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier it was inserted by Finance Act, 2022 dated June 30, 2022.

<sup>3</sup>S. Nos. 175 to 180 and entries relating thereto inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>4</sup>Words etc. "(for personal use only)" omitted by Finance Act, 2025 in force from July 1, 2025.

**S. No. 174.-** Before omission by Finance Act, 2024, it read as follows:-

- "174. Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969), subject to the conditions, limitations and restrictions specified thereunder. Respective heading."

|                    |                                                                                                                                                                                                                                       |                                                                                                                                    |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| <sup>1</sup> [181. | Import or lease of aircrafts and parts thereof by Pakistan International Airlines Corporation Limited (PIACL)                                                                                                                         | 8802.1200, 8802.3000, 8802.4000, 8801.0000, 8802.2000, 8804.0000, 8805.2900, 8807.3000, 9104.0010, 8544.2000, 7007.1900 and 9931.] |
|                    | 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.                   |                                                                                                                                    |
| <sup>1</sup> [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                                                                                                                 |
| 182.               | Contraceptives                                                                                                                                                                                                                        | 3926.9020 and 4014.1000                                                                                                            |
| 183.               | Female Sanitary Pads / Tampons                                                                                                                                                                                                        | 9619.0030                                                                                                                          |
| 184.               | Import of:                                                                                                                                                                                                                            | 8901.2000, 8905.1000,                                                                                                              |
|                    | – Tankers,                                                                                                                                                                                                                            | 8905.2000, 8905.9000,                                                                                                              |
|                    | – Dredgers,                                                                                                                                                                                                                           | 8901.9000                                                                                                                          |
|                    | – 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                                                                                                                   |                                                                                                                                    |

<sup>1</sup>S. No. 181 and entries relating thereto substituted by Finance Act, 2026 dated June 26, 2026. Earlier it was inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>S. Nos. 181A to 185 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

**S. No. 181.-** Before substitution by Finance Act, 2026, it read as follows:-

|       |                                                                                                               |                                  |
|-------|---------------------------------------------------------------------------------------------------------------|----------------------------------|
| “181. | Import or lease of aircrafts and parts thereof by Pakistan International Airlines Corporation Limited (PIACL) | 8802.1200, 8802.3000, 8802.4000” |
|-------|---------------------------------------------------------------------------------------------------------------|----------------------------------|

|     |                                                                                                                                                                                                                                  |                     |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 185 | Import of bulletproof vehicles by the:                                                                                                                                                                                           | Respective Heading] |
|     | (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. |                     |

<sup>1</sup>[Annex-A

[See condition 145(iii)]

**INDEMNITY BOND**(On appropriately stamped non-judicial paper)

THIS DEED OF INDEMNITY is made on the \_\_\_\_ date of \_\_\_\_ BETWEEN Messrs \_\_\_\_ having registered office at \_\_\_\_ (hereinafter called “the importers” which means and includes their successors, administrators, executors and assignees) of the one part, AND the President of Pakistan through the Collector of Customs \_\_\_\_ (hereinafter called the “Collector of Customs”), of the other part.

WHEREAS the Federal Government, by its decision contained in serial number 145 or serial number 148 of this table, as the case may be, and subject to the conditions given in the said serial number 145 or serial number 148 of this table, as the case may be, has been pleased to direct that such equipment and construction machinery, as are not manufactured locally, shall be exempt from the whole of sales tax leviable thereon, in accordance with the said serial number 145 or serial number 148 of this table, as the case may be, if imported for:-

- (i) construction of Sukkur-Multan Section (392.0 km) of Karachi-Peshawar Motorway or
- (ii) for the construction of Karakorum Highway (KKH) Phase-II-Thakot to Havellian Section (118.057 km).

AND WHEREAS M/S. \_\_\_\_ having registered office at \_\_\_\_ (hereinafter called the importers) have imported the equipment and/or construction machinery mentioned in the said serial number 145 or serial number 148 for purposes of construction of above mentioned project(s) in accordance with the conditions given in the said serial number 145 or serial number 148 of this table, as the case may be;

NOW, THEREFORE, in consideration of the release of the equipment and/or construction machinery without recovery of leviable sales tax, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs. \_\_\_\_ being the sales tax and charges leviable on the machinery, if the importers fail to fulfill the condition (vi) or (vii) or (viii) of the said serial number 145 or serial number 148 of this table, as the case may be.

The importers further agree and bind themselves that the amount covered by this Bond shall be recovered as arrears of sales tax under section 202 of the Customs Act, 1969. This Bond shall become void when the Collector of Customs is satisfied that the importers have fulfilled all the conditions of the said serial number 145 or serial number 148 of this table, as the case may be.

---

<sup>1</sup>Annex A to D inserted by Finance Act, 2018 dated May 23, 2018.

Signed by importers on this \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_.

**Managing Director**  
(Name and permanent address)  
**Collector of Customs**  
(On behalf of President)

Witness \_\_\_\_\_  
(signature, name, designation and full address)

Witness \_\_\_\_\_  
(signature, name, designation and full address)

*Note:-* The bond shall be written on appropriate non-judicial stamp paper and shall be witnessed by a Government servant in BPS 17 or above, an Oath Commissioner, a Notary Public or an officer of a Schedule Bank.

**Annex-B**

[See condition 145(iv) and (v)]

| NTN or FTN of Importer                                                                                     |                  |                                             | Approval No.                   |                  |
|------------------------------------------------------------------------------------------------------------|------------------|---------------------------------------------|--------------------------------|------------------|
| (I)                                                                                                        |                  |                                             | (II)                           |                  |
| Details of input goods (to be filled by the authorized officer of the Regulatory Authority) to be imported |                  |                                             |                                |                  |
| Description and specifications.                                                                            | Quantity/<br>UOM | L/C No. or<br>bank contract<br>No. and B/L. | IGM No.<br>Date &<br>Index No. | Remarks, if any. |
| (1)                                                                                                        | (2)              | (3)                                         | (4)                            | (5)              |

**CERTIFICATE BY THE AUTHORIZED OFFICER OF REGULATORY:**

It is hereby certified that the description, quantity and other details mentioned above are true and correct. Goods imported are in commensuration with the project requirement and are bona fide requirement of the project. It is further certified that the above items shall not be used for any other purpose except for the project.

Signature: \_\_\_\_\_

Name & Designation: \_\_\_\_\_

Official Stamp: \_\_\_\_\_

Date: \_\_\_\_\_

*Note:-* For the purposes of this serial number 145, the expression “not manufactured locally” shall mean the goods which are not listed in the locally manufactured items in the Customs General Order issued by the Federal Board of Revenue from time to time.

**Annex-C**

[See condition 146(b)]

**INDEMNITY BOND**

(On appropriately stamp non-judicial paper attested by a Government servant in BPS 17 or above, an Oath Commissioner, a Notary Public or an officer of a Scheduled Bank)

THIS DEED OF INDEMNITY is made on the \_\_\_\_\_ date of \_\_\_\_\_ BETWEEN Messrs \_\_\_\_\_ having registered office at \_\_\_\_\_ (hereinafter called "the importers" which means and includes their successors, administrators, executors and assignees) of the one part, AND the President of the Islamic Republic of Pakistan through the Collector of Customs \_\_\_\_\_ (hereinafter called the "Collector of Customs"), of the other part.

WHEREAS the Federal Government, by its decision contained in serial number 146 and subject to the conditions given in the said serial number 146, has been pleased to direct that such equipment shall be exempt from the whole of sales tax leviable thereon, in accordance with the said serial number 146, if imported for Lahore Orange Line Metro Train Project.

AND WHEREAS M/S. \_\_\_\_\_, the importers have imported the equipment mentioned in the said serial number 146 for the above mentioned project in accordance with the conditions given in the said serial number 146;

NOW, THEREFORE, in consideration of the release of the equipment without recovery of leviable sales tax, the importers bind themselves to pay on demand to the Government of Pakistan the sum of Rs. \_\_\_\_\_ being the sales tax and charges leviable on the equipment, if the importers fail to fulfill the condition (f) or (g) or (h) of the said serial number 146, as the case may be.

The importers further agree and bind themselves that the amount covered by this Indemnity Bond shall be recovered as arrears of sales tax under section 202 of the Customs Act, 1969. This Bond shall stand revoked automatically when the Collector of Customs is satisfied that the importers have fulfilled all the conditions of the said serial number 146.

Signed by importers on this \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_\_\_.

**Managing Director or person next in hierarchy duly authorized by MD**

(Name and permanent address)

**Collector of Customs**

(On behalf of President)

Witness \_\_\_\_\_  
(signature, name, designation and full address)

Witness \_\_\_\_\_  
(signature, name, designation and full address)

**Annex-D**

[See conditions 146 (c) &amp; (e)]

| NTN or FTN of Importer                                                                                   |                  | Approval No.                          |                          |                  |
|----------------------------------------------------------------------------------------------------------|------------------|---------------------------------------|--------------------------|------------------|
| Details of equipment (to be filled by the authorized officer of the Regulatory Authority) to be imported |                  |                                       |                          |                  |
| Description and specifications.                                                                          | Quantity/<br>UOM | L/C No. or bank contract No. and B/L. | IGM No. Date & Index No. | Remarks, if any. |
| (1)                                                                                                      | (2)              | (3)                                   | (4)                      | (5)              |

CERTIFICATE BY THE AUTHORIZED OFFICER OF REGULATORY  
AUTHORITY:

It is hereby certified that the description, quantity and other details mentioned above are true and correct. Goods imported are in commensuration with the project requirements and are *bona fide* requirement of the Project under the Contract. It is further certified that the above items shall not be used for any other purpose except for the Project.

Signature: \_\_\_\_\_

Name and Designation: \_\_\_\_\_

Official Stamp: \_\_\_\_\_

Date: \_\_\_\_\_]

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <sup>1</sup> [20. | Plant and machinery for the Respective assembly/ manufacturing of headings electric vehicles                                                                                                                                                                                                                                                                                                                                                                                                                                                           | The exemption shall be admissible on one time basis for setting up the new assembly and/or manufacturing facility of the vehicles and expansion in the existing units to the extent of electric vehicles specific plant and machinery, duly approved/ certified and determined by the Engineering Development Board (EDB).]                                                                                                                                                       |
| <sup>2</sup> [    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | ]                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <sup>3</sup> [22. | 1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through hydel, oil, gas, coal, nuclear and renewable energy sources including under construction projects entered into an implementation agreement with the Government of Pakistan prior to 15th day of January, 2022.<br>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project. | (i) This concession shall also be available to primary contractors of the project upon fulfilment of the following conditions, namely:-<br>(a) the contractor shall submit a copy of the contract or agreement under which he intends to import the goods for the project;<br><br>(b) the Chief Executive or head of the contracting company shall certify in the prescribed manner and format as per Annex-A that the imported goods are the projects bona fide requirement; and |

<sup>1</sup>S.No.20 and entries relating thereto inserted by Finance Act, 2020 dated June 30, 2020.

<sup>2</sup>Sr. Nos. 1, 2, 2A, 3, 4, 5, 6, 7, 8, 9, 11, 13, 14, 14A, 15, 15A, 15B, 17 and 21 omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier S.No. 21 and entries relating thereto inserted by Finance Act, 2021 dated June 30, 2021.

<sup>3</sup>S.No.22 and entries relating thereto inserted by Finance Act, 2022 dated June 30, 2022.

**S.No.21.-Before omission, it read as follows:-**

|                  |                        |                         |                                                                                                          |
|------------------|------------------------|-------------------------|----------------------------------------------------------------------------------------------------------|
| <sup>“</sup> 21. | Import of POS machines | 8470.2900,<br>8470.9000 | <sup>1</sup> [import of POS machines including credit/debit cards terminals and retailer cash register.” |
|------------------|------------------------|-------------------------|----------------------------------------------------------------------------------------------------------|

<sup>1</sup>Substituted for “POS machines imported for installation on retail outlets as are integrated with the Board’s computerized system for real-time reporting of sales.” by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021.

(c) the goods shall not be sold or otherwise disposed of without prior approval of the FBR on payment of sales tax leviable at the time of import;

(ii) temporarily imported goods shall be cleared against a security in the form of a post-dated cheque for the differential amount between the statutory rate of sales tax and the amount payable along with an undertaking to pay the sales tax at the statutory rates in case such goods are not re-exported on conclusion of the project.]

|                   |                                                                                  |                                                                                                                                                                     |                                                                                                 |
|-------------------|----------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|
| <sup>1</sup> [23. | Import of following machinery/ equipment for upgradation of existing refineries: | 8419.8990,<br>8419.5000,<br>8419.8990,<br>8418.6990,<br>8419.8990,<br>8417.8000,<br>8413.7090,<br>8413.5000,<br>8414.8090,<br>8414.8090,<br>8417.8000,<br>8421.3990 | The goods shall be imported directly by the refinery after approval by the division concerned.] |
|                   | 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,                                                   |                                                                                                                                                                     |                                                                                                 |

---

<sup>1</sup>S.Nos.23 & 24 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

---

**Exemption on import of POS machines:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"In order to facilitate and encourage integration of teir-1 retailers, POS machines imported for installation on retail outlets as are integrated with the Board's Computerized System have been granted exemption from sales tax. Moreover, sales tax rate on textile and leather items through POS integrated retailers has been reduced from 12% to 10%."

11. Steam Reformer Furnaces,

12 Filters, 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.

- <sup>1</sup>[24. Import of machinery, equipment, raw materials, components and other capital goods, by Karachi Shipyard and Engineering Works Limited
- |                                                            |                                                                                                                                                                          |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Respective headings as approved by the concerned Division. | 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. |
|------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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.]

---

<sup>1</sup>S.Nos.23 & 24 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

---

<sup>1</sup>[Annex-A

| Header Information                                                                    |                          |                                         |
|---------------------------------------------------------------------------------------|--------------------------|-----------------------------------------|
| NTN/FTN of Importer                                                                   | Regulatory Authority no. | Name of Regulatory authority            |
| (1)                                                                                   | (2)                      | (3)                                     |
| Details of Input goods (to be filled by the chief executive of the importing company) |                          | Goods imported (Collectorate of import) |

| HS Code | Description | Specs | Custom Duty rate (applicable) | Sales Tax rate (applicable) | WHT | Quantity | UOM  | Quantity imported | Collectorate | CRN/Mach No. | Date of CRN/Mach. No. |
|---------|-------------|-------|-------------------------------|-----------------------------|-----|----------|------|-------------------|--------------|--------------|-----------------------|
| (4)     | (5)         | (6)   | (7)                           | (8)                         | (9) | (10)     | (11) | (12)              | (13)         | (14)         | (15)                  |

CERTIFICATE. It is certified that the description and quantity mentioned above are commensurate with the project requirement and that the same are not manufactured locally. It is further certified that the above items shall not be used for any other purpose.

Signature of Chief Executive, or  
the person next in hierarchy duly  
authorized by the Chief Executive

Name \_\_\_\_\_

N.I.C. No. \_\_\_\_\_

NOTE:- In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished online against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.

*Explanation.—*

Chief Executive means.—

1. owner of the firm, in case of sole proprietorship; or
2. partner of firm having major share, in case of partnership firm; or
3. Director, in case of private limited company; or
4. Chief Executive Officer or the Managing Director in case of limited company or multinational organization; or
5. Principal Officer in case of a foreign company.]

<sup>1</sup>Annex-A substituted by Finance Act, 2022 dated June 30, 2022.

## Annexure-Table 3

Sales Tax Ready Reference

**Annex-B**

| Header Information                                                                          |             |       |                               |                            |     |          |      |                                         |              |               |                      |
|---------------------------------------------------------------------------------------------|-------------|-------|-------------------------------|----------------------------|-----|----------|------|-----------------------------------------|--------------|---------------|----------------------|
| NTN/FTN of Importer                                                                         |             |       |                               |                            |     |          |      | Approval No.                            |              |               |                      |
| (1)                                                                                         |             |       |                               |                            |     |          |      | (2)                                     |              |               |                      |
| Details of Input goods (to be filled by the authorized officer of the Regulatory Authority) |             |       |                               |                            |     |          |      | Goods imported (Collectorate of import) |              |               |                      |
| HS Code                                                                                     | Description | Specs | Custom Duty rate (applicable) | Sale Tax rate (applicable) | WHT | Quantity | UOM  | Quantity imported                       | Collectorate | CRN/ Mach No. | Date of CRN/ Mach No |
| (3)                                                                                         | (4)         | (5)   | (6)                           | (7)                        | (8) | (9)      | (10) | (11)                                    | (12)         | (13)          | (14)                 |

**CERTIFICATE.** Before certifying the above-authorized officer of the Regulatory Authority shall ensure that the goods are genuine and bonafide requirement of the project and that the same are not manufactured locally.

Signature \_\_\_\_\_

Designation \_\_\_\_\_

**NOTE:-** In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished on line against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.]

**Annex-A.-Before substitution, it read as follows:-**

**“Annex-A**

| Header Information                                                                    |             |       |                               |                            |     |          |      |                                         |              |               |                      |
|---------------------------------------------------------------------------------------|-------------|-------|-------------------------------|----------------------------|-----|----------|------|-----------------------------------------|--------------|---------------|----------------------|
| NTN/FTN of Importer                                                                   |             |       |                               | Regulatory Authority no.   |     |          |      | Name of Regulatory authority            |              |               |                      |
| (1)                                                                                   |             |       |                               | (2)                        |     |          |      | (3)                                     |              |               |                      |
| Details of Input goods (to be filled by the chief executive of the importing company) |             |       |                               |                            |     |          |      | Goods imported (Collectorate of import) |              |               |                      |
| HS Code                                                                               | Description | Specs | Custom Duty rate (applicable) | Sale Tax rate (applicable) | WHT | Quantity | UOM  | Quantity imported                       | Collectorate | CRN/ Mach No. | Date of CRN/ Mach No |
| (4)                                                                                   | (5)         | (6)   | (7)                           | (8)                        | (9) | (10)     | (11) | (12)                                    | (13)         | (14)          | (15)                 |

**CERTIFICATE.** It is certified that the description and quantity mentioned above are commensurate with the project requirement and that the same are not manufactured locally. It is further certified that the above items shall not be used for any other purpose.

Signature of Chief Executive, or  
the person next in hierarchy duly  
authorized by the Chief Executive  
Name \_\_\_\_\_

N.I.C. No. \_\_\_\_\_

**NOTE:-** In case of clearance through Pakistan Customs Computerized System, the above information shall be furnished online against a specific user I.D. and password obtained under section 155D of the Customs Act, 1969.

**Explanation:-**

Chief Executive means.-

- owner of the firm, in case of sole proprietorship; or
- partner of firm having major share, in case of partnership firm; or
- Chief Executive Officer or the Managing Director in case of limited company or multinational organization; or
- Principal Officer in case of a foreign company.”

|                  |                                                                                                                                                                                                                                                  |                     |         |              |          |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------|--------------|----------|
| <sup>1</sup> [71 | Following locally manufactured or assembled electric vehicles (4 wheelers) till <sup>2</sup> [30th June, 2027]:<br>(i) Small cars/ SUVs with 50 Kwh battery or below; and<br>(ii) Light commercial vehicles (LCVs) with 150 kwh battery or below | Respective headings | 1%      | If locally.] | supplied |
| <sup>3</sup> [   |                                                                                                                                                                                                                                                  |                     |         |              | ]        |
| <sup>4</sup> [73 | Locally manufactured Hybrid electric vehicle <sup>5</sup> [till 30th June, 2026]–                                                                                                                                                                | 87.03,              | 8.5%    |              |          |
|                  | (a) Upto 1800 cc                                                                                                                                                                                                                                 | 87.03               | 12.75%] |              |          |
|                  | (b) From 1801 cc to 2500 cc                                                                                                                                                                                                                      |                     |         |              |          |
| 74               | Goods supplied from tax-exempt areas of erstwhile FATA/PATA to the taxable areas                                                                                                                                                                 | Respective headings | 16%.]   |              |          |

<sup>1</sup>S. Nos. 70 to 74 inserted by Finance Act, 2021. Earlier S. No. 71 was inserted by Tax Laws (Amendment) Ordinance, 2021 dated February 12, 2021.

<sup>2</sup>Substituted for “30th June, 2026” by Finance Act, 2026 dated June 26, 2026.

<sup>3</sup>S. No. 72 omitted by Finance Act, 2025 in force from July 1, 2025.

<sup>4</sup>S. No. 73 substituted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>5</sup>Words inserted by Finance Act, 2024 dated June 29, 2024.

**S. No. 70.** Before substitution, it read as follows:-

|      |                                                             |           |    |             |          |
|------|-------------------------------------------------------------|-----------|----|-------------|----------|
| “70. | Following locally manufactured electric vehicles            |           |    |             |          |
|      | (i) Road Tractors for semi-trailers (Electric Prime Movers) | 8701.2060 | 1% | Local only” | supplies |
|      | (ii) Electric Buses                                         | 8702.4090 | 1% |             |          |
|      | (iii) Three Wheeler Electric Rickshaw                       | 8703.8030 | 1% |             |          |
|      | (iv) Three Wheeler Electric Loader                          | 8704.9030 | 1% |             |          |
|      | (v) Electric Trucks                                         | 8704.9059 | 1% |             |          |
|      | (vi) Electric Motorcycle                                    | 8711.6090 | 1% |             |          |

**S. Nos. 53 and 72.** Before omission by F. Act, 2025, these read as follows:-

|     |           |       |       |                                                                                             |  |
|-----|-----------|-------|-------|---------------------------------------------------------------------------------------------|--|
| “72 | Motorcars | 87.03 | 12.5% | Locally manufactured or assembled motorcars of cylinder capacity upto <sup>2</sup> [850cc]” |  |
|-----|-----------|-------|-------|---------------------------------------------------------------------------------------------|--|

<sup>1</sup>Substituted for “1000cc” by Finance (Supplementary) Act, 2022 dated January 15, 2022.

**S. No. 73.** Before substitution, it read as follows:-

|     |                                                      |              |                  |  |  |
|-----|------------------------------------------------------|--------------|------------------|--|--|
| “73 | Import and local supply of Hybrid Electric Vehicles: |              |                  |  |  |
|     | (a) Upto 1800 cc                                     | 87.03, 87.03 | 8.5%.<br>12.75%” |  |  |
|     | (b) From 1801 cc to 2500 cc                          |              |                  |  |  |

|                   |                                                                                                                                 |                        |     |                                |   |
|-------------------|---------------------------------------------------------------------------------------------------------------------------------|------------------------|-----|--------------------------------|---|
| <sup>1</sup> [    |                                                                                                                                 |                        |     |                                | ] |
| <sup>2</sup> [    |                                                                                                                                 |                        |     |                                | ] |
| <sup>3</sup> [77. | Imported personal computers and Laptop computers, and notebooks whether or not incorporating multimedia kit                     | 8471.3020<br>8471.3010 | 10% |                                | ] |
| <sup>4</sup> [78. | Supply of locally manufactured articles of jewellery, or parts thereof, of precious metal or of metal clad with precious metal. | 71.13                  | 3%  | No input tax shall be adjusted |   |

<sup>1</sup>S. No.75 omitted by Finance Act, 2022 dated June 30, 2022. Earlier it was substituted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier S. Nos. 75 & 76 inserted by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021.

<sup>2</sup>S. Nos. 4, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 20, 26, 27, 28, 29, 30, 34, 45, 46, 54, 55, 59, 61, 62, 63, 64, 66A, 66B, 68, 69 and 76 and entries relating thereto omitted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier S. Nos. 75 & 76 inserted by Tax Laws (Third Amendment) Ordinance, 2021 dated September 15, 2021.

<sup>3</sup>S. No.77 substituted by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier it was inserted by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>4</sup>S. Nos.78 to 82 inserted by Finance Act, 2022 dated June 15, 2022.

|                                                                              |                                                                                                                                                                       |                               |       |                                           |    |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------|-------------------------------------------|----|
| <b>S. No. 75.-</b> Before omission by F. Act, 2022, it read as follows:-     |                                                                                                                                                                       |                               |       |                                           |    |
| "75                                                                          | Import of electric vehicle in CBU conditions                                                                                                                          | 8703.8090                     | 12.5% |                                           | ]  |
| <b>S. No. 75.-</b> Before substitution, it read as follows:-                 |                                                                                                                                                                       |                               |       |                                           |    |
| "75                                                                          | Import of electric vehicle in CBU conditions                                                                                                                          | 8703.8080                     | 5%.   |                                           | ]" |
| <b>S. No. 76.-</b> Before omission, it read as follows:-                     |                                                                                                                                                                       |                               |       |                                           |    |
| "76                                                                          | Business to business transactions specified by the Board through a notification in official Gazette subject to such conditions and restrictions as specified therein. | Respective headings           | 16.9% | If payment is made through digital mode." |    |
| <b>S. No. 77.-</b> Before substitution by F. Act, 2024, it read as follows:- |                                                                                                                                                                       |                               |       |                                           |    |
| "77.                                                                         | personal computers and Laptop computers, notebooks whether or not incorporating multimedia kit                                                                        | 8471.3020<br>and<br>8471.3010 | 5%    | If imported in CBU condition"             |    |

**Reduction of sales tax on locally manufactured electric vehicles:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"To encourage and promote the local manufacturing of electric vehicles, reduced rate of 1 % of sales tax has been provided for these vehicles."

**Reduction in sales tax rate on locally manufactured motorcars upto 1000cc:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"In order to provide relief to the general body of consumers, rate of sales tax has been reduced from 17% to 12.5% on locally manufactured cars upto 1000cc.

**Goods supplied from exempt area to taxable areas:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

"In order to check misuse of exemption to tax exempt areas, reduced sales tax rate of 16% has been provided for goods supplied from erstwhile FATA/PATA to the taxable areas."

|                   |                                                                                          |                      |       |                                                                                                                                                                                                                                  |
|-------------------|------------------------------------------------------------------------------------------|----------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 79.               | Electric vehicle in CBU condition of 50 kwh battery or Below                             | 8703.8090            | 12.5% |                                                                                                                                                                                                                                  |
| <sup>1</sup> [80. | EV transport buses of 25 seats or more and electric trucks in CBU condition              | 8702.4090, 8704.6030 | 1%    | ]                                                                                                                                                                                                                                |
| <sup>2</sup> [81. | Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) <sup>3</sup> [ ] | Respective Headings  | 1%    | Subject to the conditions that: (i) Tax charged and deposited by the manufacturer or importer, as the case may be, shall be final discharge of tax in the supply chain (ii) No input tax shall be adjusted in the supply chain.] |

<sup>2</sup>S. Nos. 81 & 82 and entries relating thereto substituted by Finance Act, 2023 dated June 26, 2023.

<sup>3</sup>Words “and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except the following, even if medicated or medicinal in nature, namely:- (a) filled infusion solution bags imported with or without infusion given sets; (b) scrubs, detergents and washing preparations; (c) soft soap or no soap; (d) adhesive plaster; (e) surgical tapes; (f) liquid paraffin; (g) disinfectants, and (h) cosmetics and toilet preparations. This substitution shall be deemed to have been made from the 1st day of July, 2022.” omitted by Finance Act, 2024 w.e.f. 1 July, 2024.

**S. No. 80.** Before substitution, it read as follows:-

“80. EV transport buses of 25 seats or more in CBU condition      Respective heading      1%”

**S. Nos. 81 & 82.** Before substitution, these read as follows:-

“81. Manufacture or import of substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976)      Respective heading      1%      Subject to the conditions that:  
(i) Tax charged and deposited by the manufacturer or importer, as the case may be, shall be final discharge of tax in the supply chain  
(ii) No input tax shall be adjusted by the manufacturer or importer

82. Active Pharmaceutical Ingredients, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 (XXXI of 1976) or raw materials for the basic manufacture of pharmaceutical active ingredients.      Respective heading      1%      Subject to the conditions that:  
(i) DRAP shall certify item-wise requirement of manufacturers of drugs and APIs and in case of import shall furnish all relevant information to Pakistan Customs Computerized System; and  
(ii) No input tax shall be adjusted by the manufacturer or importer.”

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                                                                          |     |                                                                                                                                                                                                                                                                                           |
|-------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|-----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <sup>1</sup> [82. | Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to reduced rate as specified in column (4) which are liable to customs duty not exceeding eleven per cent ad valorem, either under the First Schedule or Fifth Schedule to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof. | Respective headings                                                                                      | 1%  | Subject to the conditions that:<br>(i) DRAP shall certify item-wise requirement of manufacturers of drugs and APIs and in case of import shall furnish all relevant information to Pakistan Customs Computerized System; and<br>(ii) No input tax shall be adjusted in the supply chain.] |
| <sup>2</sup> [83. | DAP                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Respective headings                                                                                      | 5%  | Subject to the condition that no refund of excessive input tax, if any, shall be admissible.]                                                                                                                                                                                             |
| <sup>3</sup> [84. | (i) Colors in sets<br>(ii) Writing, drawing and marking inks<br>(iii) Erasers<br>(iv) Pencil sharpeners<br>(v) other drawing, marking out or mathematical calculating instruments (geometry box)<br>(vi) Pens, ball pens, markers and porous tipped pens                                                                                                                                                                                                                       | 3213.1000<br>3215.9010 and<br>3215.9090<br>4016.9210 and<br>4016.9290<br>8214.1000<br>9017.2000<br>96.08 | 10% |                                                                                                                                                                                                                                                                                           |

<sup>1</sup>S. Nos. 81 & 82 and entries relating thereto substituted by Finance Act, 2023 dated June 26, 2023.

<sup>2</sup>S. No. 83 and entries relating thereto inserted by Finance Act, 2023 dated June 26, 2023.

<sup>3</sup>S. Nos. 84 to 88 and entries relating thereto inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

**LIABILITY, PROCEDURE AND CONDITIONS**

- <sup>1</sup>[(i) The liability to pay the tax on the goods specified in this Schedule shall be—
- (a) in case of the goods specified in Table-I, of the Cellular Mobile Operator (CMO);
  - (b) in case of goods specified in columns (3) and (4) of Table-II, of the importer; and
  - (c) in case of goods specified in column (5) of Table-II, of the local manufacturers of the goods.
- (ii) The time of payment of tax due under this Schedule shall be the same as specified in section 6;
- <sup>2</sup>[ ]

---

<sup>1</sup>Conditions (i) to (viii) and Note substituted by Finance Act, 2020 dated June 30, 2020.

<sup>2</sup>Conditions (iii) to (v) omitted by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier these were substituted by Finance Act, 2020 dated June 30, 2020.

---

**Before omission conditions (i) to (v) by F. Act, 2024, read as follows:-**

- “(iii) The tax paid under this Schedule shall not be deductible against the output tax payable by the purchaser or importer of the goods specified in this Schedule;
- (iv) The input tax paid on the input goods attributable to the goods specified in this Schedule shall not be deductible for the tax payable under this Schedule; and
- (v) The Board may prescribe further mode and manner of payment of tax due under this Schedule.”

**Before substitution conditions (i) to (viii) and Note by F. Act, 2020 read as follows:-**

“(i) In case of the goods specified against S. No. 1 of the Table, the liability to charge, collect and pay tax shall be on the Cellular Mobile Operator (CMO) at the time of supply. In case of the goods specified against S. No. 2, the liability to pay sales tax at the time of import shall be on the importer, and the liability to charge, collect and pay sales tax payable on supplies shall be on the Cellular Mobile Operator at the time of registering International Mobile Equipment Identity (IMEI) number in his system.

(ii) The Cellular Mobile Operators shall, if not already registered, obtain registration under the Sales Tax Act, 1990.

(iii) No IMEI shall be registered in his system by a Cellular Mobile Operator without charging and collecting the sales tax as specified in the Table.

(iv) The Cellular Mobile Operator shall deposit the sales tax so collected through his monthly tax return in the manner prescribed in section 26 of the Sales Tax Act, 1990, and rules made thereunder.

<sup>1</sup>[(via) The sales tax as indicated in column (3) of the Table above shall be paid by the importer, in case of imports and by the manufacturer, in case of locally manufactured cellular mobile phones;]

(v) The Cellular Mobile Operator shall maintain proper records of all IMEI numbers registered for a period of six years, and such records shall be produced for inspection, audit or verification, as and when required, by an authorized officer of Inland Revenue.

(vi) The Pakistan Telecommunication Authority shall provide data regarding IMEI numbers registered with other Cellular Mobile Operators to prevent double taxation on the same IMEI number in case of switching by a subscriber from one operator to another, and to provide data regarding registration of IMEI numbers to the Board on monthly basis.

(vii) No adjustment of input tax shall be admissible to the Cellular Mobile Operator or any purchaser of cellular mobile phone against the sales tax charged and paid in terms of this Schedule.

<sup>1</sup>Clause (via) inserted by Finance Act, 2015 dated June 30, 2015.

- <sup>1</sup>[(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.]

---

<sup>1</sup>Condition (vi) inserted by Finance Act, 2026 dated June 26, 2026.

---

(viii) The tax specified in column (4) of the Table shall be charged, collected and paid with effect from such date as may be specified by the Board and the sales tax specified in column (3) shall stand withdrawn from the date so specified.

*Note:-* Notwithstanding anything contained in any other law for the time being in force, the levy, collection and payment of sales tax under notification No. S.R.O. 460(I)/2013, dated the 30<sup>th</sup> May, 2013, shall be always deemed to have been lawfully and validly, levied, collected and paid.”

<sup>1</sup>[**THE TENTH SCHEDULE***[See sub-section (1B) of section 3]*

<sup>2</sup>[(1)] The tax on bricks, falling in PCT heading <sup>3</sup>[6901.0000], shall be paid on fixed basis, <sup>4</sup>[ ] at the rates specified in the Table below:-

**TABLE**

| <b>S. No.</b> | <b>Region or area</b>                                                                                                                                                                                                                 | <b>Tax payable per month</b> |
|---------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| <b>(1)</b>    | <b>(2)</b>                                                                                                                                                                                                                            | <b>(3)</b>                   |
| 1.            | Lahore, Rawalpindi and Islamabad districts                                                                                                                                                                                            | Rs. 12,500                   |
| 2.            | Attock, Chakwal, Jehlum, Mandi Bahauddin, Sargodha, Gujrat, Sialkot, Narowal, Gujranwala, Hafizabad, Sheikhupura, Kasur, Nankana Sahib, Chiniot, Faisalabad, Jhang, Toba Tek Singh, Okara and Sahiwal districts                       | Rs. 10,000                   |
| 3.            | Khushab, Mianwali, Bhakar, Layyah, Muzaffargarh, Dera Ghazi Khan, Rajanpur, Multan, Lodhran, Khanewal, Vehari, Bahawalpur, Pakpattan, Bahawalnagar, Rahim Yar Khan districts; and Sindh, Khyber-Pakhtunkhwa and Baluchistan provinces | Rs. 7,500]                   |

<sup>1</sup>Tenth Schedule inserted by Finance Act, 2019 dated June 30, 2019.

<sup>2</sup>Paragraph re-numbered as (1) by Finance Act, 2020 dated June 30, 2020.

<sup>3</sup>Substituted for "6901.1000" by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>4</sup>Words "on monthly return," omitted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier was omitted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>1</sup>[(2) Tax on cement or concrete blocks falling in PCT heading 6810.1100, shall be charged on fixed basis as per the following Table, namely:-

**TABLE**

| <b>S.<br/>No.</b> | <b>Item</b>                                      | <b>Tax</b>      |
|-------------------|--------------------------------------------------|-----------------|
| <b>(1)</b>        | <b>(2)</b>                                       | <b>(3)</b>      |
| 1.                | Paver                                            | Rs.2 per sq. ft |
| 2.                | Hollow block<br>(volume less than 1 cubic feet)  | Rs.3 per piece  |
| 3.                | Solid block<br>(volume less than 1 cubic feet)   | Rs.3 per piece  |
| 4.                | Kerb Stone<br>(volume less than 1 cubic feet)    | Rs.5 per piece  |
| 5.                | Kerb stone<br>(volume greater than 1 cubic feet) | Rs.10 per piece |

*Note:* No input tax adjustment shall be allowed against the tax paid under this Schedule.]

---

<sup>1</sup>Paragraph (2), Table & Note inserted by Finance Act, 2020 dated June 30, 2020.

**<sup>1</sup>[THE ELEVENTH SCHEDULE**  
*[See sub-section (7) <sup>2</sup>[and (7A)] of section 3]*

**TABLE**

The rates for withholding or deduction by the withholding agent <sup>3</sup>[are specified as below provided that withholding of tax under this Schedule shall not be applicable to the goods and supplies specified vide clauses <sup>4</sup>[ ] after the Table]

| S. No. | Withholding agent                                                                                                                                                                               | Supplier category                                                                | Rate or extent of deduction                                                                    |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|
| (1)    | (2)                                                                                                                                                                                             | (3)                                                                              | (4)                                                                                            |
| 1.     | (a) Federal and provincial government departments; autonomous bodies; and public sector organizations<br><br>(b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)          | <sup>5</sup> [Active Taxpayers]                                                  | 1/5th of Sales Tax as shown on invoice                                                         |
| 2.     | (a) Federal and provincial government departments; autonomous bodies; and public sector organizations<br><br>(b) Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001)          | <sup>6</sup> [Active Taxpayer] registered as a wholesaler, dealer or distributor | 1/10th of Sales Tax as shown on invoice                                                        |
| 3.     | Federal and provincial government departments; autonomous bodies; and public sector organizations                                                                                               | <sup>7</sup> [persons other than Active Taxpayers]                               | Whole of the tax involved or as applicable to supplies on the basis of gross value of supplies |
| 4.     | Companies <sup>8</sup> [, association of persons and individuals] as defined in the Income Tax Ordinance, 2001 (XLIX of 2001) <sup>9</sup> [excluding companies exporting surgical instruments] | <sup>7</sup> [persons other than Active Taxpayers]                               | 5% of gross value of supplies                                                                  |

<sup>1</sup>Eleventh Schedule inserted by Finance Act, 2019 dated June 30, 2019.

<sup>2</sup>Inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>3</sup>Substituted for "shall not be applicable to goods and supplies specified after the end of this Table" by Finance Act, 2020 dated June 30, 2020.

<sup>4</sup>Expression "(i) to (viii)" omitted by Finance Act, 2022 dated June 30, 2022.

<sup>5</sup>Substituted for "Registered persons" by Finance Act, 2020 dated June 30, 2020.

<sup>6</sup>Substituted for "Person" by Finance Act, 2020 dated June 30, 2020.

<sup>7</sup>Substituted for "Unregistered persons" by Finance Act, 2020 dated June 30, 2020.

<sup>8</sup>Words etc. inserted by Finance Act, 2026 dated June 26, 2026.

<sup>9</sup>Words inserted by Finance Act, 2022 dated June 30, 2022.

|                  |                                                                                                 |                                                                                                                                                                                                                                                                                      |                                                  |
|------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| 5.               | Registered persons as recipient of advertisement services                                       | Person providing advertisement services                                                                                                                                                                                                                                              | Whole of sales tax applicable                    |
| 6.               | Registered persons purchasing cane molasses.                                                    | <sup>1</sup> [persons other than Active Taxpayers]                                                                                                                                                                                                                                   | Whole of sales tax applicable                    |
| <sup>2</sup> [7. | Registered persons manufacturing lead batteries                                                 | Persons supplying any kind of lead under chapter 78 (PCT Headings: 7801.1000, 7801.9100, 7801.9900, 7802.0000, 78.03, 7804.1100, 7804.1900, 7804.2000, 78.05, 7806.0010, 7806.0020, 7806.0090) or scrap batteries under chapter 85 (PCT Headings: <sup>3</sup> [Respective headings] | <sup>4</sup> [80%] of the sales tax applicable”. |
| <sup>5</sup> [8. | Payment intermediaries and couriers in respect of digitally ordered goods from within Pakistan. | Persons supplying digitally ordered goods from within Pakistan through online market place, website, software applications                                                                                                                                                           | 2% of gross value of supplies.]                  |

<sup>1</sup>Substituted for “Unregistered persons” by Finance Act, 2020 dated June 30, 2020.

<sup>2</sup>Sr. No. 7 & 8 inserted by Finance Act, 2021 dated June 30, 2021.

<sup>3</sup>Substituted for “8548.1010, 8548.1090” by Finance Act, 2022 dated June 30, 2022.

<sup>4</sup>Substituted for “75%” by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>5</sup>S. No. 8 and entries relating thereto substituted by Finance Act, 2025 in force from July 1, 2025. Earlier these were inserted by Finance Act, 2021 dated June 30, 2021.

**S. No. 8-Substitution.-** Before substitution by F. Act, 2025, it read as follows:-

|     |                     |                                     |                                                                                                                                                      |
|-----|---------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|
| “8. | Online market place | Persons other than active taxpayers | <sup>1</sup> [1%] of gross value of supplies: Provided that the provisions of this entry shall be effective from the date as notified by the Board.” |
|-----|---------------------|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|

<sup>1</sup>Substituted for “2” by Finance Act, 2022 dated June 30, 2022.

**Withholding regime for suppliers of lead:** Following is an extract from FBR’s Circular No. 02 of 2021 dated July 01, 2021:-

“At present, lead and used lead batteries sector contributes very little to the revenue, as most of the suppliers are unregistered persons. To plug revenue leakage and ensure due payment of sales tax, a new S. No. 7 has been added in the Eleventh Schedule to the STA.”

**Withholding regime for online market places:** Following is an extract from FBR’s Circular No. 02 of 2021 dated July 01, 2021:-

“Online market places facilitating the supply of goods owned by third party suppliers are required to withhold sales tax at the rate of 2% of gross value of supplies made by persons other than active taxpayers.”

1-245-15-07-2026

|                   |                                                  |                                                                                                                                                                                        |                                                       |
|-------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| <sup>1</sup> [9.  | Registered persons manufacturing cement          | Persons supplying any kind of gypsum under chapter 25 (PCT headings 2520.1010, 2520.1020, 2521.0000) or limestone flux under chapter 25 (PCT headings 2520.1010, 2520.1020, 2521.0000) | 80% of the sales tax applicable                       |
| 10.               | Registered persons                               | Persons supplying any kind of coal under chapter 27 (PCT headings 2701.1100, 2701.1200, 2701.1900, 2701.2000, 2704.0010, 2704.0020, 2704.0090)                                         | 80% of the sales tax applicable                       |
| 11.               | Registered persons                               | Persons supplying any kind of waste of paper and paper board (Respective headings)                                                                                                     | 80% of the sales tax applicable                       |
| 12.               | Registered persons                               | Persons supplying any kind of plastic waste (Respective headings)                                                                                                                      | 80% of the sales tax applicable                       |
| 13.               | Registered persons                               | Persons supplying crush stone and silica                                                                                                                                               | 80% of the sales tax applicable]                      |
| <sup>2</sup> [14. | Registered persons engaged in toll manufacturing | Person other than registered person                                                                                                                                                    | four times of the tax charged on conversion charges.] |

- (i) Electrical energy;
- (ii) Natural gas;
- (iii) Petroleum products as supplied by petroleum production and exploration companies, oil refineries, oil marketing companies and dealers of motor spirit and high speed diesel;
- (iv) Vegetable ghee and cooking oil;
- (v) Telecommunication services;
- (vi) Goods specified in the Third Schedule to the Sales Tax Act, 1990;
- (vii) Supplies made by importers who paid value addition tax on such goods at the time of import; and

1-245-15-07-2026

<sup>1</sup>S. Nos. 9 to 13 inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>2</sup>S. No. 14 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

- <sup>1</sup>[(viii) Supplies made by an Active Taxpayer as defined in the Sales Tax Act, 1990 to another registered person with the exception of supplies referred to in S. Nos. 5, 7, 9, 10, 11, 12 and 13 of the Table.]
- <sup>2</sup>[(ix) Supply of sand, stone, gravel/crush and clay to low cost housing schemes sponsored or approved by Naya Pakistan Housing and Development Authority.]

---

<sup>1</sup>Clause (viii) substituted by Finance Act, 2024 w.e.f. 1 July, 2024. Before substitution it read as follows:-

- (viii) Supplies made by an Active Taxpayer as defined in the Sales Tax Act, 1990 to another registered persons with exception of advertisement services.

<sup>2</sup>Clause (ix) inserted by Finance Act, 2020 dated June 30, 2020.

**<sup>1</sup>[THE TWELFTH SCHEDULE***[See sub-section (2) of section 7A]***TABLE**

| <b>S.<br/>No.</b> | <b>Goods or class of goods</b>                                                                | <b>PCT Heading</b> | <b>Rate</b>   |
|-------------------|-----------------------------------------------------------------------------------------------|--------------------|---------------|
| <b>(1)</b>        | <b>(2)</b>                                                                                    | <b>(3)</b>         | <b>(4)</b>    |
| 1.                | All imported goods subject to exclusions as in conditions and procedure given after the Table | Respective Heading | 3% ad valorem |

**Procedure and conditions:-**

- (1) The sales tax on account of minimum value addition as payable under this Schedule (hereinafter referred to as value addition tax), shall be levied and collected at import stage from the importer on all taxable goods as are chargeable to tax under section 3 of the Act or any notification issued thereunder at the rate specified in the Table in addition to the tax chargeable under section 3 of the Act or a notification issued thereunder:
- (2) The value addition tax under this Schedule shall not be charged on,-
  - <sup>2</sup>(i) Raw materials and intermediary goods imported by a manufacturer for in-house consumption <sup>3</sup>/excluding compressor scrap (PCT heading 7204.4940), motor scrap (PCT heading 7204.4990) and copper cable cutting scrap (PCT heading 7404.0090);/ <sup>4</sup>/:  

<sup>4</sup>[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;]
  - (ii) The petroleum products falling in Chapter 27 of Pakistan Customs Tariff as imported by a licensed Oil Marketing Company for sale in the country;

<sup>1</sup>Twelfth Schedule inserted by Finance Act, 2019 dated June 30, 2019.<sup>2</sup>Clause (i) substituted by Finance Act, 2020 dated June 30, 2020. Before substitution it read as follows:-

“(i) Raw materials and intermediary goods meant for use in an industrial process which are subject to customs duty at a rate less than 16% ad valorem under First Schedule to the Customs Act, 1969;”

<sup>3</sup>Words inserted by Finance Act, 2022 dated June 30, 2022.<sup>4</sup>Colon and proviso inserted by Finance Act, 2026 dated June 26, 2026.

**Exemption from value addition tax to electric vehicles:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

“To promote environment friendly transportation facility and to encourage cheaper source of transportation, minimum value addition tax under Twelfth Schedule is withdrawn from electric vehicles (4-wheelers) upto 50 Kwh battery in CKD/CBU condition and electric vehicle LCV upto 150 kwh batter in CKD/CBU till 30th June, 2026.

Furthermore, electric vehicles 2-3 wheelers and heavy commercial vehicles in CBU condition is also excluded from the purview of value addition tax under Twelfth Schedule till 30th June, 2025.”

- (iii) Registered service providers importing goods for their in-house business use for furtherance of their taxable activity and not intended for further supply;
- (iv) Cellular mobile phones or satellite phones <sup>4</sup>[(PCT headings 8517.1419, 8517.1430 and 8517.1390)];
- (v) LNG / RLNG;
- (vi) second hand and worn clothing or footwear (PCT Heading 6309.000);
- (vii) gold, in un-worked condition; <sup>1</sup>[ ]
- (viii) silver, in un-worked condition <sup>2</sup>[; <sup>2</sup>[ ]]
- <sup>3</sup>[(ix) the goods as specified in the Third Schedule on which tax is paid on retail price basis <sup>4</sup>[; and]]
- <sup>5</sup>[(x) plant, machinery and equipment falling in Chapters 84 and 85 of the First Schedule to the Customs Act, 1969 (IV of 1969), as are imported by a manufacturer for in-house installation or use.]
- <sup>6</sup>[(xi) Electric vehicles (4 wheelers) CKD kits for small cars/SUVs, with 50 kwh battery or below and LCVs with 150 kwh battery of below till 30th June, 2026;
- (xii) Electric vehicles (4 wheelers) small cars/SUVs, with 50 kwh battery or below and LCVs with 150 kwh battery of below in CBU condition till 30th June, 2026”;
- (xiii) Electric vehicles (2-3 wheelers and heavy commercial vehicles) in CBU condition till 30th June, 2025; and
- (xiv) motor cars of cylinder capacity upto 850cc]

---

<sup>4</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>1</sup>Word “and” omitted by SRO 1321(I)/2019 dated November 08, 2019.

<sup>2</sup>Word “and” omitted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was omitted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019. Earlier it was substituted for full stop by SRO 1321(I)/2019 dated November 08, 2019.

<sup>3</sup>Clause (ix) inserted by SRO 1321(I)/2019 dated November 08, 2019.

<sup>4</sup>Substituted for full stop by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>5</sup>Sub-clause (x) inserted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was inserted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>6</sup>Clauses (xi) to (xiv) inserted by Finance Act, 2021 dated June 30, 2021. Earlier clauses (xi) to (xiii) were inserted by Tax Laws (Amendment) Ordinance, 2021 dated February 12, 2021.

---

**Withdrawal of Value Added Tax on Motor Vehicles Upto 850CC:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

“In order to provide relief to the general body of consumers, small cars upto engine capacity of 850cc have been exempted from value added tax at import stage.”

(3) The value addition tax paid at import stage shall form part of input tax, and the importer shall deduct the same from the output tax due for the tax period, subject to limitations and restrictions under the Act, for determining his net liability. The excess of input tax over output tax shall be carried forward to the next tax period as provided in section 10 of the Act.

<sup>1</sup>[(4) The refund of excess input tax over output tax, which is attributable to tax paid under this Schedule, shall not be refunded to a registered person in any case, except that as used for making of zero-rated supplies.]

(5) The registered person, if also dealing in goods other than imported goods, shall be entitled to file refund claim of excess carried forward input tax for a period as provided in section 10 or in a notification issued there under by the Board after deducting the amount attributable to the tax paid at import stage i.e. sum of amounts paid during the claim period and brought forward to claim period. Such deducted amount may be carried forward to subsequent tax period.]

<sup>2</sup>[(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.]

---

<sup>1</sup>Clause (4) substituted by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019. Before substitution it read as follows:-

“(4) In no case, the refund of excess input tax over output tax, which is attributable to tax paid at import stage, shall be refunded to a registered person.”

<sup>2</sup>Clause (6) inserted by Finance Act, 2026 dated June 26, 2026.

---

**Exemption from federal excise to industrial units located in fata and rata:** Following is an extract from FBR's Circular No. 02 of 2021 dated July 01, 2021:-

“In order to facilitate the people of tribal area and encourage investment and economic growth in these areas, levy of federal excise has been withdrawn on to the industrial units located in erstwhile FATA and FATA by omitting corresponding serial numbers in First Schedule and Second Schedule besides omitting Fourth Schedule of FEA. Corresponding amendments have also been made in the relevant provisions of the STA.

**Withdrawal of FED on juices:** In order to provide relief to this sector, federal excise duty on juices has been withdrawn.

**Imposition of FED on Electrically Heated Tobacco Products:** In order to discourage tobacco usage, electronically heated tobacco products have been brought under the federal excise regime by inserting new S. No. 8c of Table-1 of the First Schedule to the FEA.

**Reduction in FED on locally manufactured cars:** In order to cause reduction in prices of locally manufactured vehicles, federal excise duty has been reduced by 2.5% for each category, as prescribed under S. No. 55B of Table-1 of the First Schedule to the FEA.

**Reduction of fed on telecommunication services:** Federal excise has been reduced from 17% to 16% on telecommunication services.

**Imposition of fed on mobile calls:** Federal excise on mobile phone calls exceeding five minutes has been imposed at 75 paisa per call.

**Exemption from fed on merchant discount rate (MDR):** To provide relief to businesses and promote digitization of economy, payment on account of Merchant Discount Rate has been excluded from the ambit of federal excise duty.”

| <b>General Order No.<br/>&amp; Date</b>                | <b>Subject</b>                                                                                                      | <b>Page No.</b> |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>01 of 2022<br/>August 03, 2021</b>                  | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -100         |
| <b>02 of 2022<br/>August 06, 2021</b>                  | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -101         |
| <b>03 of 2022<br/>October 05, 2021</b>                 | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -101         |
| <b>04 of 2022<br/>November 04, 2021</b>                | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -102         |
| <b>05 of 2022<br/>November 11, 2021</b>                | Implementation of Track & Trace System under SRO 250/2019, Dated 26.02.2019 - Sugar Bags                            | VI -102         |
| <b>06 of 2022<br/>December 03, 2021</b>                | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -103         |
| <b>07 of 2022<br/>January 05, 2022</b>                 | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -103         |
| <b>09 of 2022<br/>February 04, 2022</b>                | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -104         |
| <b>10 of 2022<br/>March 03, 2022</b>                   | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -105         |
| <b>11 of 2022<br/>April 05, 2022</b>                   | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -105         |
| <b>12 of 2022<br/>April 07, 2022</b>                   | Input Tax Adjustment to Manufacturers of Oil & Ghee and Steel Melters and Re-Rollers                                | VI -106         |
| <b>13 of 2022<br/>April 07, 2022</b>                   | Purchases and Supplies Made by Importers, Wholesalers, Dealers and Distributors in Sales Tax Return                 | VI -106         |
| <b>14 of 2022<br/>April 16, 2022</b>                   | Quota for Import of Raw Materials for Industrial Units Located in Erstwhile FATA/PATA                               | VI -107         |
| <b>08 of 2022<br/>April 26, 2022</b>                   | Explanation of Important Amendment to Rule 150ZF to Sales Tax Rules, 2006 through SRO. 541(1)12022 Dated 22.04.2022 | VI -108         |
| <b>15 of 2022<br/>April 26, 2022</b>                   | Implementation of Track & Trace System under SRO 250/2019, Dated 26.02.2019 - Fertilizer Bags                       | VI -108         |
| <b>16 to 18 of 2022<br/>May, June, 2022</b>            | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -108         |
| <b>19 of 2022<br/>June 27, 2022</b>                    | Implementation of Track & Trace System under SRO 250/2019, Dated 26.02.2019 - Cement Bags                           | VI -111         |
| <b>01 of 2023<br/>July 05, 2022</b>                    | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -111         |
| <b>02 of 2023<br/>Aug 05, 2022</b>                     | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -112         |
| <b>03 &amp; 04 of 2023<br/>Sep 6 &amp; Oct 5, 2022</b> | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -113         |
| <b>05 &amp; 06 of 2023<br/>Nov 30 &amp; Jan 10, 23</b> | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -114         |
| <b>07 of 2023<br/>Feb 09, 23</b>                       | Tier-1 Retailers - Integration with FBR's POS System                                                                | VI -115         |

| <b>General Order No.<br/>&amp; Date</b> | <b>Subject</b>                                                                                                                     | <b>Page No.</b> |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------|
| <b>08 of 2023<br/>Mar 10, 23</b>        | Tier-1 Retailers - Integration with FBR's POS System                                                                               | VI -116         |
| <b>09 of 2023<br/>Mar 15, 23</b>        | Sales Tax Refund to Manufacturers of Five Export Oriented Sectors (Textile Carpet Leather Surgical & Sports Goods)                 | VI -116         |
| <b>10 of 2023<br/>Apr 10, 23</b>        | Tier-1 Retailers - Integration with FBR's POS System                                                                               | VI -118         |
| <b>11 of 2023<br/>May 25, 23</b>        | Tier-1 Retailers - Integration with FBR's POS System                                                                               | VI -119         |
| <b>12 of 2023<br/>Sep 07, 23</b>        | Standard Operating Procedures (SOPs) to Deal with Cases Involving Fake / Flying Invoices                                           | VI -119         |
| <b>01 of 2024<br/>April 23, 24</b>      | Tier-1 Retailers - Integration with FBR's POS System                                                                               | VI -123         |
| <b>02 of 2024<br/>Dec 17, 24</b>        | FMCG Sector - Integration with FBR's Digital Invoicing System                                                                      | VI -124         |
| <b>01 of 2025<br/>July 18, 25</b>       | Electronic monitoring of Production of Green Leaf Threshing (GLT) units through video analytics / digital eye solution             | VI -125         |
| <b>02 of 2025<br/>Aug 06, 25</b>        | Procedure for action under section 37A of the Sales Tax Act, 1990                                                                  | VI -125         |
| <b>03 of 2025<br/>Sep 04, 25</b>        | Procedure for action under section 37A of the Sales Tax Act, 1990                                                                  | VI -126         |
| <b>04 of 2025<br/>Oct 08, 25</b>        | De- Registration of Sales Tax in Terms of Section 21 of the Sales Tax Act, 1990                                                    | VI -126         |
| <b>05 of 2025<br/>Oct 23, 25</b>        | Electronic Monitoring, Tracking and Tracing of Cement Bags                                                                         | VI -127         |
| <b>06 of 2025<br/>Oct 27, 25</b>        | Electronic Monitoring Production of Sugar Bags through Video Analytics                                                             | VI -127         |
| <b>07 of 2025<br/>Nov 10, 25</b>        | Electronic Monitoring Production of Tobacco sector through IP-CCTV Cameras                                                         | VI -129         |
| <b>01 of 2026<br/>Mar 30, 26</b>        | Issuance of Electronic Sales Tax Invoices and Integration of Registered Persons                                                    | VI -129         |
| <b>06 of 2026<br/>May 21, 26</b>        | Electronic Monitoring of Packaged Milk Production                                                                                  | VI -130         |
| <b>08 of 2026<br/>July 02, 26</b>       | Visibility and Prominent Display of Retail Price and Sales tax on Goods Specified in the Third Schedule to the Sales Tax Act, 1990 | VI -131         |

The production monitoring system (as above) shall be supplied, installed and maintained by the vendors authorized by the Board.

3. All the aforesaid registered persons are hereby directed under law to make necessary arrangements for installation of electronic production monitoring system by 30th June, 2026.
4. To ensure timely and effective implementation, the respective Chief Commissioners Inland Revenue shall designate and notify dedicated focal persons. These focal persons shall coordinate with packaged milk manufacturers and with authorized vendors to facilitate installation and operationalization.
5. The details of the vendors authorized by the FBR under Chapter XIV-BA of the Sales Tax Rules, 2006 is available at <https://fbr.gov.pk/electronic-monitoring-production/174607/174608>
6. All authorized vendors shall ensure that their production monitoring systems fully comply with the requirements prescribed under Rule 15OZQT of the Sales Tax Rules, 2006, including but not limited to:
  - (a) real time capture of production process;
  - (b) real time collection of data that shows production through object detection and object counting;
  - (c) transmission of data to Central Control Unit at Board on real time basis, storage and archiving of data;
  - (d) detection of unexpected stops;
  - (e) quantitative analyses of production; and
  - (f) data analytics for required legal actions.
7. This issues with the approval of the competent authority, Member IR-Operations, FBR, Islamabad and shall be applicable with immediate effect.

C.No.3(7)/ST&FE-Policy/2026

Islamabad, the 02nd July, 2026

**Sales Tax General Order No. 08 of 2026/IR Policy**

**Subject: Visibility and Prominent Display of Retail Price and Sales Tax on Goods Specified in the Third Schedule to the Sales Tax Act, 1990**

In terms of sub-section (2)(a) of section 3 of the Sales Tax Act, 1990, taxable supplies and imports of goods specified in the Third Schedule are chargeable to sales tax at the rate of eighteen per cent of the retail price, and the retail price along with the amount of sales tax is required to be legibly, prominently and indelibly printed or embossed by the manufacturer or, in the case of imported goods, by the importer on each article, packet, container, package, cover or label, as the case may be.

2. The Federal Board of Revenue has observed that, in a number of cases, the retail price on goods specified in the Third Schedule is either not printed, not clearly visible, or is obscured by the background, monogram, design, colour scheme or other printed material, making it difficult to readily ascertain the retail price for the purposes of levy and collection of sales tax.

1-245-15-07-2026

3. The Federal Board of Revenue is, therefore, pleased to direct that all manufacturers and importers of goods specified in the Third Schedule to the Sales Tax Act, 1990, (the list of which, together with the descriptions thereof, is enclosed as **Annex-A**) shall ensure that the retail price and the amount of sales tax are displayed in a clear, legible, prominent and indelible manner, using a font size and colour that distinctly contrast with the background and remain readily visible and easily readable to the naked eye. The retail price and the amount of sales tax shall not be concealed, obscured or rendered unreadable by any design, monogram, sticker, wrapper or any other material affixed on the goods or their packing. The Mandatory Printing Specifications, attached as **Annex-B**, shall be complied with in letter and spirit.
4. Any contravention of the above directions shall entail action under the relevant provisions of the Sales Tax Act, 1990 and the rules made thereunder.
5. In case of any ambiguity regarding the implementation or interpretation of this General Order, the concerned persons may contact the IR-Policy Wing, Federal Board of Revenue, for clarification.
6. This General Order shall come into force with immediate effect.

Encl: As above.

### Annex - A

#### THIRD SCHEDULE

See clause (a) of sub-section (2) of section 3

| Serial No. | Description                                                                                                                                                                                                                | Heading Nos. of the First Schedule to the Customs Act, 1969 (IV of 1969) |
|------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|
| (1)        | (2)                                                                                                                                                                                                                        | (3)                                                                      |
| 1          | Fruit juices and vegetable juices                                                                                                                                                                                          | 20.09                                                                    |
| 2          | Ice Cream.                                                                                                                                                                                                                 | 2105.0000]                                                               |
| 3          | Aerated waters or beverages.                                                                                                                                                                                               | 22.01 and 20.02                                                          |
| 4          | Syrups and squashes.                                                                                                                                                                                                       | Respective headings                                                      |
| 5          | Cigarettes.                                                                                                                                                                                                                | 2402.2000                                                                |
| 6          | Toilet soap                                                                                                                                                                                                                | 3401.1100 and 3401.2000                                                  |
| 7          | Detergents                                                                                                                                                                                                                 | Respective heading                                                       |
| 8          | Shampoo                                                                                                                                                                                                                    | 3305.1000                                                                |
| 9          | Toothpaste                                                                                                                                                                                                                 | 3306.1010                                                                |
| 10         | Shaving cream                                                                                                                                                                                                              | 3307.1000                                                                |
| 11         | Perfumery and cosmetics                                                                                                                                                                                                    | Respective sub-headings of 33.03 and 33.04.]                             |
| 12         | Tea                                                                                                                                                                                                                        | Respective sub-headings of 09.02                                         |
| 13         | Powder drinks                                                                                                                                                                                                              | 21.06                                                                    |
| 14         | Milky drinks                                                                                                                                                                                                               | 2106.9090]                                                               |
| 15         | Toilet paper and tissue paper                                                                                                                                                                                              | 4818.1000 and 4818.2000]                                                 |
| 16         | Spices sold in retail packing bearing brand names and trade marks                                                                                                                                                          | 09.04, 09.06, 09.08 and 09.10                                            |
| 17         | Shoe polish and shoe cream                                                                                                                                                                                                 | 3405.1010]                                                               |
| 18         | Cement sold in retail packing                                                                                                                                                                                              | Respective heading                                                       |
| 19         | Mineral/bottled water                                                                                                                                                                                                      | Respective heading                                                       |
| 20         | Household electrical goods, including air conditioners, refrigerators, deep freezers, televisions, recorders and players, electric bulbs, tube-lights, electric fans, electric irons, washing machines and telephone sets. | Respective heading                                                       |

1-245-15-07-2026

|    |                                                                                                                                                                                                                                                      |                                                                  |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| 21 | Household gas appliances, including cooking range, ovens, geysers and gas heaters.                                                                                                                                                                   | Respective heading                                               |
| 22 | Foam or spring mattresses and other foam products for household use.                                                                                                                                                                                 | Respective heading                                               |
| 23 | Paints, distempers, enamels, pigments, colours, varnishes, gums, resins, dyes, glazes, thinners, blacks, cellulose lacquers and polishes sold in retail packing                                                                                      | Respective heading                                               |
| 24 | Lubricating oils, brake fluids, transmission fluid, and other vehicular fluids sold in retail packing.                                                                                                                                               | Respective heading                                               |
| 25 | Storage batteries excluding those sold to automotive manufacturers or assemblers                                                                                                                                                                     | Respective heading                                               |
| 26 | Tyres and tubes excluding those sold to automotive manufacturers or assemblers                                                                                                                                                                       | Respective heading                                               |
| 27 | Motorcycles                                                                                                                                                                                                                                          | Respective heading                                               |
| 28 | Auto rickshaws                                                                                                                                                                                                                                       | Respective heading                                               |
| 29 | Biscuits in retail packing with brand name                                                                                                                                                                                                           | Respective heading                                               |
| 30 | Tiles                                                                                                                                                                                                                                                | Respective heading                                               |
| 31 | Auto-parts, in retail packing, excluding those sold to automotive manufacturers or assemblers                                                                                                                                                        | Respective heading]                                              |
| 32 | DAP                                                                                                                                                                                                                                                  | Respective heading]                                              |
| 33 | Import of pet food including of dogs and cats sold in retail packing                                                                                                                                                                                 | 2309.1000                                                        |
| 34 | Import of coffee sold in retail packing                                                                                                                                                                                                              | 0901.1100, 0901.1200, 0901.2100, 0901.2200, 0901.9000, 2101.1120 |
| 35 | Import of chocolates sold in retail packing                                                                                                                                                                                                          | 1704.9010, 1806.2090, 1806.3100, 1806.3200, 1806.9000            |
| 36 | Import of cereal bars sold in retail packing                                                                                                                                                                                                         | 1904.1010, 1904.1090, 1904.2000, 1904.3000, 1904.9000.”;         |
| 37 | Vegetable and animal fats and oils, sold in retail packing.                                                                                                                                                                                          | Respective headings                                              |
| 38 | Sugar confectionery, sold in retail packing.                                                                                                                                                                                                         | Respective headings                                              |
| 39 | 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                                                            |
| 40 | Sauces, ketchup and other preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard, sold in retail packing.                                                                                         | Respective headings                                              |
| 41 | Fermented beverages, sold in retail packing.                                                                                                                                                                                                         | Respective headings                                              |
| 42 | 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                                                            |
| 43 | 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                                              |

|    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                     |
|----|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| 44 | Tableware, kitchenware, plastic furniture, storage items, hygienic or toilet articles, and allied other household articles of plastics, sold in retail packing.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Chapter 39          |
| 45 | 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               |
| 46 | Footwear (all types) except where the manufacturer exclusively sells its products through digitally integrated and POS compliant retail outlets.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Respective headings |
| 47 | Bathroom accessories and bath items, sanitaryware including taps, showerheads, fittings, mixers, valves and other washroom accessories and fixtures, sold in retail packing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Respective headings |
| 48 | Crockery Items, sold in retail packing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Respective headings |
| 49 | Car and automobile accessories, sold in retail packing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Respective headings |
| 50 | Milk, fat-filled milk, preparations suitable for infants, and other products of milk, sold in retail packing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Respective headings |
| 51 | Preparations for use on the hair, sold in retail packing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 33.05               |
| 52 | 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               |
| 53 | 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    |
| 54 | 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        |
| 55 | Household utensils, including Stainless steel, aluminum, melamine and other utensils and tableware put up for retail sale.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Respective headings |
| 56 | Ceramic products, including wash basins, commodes, tiles and allied ceramic sanitary products, put up for retail sale.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 69.10”;             |

## Annex - B

**MANDATORY PRINTING SPECIFICATION**

## Retail Price &amp; Sales Tax - Third Schedule Items

**1. Purpose & Scope**

This specification applies to every retail unit of goods listed in the Third Schedule of the Sales Tax Act, 1990, on which sales tax is charged on the printed retail price.

Every pack must display its retail price and sales tax in a way that is clearly legible, prominent, permanent, and impossible to conceal or remove. This replaces the current practice of printing the figures faintly, in tiny type, in obscure locations, or on removable stickers.

**2. Information Required on Every Retail Pack**

| Field             | Requirement                                                                                            |
|-------------------|--------------------------------------------------------------------------------------------------------|
| Retail Price (RP) | Price before sales tax, in Rupees.                                                                     |
| Sales Tax (ST)    | Tax amount and the rate applied.                                                                       |
| Total Price       | The actual amount the consumer pays (RP + ST). This must be shown — it is the figure the buyer checks. |

**Required printed format (one line or box):**

|                                                                  |
|------------------------------------------------------------------|
| Retail Price Rs 36.37 + Sales Tax Rs 6.55 (18%) = Total Rs 42.92 |
|------------------------------------------------------------------|

**3. Size & Legibility**

- Font: bold sans-serif (Arial, Helvetica or equivalent). No italics, no decorative or condensed faces.
- Colour: solid black, or one single dark colour.
- The price and tax figures must be prominent and easily readable at normal viewing distance.
- Figures must read horizontally and right-side up in normal display position.

**4. Background & Placement (anti-concealment)**

- White/contrasting box: the figures sit inside a solid white box or a box in a colour that contrasts sharply with both the figures and the surrounding artwork.
- Placement — front or back: the box may be placed anywhere on the pack, on the front or the back, provided it is prominent and clearly visible. It may not be placed on the base, cap, neck, crimp, or buried in fine print.
- No graphics, folds, seams, shrink-wrap joins or perforations may cross or overlap the figures.
- The information may not be hidden under a flap, behind a tear strip, beneath the cap, or in any position obscured during normal shelf display.

**5. Permanence**

- Part of the printed label: the RP/ST box must be printed as part of the label or pack artwork. It must NOT be a separate sticker, paste-on label, or peelable tag.

- Rub test: the print must remain fully legible after a dry rub, a wet (damp cloth) rub, and normal handling. Anything that smudges or lifts fails.

**6. Compliant vs. Non-Compliant (at a glance)**

| Compliant                                                              | Non-Compliant (currently common)                                          |
|------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Bold, prominent figures in a white box, showing RP + ST + Total.       | Tiny faint figures hidden in side-panel fine print.                       |
| Printed into the label artwork; survives rubbing and water.            | Stuck on as a removable / peelable sticker.                               |
| Total price the consumer pays is clearly shown.                        | Only "RP+ST" shown with no total, so the buyer can't read the real price. |
| Prominently placed on the front or back, contrasting and unobstructed. | On the base, under the cap, or printed over busy graphics.                |

**Illustrative examples:**

*(Pictures of products not reproduced here)*

\_\_\_\_\_

## Part IX

### Budget Instructions by CBR

| Sr. No. | Subject                                                                    | No. & Date                                   | Page No.           |
|---------|----------------------------------------------------------------------------|----------------------------------------------|--------------------|
| 1.      | Sales Tax Budget Instructions 2020-2021- Finance Act, 2020 (extracts)      | <b>Budget Matter</b><br>June 30, 2020        | IX - 03 to<br>22   |
| 2.      | Sales Tax Budget Instructions 2021-2022- Finance Bill, 2021 (extracts)     | <b>Budget Matter</b><br>June 15, 2021        | IX - 23 to<br>54   |
| 3.      | Sales Tax Budget Instructions 2021-2022- Finance Act, 2021 (extracts)      | <b>Budget Matter</b><br>June 30, 2021        | IX - 55 to<br>74   |
| 4.      | Sales Tax Budget Instructions 2022-2023- Finance Bill, 2022 (extracts)     | <b>Budget Matter</b><br>June 10, 2022        | IX - 75 to<br>92   |
| 5.      | Sales Tax Budget Instructions 2022-2023- Finance Act, 2022 (extracts)      | <b>Budget Matter</b><br><b>June 30, 2022</b> | IX - 93 to<br>112  |
| 6.      | Sales Tax Budget Instructions 2022-2023- Finance (Supplementary) Act, 2023 | <b>Budget Matter</b><br><b>Feb 23, 2023</b>  | IX - 113<br>to 116 |
| 7.      | Sales Tax Budget Instructions 2023-2024- Finance Act, 2023 (extracts)      | <b>Budget Matter</b><br><b>June 26, 2023</b> | IX - 117<br>to 127 |
| 8.      | Sales Tax Budget Instructions 2024-2025- Finance Act, 2024 (extracts)      | <b>Budget Matter</b><br><b>June 29, 2024</b> | IX - 129<br>to 148 |
| 9.      | Sales Tax Budget Instructions 2025-2026- Finance Act, 2025 (extracts)      | <b>Budget Matter</b><br><b>June 27, 2025</b> | IX - 149<br>to 168 |
| 10.     | Sales Tax Budget Instructions 2026-2027- Finance Act, 2026 (extracts)      | <b>Budget Matter</b><br><b>June 26, 2026</b> | IX - 169<br>to 194 |

**Finance Act, 2026****(Extracts ST & FE)**

**“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.”

**“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.<br><br>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. |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

- (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) |

(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,<br>39.20,<br>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,<br>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,<br>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”;             |

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” |
|------|---------------------|----------------------|

(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,<br>4902.1000,<br>and<br>4902.9000” |
|-----|------------------------------------------------------------------------------------|-------------------------------------------|

(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)<br><br>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: | 8802.1200,<br>8802.3000,<br>8802.4000,<br>8801.0000,<br>8802.2000,<br>8804.0000,<br>8805.2900,<br>8807.3000,<br>9104.0010,<br>8544.2000, |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|

|  |                                                                                                                                                                                                                     |                      |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
|  | 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. | 7007.1900 and 9931.” |
|--|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|

- (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 |
|--------|--------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|

- (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:<br>– Tankers,<br>– Dredgers,<br>– Floating or submersible drilling, or production platforms,<br>– Others floating structures and vessels.<br>– 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<br>8905.1000<br>8905.2000<br>8905.9000<br>8901.9000 |
| 185  | Import of bulletproof vehicles by the:<br>(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.                                                                                                                                                                                                | Respective heading.”                                          |

|  |                                                                                                                                                                                                                                  |  |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
|  | (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. |  |
|--|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|

- (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"> <li>1. Reactors,</li> <li>2. Shell and Tube Exchangers,</li> <li>3. Vessels (Strippers/ Separators/ K.O. Drums),</li> <li>4. Trim Coolers,</li> <li>5. Air Coolers Condensers),</li> <li>6. Fired Heaters,</li> <li>7. Centrifugal Pumps,</li> <li>8. Reciprocating Pumps,</li> <li>9. Centrifugal Compressors,</li> <li>10. Reciprocating Compressors,</li> <li>11. Steam Reformer Furnaces,</li> <li>12. Filters,</li> </ol> <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,<br/>8419.5000,<br/>8419.8990,<br/>8418.6990,<br/>8419.8990,<br/>8417.8000,<br/>8413.7090,<br/>8413.5000,<br/>8414.8090,<br/>8414.8090,<br/>8417.8000,<br/>8421.3990</p> | The goods shall be imported directly by the refinery after approval by the division concerned. |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|

|    |                                                                                                                                      |                                                            |                                                                                                                                                                                                                              |
|----|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 24 | Import of machinery, equipment, raw materials, components and other capital goods, by Karachi Shipyard and Engineering Works Limited | Respective headings as approved by the concerned Division. | 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.                                                     |
|    |                                                                                                                                      |                                                            | 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.”; |

(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<br>8704.6030 | 1%” |
|------|-----------------------------------------------------------------------------|------------------------|-----|

(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.”; |
|------|--------------------------------------------------|-------------------------------------|-------------------------------------------------------|

- (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.”.

**“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<br>2710.1952<br>2710.1953<br>2710.1993 | Five percent ad valorem.”; |
|-----|-------------------------------------------|--------------------------------------------------|----------------------------|
|-----|-------------------------------------------|--------------------------------------------------|----------------------------|

- (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<br>8704.3190 | 86% ad val    |
|        | (a) of cylinder capacity 2000cc and above but not exceeding 3000cc<br>(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:<br>(a) IATA Traffic Conference Area 1 (North, Central, South America and Environs) | (a) Fifty thousand rupees |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|

|                                                                                                                                                                              |                                                                                                       |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
| (b) IATA Traffic Conference Area 2<br>(I) Middle East and Africa<br>(II) Europe<br>(c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands) | (b)(I) Twenty-five thousand rupees<br><br>(b)(II) Forty thousand rupees<br>(c) Forty thousand rupees; |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|

(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:<br><br>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<br><br>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. |
|------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|

# FEDERAL EXCISE ACT, 2005

## \*Arrangement of Sections

| SECTION                                     |                                                                                                                                       | PAGES |
|---------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|-------|
| <b>CHAPTER I</b>                            |                                                                                                                                       |       |
| <b>PRELIMINARY</b>                          |                                                                                                                                       |       |
| 1.                                          | Short title and commencement .....                                                                                                    | 03    |
| 2.                                          | Definitions .....                                                                                                                     | 03    |
| <b>CHAPTER II</b>                           |                                                                                                                                       |       |
| <b>LEVY, COLLECTION AND PAYMENT OF DUTY</b> |                                                                                                                                       |       |
| 3.                                          | Duties specified in the First Schedule to be levied ...                                                                               | 09    |
| 3A.                                         | Omitted .....                                                                                                                         | 11    |
| 4.                                          | Filing of return and payment of duty etc. ....                                                                                        | 11    |
| 5.                                          | Zero rate of duty and drawback of duty etc. ....                                                                                      | 12    |
| 6.                                          | Adjustment of duties of excise .....                                                                                                  | 13    |
| 7.                                          | Application of the provisions of the Sales Tax Act, 1990 .....                                                                        | 14    |
| 7A.                                         | National faceless centre and application of the provisions of the Sales Tax Act, 1990 .....                                           | 14(1) |
| 8.                                          | Default surcharge .....                                                                                                               | 14(1) |
| 9.                                          | Liability for payment of duty in the case of private companies or business enterprises or in case of sale of business ownership ..... | 15    |
| 10.                                         | Applicable value and rate of duty .....                                                                                               | 15    |
| 11.                                         | Collection of excess duty etc. ....                                                                                                   | 16    |
| 12.                                         | Determination of value for the purposes of duty .....                                                                                 | 16    |
| 13.                                         | Registration .....                                                                                                                    | 17    |
| 14.                                         | Recovery of unpaid duty or of erroneously refunded duty or arrears of duty, etc. ....                                                 | 17    |
| 14A.                                        | Short paid amounts recoverable .....                                                                                                  | 18    |
| 14B.                                        | Assessment giving effect to an order .....                                                                                            | 19    |
| 14C.                                        | Power of tax authorities to modify orders, etc. ....                                                                                  | 19    |
| 15.                                         | Application of the Customs Act, 1969 to Federal excise duties .....                                                                   | 20    |
| 16.                                         | Exemptions .....                                                                                                                      | 20    |
| 17.                                         | Records .....                                                                                                                         | 20(2) |
| 18.                                         | Invoices .....                                                                                                                        | 20(3) |
| <b>CHAPTER III</b>                          |                                                                                                                                       |       |
| <b>OFFENCES AND PENALTIES</b>               |                                                                                                                                       |       |
| 19.                                         | Offences, penalties, fines and allied matters .....                                                                                   | 21    |
| 19A.                                        | Omitted .....                                                                                                                         | 25    |
| 20.                                         | Appointment of Special Judges for trial of offences ..                                                                                | 25    |
| 21.                                         | Trial of offences by Special Judge .....                                                                                              | 25    |

\*This Arrangement of Sections is not part of the Act or Gazette containing it and has been prepared for convenience of readers, modified in line with amendments from time to time.

|      |                                                                             |       |       |       |
|------|-----------------------------------------------------------------------------|-------|-------|-------|
| 21A. | Appeal against the order of Special Judge                                   | ..... | ..... | 26    |
| 22.  | Power to arrest and prosecute                                               | ..... | ..... | 26    |
| 23.  | Power to summon persons to give evidence and produce documents in inquiries | ..... | ..... | 28(1) |
| 24.  | Officers required to assist Officers of Inland Revenue                      | ..... | ..... | 28(1) |

**CHAPTER IV****SEARCHES, ARRESTS AND SEIZURES**

|     |                                                        |       |       |       |
|-----|--------------------------------------------------------|-------|-------|-------|
| 25. | Searches and arrests how to be made                    | ..... | ..... | 29    |
| 26. | Power to seize                                         | ..... | ..... | 29    |
| 27. | Confiscation of goods subject to federal excise duty . | ..... | ..... | 30    |
| 28. | Power to release seized conveyance                     | ..... | ..... | 30(1) |

**CHAPTER V****POWERS, ADJUDICATION AND APPEALS**

|       |                                                                  |       |       |       |
|-------|------------------------------------------------------------------|-------|-------|-------|
| 29.   | Appointment of Inland Revenue Officers and delegation of powers  | ..... | ..... | 31    |
| 29A.  | Tax Fraud Investigation Wing Inland Revenue.....                 | ..... | ..... | 33    |
| 30.   | Use of powers of subordinate officer                             | ..... | ..... | 34    |
| 31.   | Omitted                                                          | ..... | ..... | 35    |
| 32.   | Option to pay fine in lieu of confiscation of conveyance         | ..... | ..... | 35    |
| 33.   | Appeals to Commissioner (Appeals)                                | ..... | ..... | 36    |
| 33A.  | Deleted                                                          | ..... | ..... | 38    |
| 34.   | Appeals to the Appellate Tribunal                                | ..... | ..... | 38    |
| 34A   | Reference to High Court                                          | ..... | ..... | 40    |
| 34AA  | Independent case scrutiny committee                              | ..... | ..... | 40(1) |
| 34AB. | Saving                                                           | ..... | ..... | 41    |
| 35.   | Powers of Board or Commissioner to pass certain orders           | ..... | ..... | 41    |
| 36.   | Power to rectify mistakes in orders                              | ..... | ..... | 42    |
| 37.   | Deposit, pending appeal, of duty demanded or penalty levied..... | ..... | ..... | 42    |
| 38.   | Alternative dispute resolution                                   | ..... | ..... | 42(1) |
| 39.   | Exclusion of time taken for copy                                 | ..... | ..... | 42(7) |

**CHAPTER VI****SUPPLEMENTAL PROVISIONS**

|      |                                                                |       |       |    |
|------|----------------------------------------------------------------|-------|-------|----|
| 40.  | Power of Board to make rules                                   | ..... | ..... | 43 |
| 41.  | Bar of suit and limitation of suit and other legal proceedings | ..... | ..... | 43 |
| 42.  | Observance of Board's orders, directions and instructions      | ..... | ..... | 43 |
| 42A. | Reference to the authorities                                   | ..... | ..... | 44 |
| 42B. | Selection for audit by the Board                               | ..... | ..... | 44 |

**X - 2(1)**

Federal Excise Act, 2005

**Arrangement of Section**

|       |                                                                                         |        |
|-------|-----------------------------------------------------------------------------------------|--------|
| 42C.  | Reward to Inland Revenue officers and officials .....                                   | 44     |
| 42D.  | Reward to whistleblowers .....                                                          | 45     |
| 43.   | Removal of difficulties and condonation of time limit etc. ....                         | 45     |
| 43A.  | Issuance of duplicate of Inland Revenue documents .....                                 | 47     |
| 44.   | Refund of duty .....                                                                    | 47     |
| 44A.  | Delayed refund .....                                                                    | 47     |
| 45.   | Access to records and posting of Inland Revenue staff, etc .....                        | 48     |
| 45A.  | Monitoring or tracking by electronic or other means .....                               | 48(1)  |
| 45AA. | Licensing of brand name .....                                                           | 48(1)  |
| 46.   | Audit .....                                                                             | 48(2)  |
| 47.   | Service of notices and other documents .....                                            | 48(5)  |
| 47A.  | Agreements for the exchange of information<br>or assistance in recovery of duties ..... | 48(7)  |
| 47AB. | Real-time access to information and databases .....                                     | 48(8)  |
| 47B.  | Disclosure of information .....                                                         | 48(9)  |
| 47C.  | Validation .....                                                                        | 48(9)  |
| 48.   | Repeal .....                                                                            | 48(9)  |
| 49.   | Fee and service charges .....                                                           | 48(10) |
| 50.   | Uniform .....                                                                           | 48(10) |

**THE SCHEDULES**

|                                          |       |
|------------------------------------------|-------|
| First Schedule .....                     | 49    |
| Second Schedule .....                    | 63    |
| Third Schedule .....                     | 65    |
| Fourth Schedule ( <i>Omitted</i> ) ..... | 70(7) |

# FEDERAL EXCISE ACT, 2005

## (THE FIRST SCHEDULE)

(See section 2 of this Act)

ACT NO. VII OF 2005

*to consolidate and amend the law relating to duties of excise*

WHAREAS it is expedient to consolidate and amend the law relating to duties of excise on goods manufactured, produced, imported or consumed and services provided or rendered in Pakistan;

It is hereby enacted as follows:—

### CHAPTER I PRELIMINARY

**1. Short title, extent and commencement.**— (1) This Act may be called the Federal Excise Act, 2005,

(2) It extends to the whole of Pakistan

(3) It shall come into force on 1<sup>st</sup> day of July, 2005.

**2. Definitions.**— In this Act, unless there is anything repugnant in the subject or context,-

(1) “adjudicating authority” means any authority competent to pass any order or decision under this Act or the rules made there under, but does not include the Board or Appellate Tribunal;

(2) “adjustment” means deduction of amount of duty paid on goods used in the manufacture or production of other goods from the amount of duty payable on such other goods in the prescribed manner;

<sup>1</sup>[(2A) “algorithmic settlement mechanism” means algorithmic settlement mechanism provided under section 47AA of the Sales Tax Act, 1990 (VII of 1990);]

<sup>2</sup>[(3) “Appellate Tribunal” means the Appellate Tribunal Inland Revenue established under section 130 of the Income Tax Ordinance, 2001 (XLIX of 2001);]

---

<sup>1</sup>Clause (2A) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Substituted by Finance Act, 2010 dated July 01, 2010 Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & Finance (Amendment) Ordinance, 2009 dated October 28, 2009. **Before substitution it read as follows:-**

“(3) “Appellate Tribunal” means the Customs, Excise and Sales Tax Appellate Tribunal constituted under section 194 of the Customs Act, 1969 (IV of 1969);”

<sup>1</sup>[(4) “Board” shall have the same meaning as defined under clause (8) of section 2 of the Income Tax Ordinance, 2001 (XLIX of 2001).]

<sup>2</sup>[(4A) “Chief Commissioner” means a person appointed as the Chief Commissioner Inland Revenue under section 29;]

<sup>3</sup>[(5) “Commissioner” means an person appointed as a Commissioner Inland Revenue under section 29;]

(6) “conveyance” means any means of transport used for carrying goods or passengers such as vessel, aircraft, vehicle or animal etc;

(7) “default surcharge” means surcharge levied under section 8;

(8) “Distributor” means a person appointed by a manufacturer in or for a specified area to purchase goods from him for sale to a wholesale dealer in that area;

<sup>4</sup>[(8a) “due date”, in relation to furnishing a return under section 4, means the 15<sup>th</sup> day of the month following the end of the month, or such other date as the <sup>5</sup>[Board] may, by notification in the official Gazette, specify <sup>6</sup>/and different dates may be specified for furnishing of different parts or annexures of the return;/]

<sup>7</sup>[(8b) “dutiable goods” means all excisable goods specified in the First Schedule except those which are exempt under section 16 of the Act;

(8c) “dutiable supply” means a supply of dutiable goods made by a manufacturer other than a supply of goods which is exempt under section 16 of the Act;

---

<sup>1</sup>Substituted by Finance Act, 2024 w.e.f.1 July, 2024. Earlier it was substituted by Finance Act, 2007 dated July 02, 2007. **Before substitution by F. Act, 2024 it read as follows:-**

“(4) “Board” means the Federal Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924) and on the commencement of the Federal Board of Revenue Act, 2007, the Federal Board of Revenue established under section 3 thereof.”

**Before substitution by F. Act, 2017 it read as follows:-**

“(4) “Board” means the Central Board of Revenue constituted under the Central Board of Revenue Act, 1924 (IV of 1924);”

<sup>2</sup>Inserted by Finance Act, 2010 dated July 01, 2010 Earlier the same was inserted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & Finance (Amendment) Ordinance, 2009 dated October 28, 2009

<sup>3</sup>Substituted by Finance Act, 2010 dated July 01, 2010 Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & Finance (Amendment) Ordinance, 2009 dated October 28, 2009. Before substitution it read as follows:-

“(5) “Collector” means an officer of Federal Excise notified as Collector of Federal Excise under this Act;”

<sup>4</sup>Inserted by Finance Act, 2006 dated July 01, 2006.

<sup>5</sup>Substituted for “Federal Government” by Finance Act, 2015 dated June 20, 2015.

<sup>6</sup>Words etc. substituted for full stop by Finance Act, 2016 dated June 24, 2016.

<sup>7</sup>Inserted by Finance Act, 2007 dated July 02, 2007.

(8d) “dutiabale services” means all excisable services specified in the First Schedule except those which are exempt under section 16 of the Act;]

(9) “duty” means any sum payable under the provisions of this Act or the rules made there under and includes the default surcharge and the duty chargeable at the rate of zero per cent <sup>1</sup>[excluding fee and service charges imposed and collected under section 49];

<sup>2</sup>[(9a) “duty due” means duty in respect of supplies made or services provided or rendered during a month and shall be paid at the time of filing of return;]

<sup>3</sup>[(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;]

(10) “establishment” includes an undertaking, firm or company, whether incorporated or not, an association of persons and an individual;

(11) “factory” means any premises, including the precincts thereof, wherein or in any part of which goods are manufactured, or wherein or in any part of which any manufacturing process connected with the production of the goods is being carried on or is ordinarily carried on;

<sup>4</sup>[<sup>5</sup>/(12)] “Officer of Inland Revenue” means any person appointed by the Board as officer of Inland Revenue under section 29 or any person including an officer of the (Provincial Government) invested by the Board with any of the powers of an officer of Inland Revenue under this Act or rules made there under;]

<sup>6</sup>[(12a) “franchise” means an authority given by a franchiser under which the franchisee is contractually or otherwise granted any right to produce, manufacture, sell or trade in or do any other business activity in respect of goods or to provide service or to undertake any process identified with franchiser against a fee or consideration including royalty or technical fee, whether or not a trade mark, service mark ,trade name, logo, brand name or any such representation or symbol, as the case may be, is involved;]

<sup>1</sup>Inserted by Finance Act, 2022 dated June 30, 2022.

<sup>2</sup>Substituted by Finance Act, 2008 dated June 27, 2008. Earlier it was inserted by Finance Act, 2006 dated July 01, 2006. Before substitution read as follows:-

“(9a) “duty due” means duty in respect of clearances made during a month and shall be paid on the last day of that month;”

<sup>3</sup>Clause (9b) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>Substituted by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009. Before substitution it read as follows:-

“(12) “Federal Excise Officer” means any officer of the Federal Excise Department, or any person (including an officer of the Provincial Government) invested by the Board with any of the powers of a Federal Excise Officer under this Act or rules made thereunder;”

<sup>5</sup>Renumbered by Finance Act, 2012 dated June 26, 2012.

<sup>6</sup>Inserted by Finance Act, 2008 dated June 27, 2008.

(13) “goods” means goods leviable to excise duty under this Act or as specified in the First Schedule and includes goods manufactured or produced in non-tariff area and brought for use or consumption to tariff area;

(14) “goods insurance” includes fire, marine, theft, accident and other such miscellaneous insurance;

(15) “import” and “export” mean respectively bringing into, and taking out of Pakistan by sea, land or air and shall be deemed to have always been so defined;

<sup>1</sup>[(15a) “KIBOR” means Karachi Inter Bank Offered Rate prevalent on first day of each quarter of the financial year;]

(16) “manufacture” includes,—

- (a) any process incidental or ancillary to the completion of a manufactured product;
- (b) any process of re-manufacture, remaking, reconditioning or repair and the processes of packing or repacking such product, and, in relation to tobacco, includes the preparation of cigarettes, cigars, cheroots, biris, cigarette and pipe or hookah tobacco, chewing tobacco or <sup>2</sup>[snuff or preparation of unmanufactured tobacco by drying,] and the word “manufacturer” shall be construed accordingly and shall include,—
  - (i) any person who employs hired labour in the production or manufacture of goods; or
  - (ii) any person who engages in the production or manufacture of goods on his own account if such goods are intended for sale; and
  - (iii) any person who, whether or not he carries out any process of manufacture himself or through his employees or any other person, gets any process of manufacture carried out on his behalf by any person who is not in his employment;

Provided that any person so dealing in goods shall be deemed to have manufactured for all purposes of this Act, such goods in which he deals in any capacity whatever;

<sup>1</sup>[(16a) “non-fund banking services” includes all non-interest based services provided or rendered by the banking companies or non-banking financial institutions against a consideration in the form of a fee or commission or charges;]

<sup>1</sup>Inserted by Finance Act, 2009 dated June 30, 2009.

<sup>2</sup>Substituted for “snuff,” by Finance Act, 2011 dated June 30, 2011.

<sup>3</sup>Inserted by Finance Act, 2007 dated July 02, 2007

<sup>1</sup>[(16A1) “National faceless centre” means the National faceless centre as defined in section 32C of the Sales Tax Act, 1990 (VII of 1990);]

(17) “non-tariff area” means Azad Jammu and Kashmir, Northern Areas and such other territories or areas to which this Act does not apply;

(18) “person” includes a company, an association, a body of individuals, whether incorporated or not, a public or local authority, a Provincial Government or the Federal Government;

(19) “prescribed” means prescribed under this Act or by rules made there under;

<sup>2</sup>[(19a) “franchise” means an authority given by a franchiser under which the franchisee is contractually or otherwise granted any right to produce, manufacture, sell or trade in or do any other business activity in respect of goods or to provide service or to undertake any process identified with franchiser against a fee or consideration including royalty or technical fee, whether or not a trade mark, service mark, trade name, logo, brand name or any such representation or symbol, as the case may be, is involved;

<sup>3</sup>[(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;]

(20) “registered person” means a person who is registered or is required to be registered under this Act provided that a person who is not registered but is required to be registered shall not be entitled to any benefit or privilege under this Act or rules made there under, unless he is registered and such benefit and privilege, unless allowed by Board, shall be confined to period of registration;

(21) “sale” and “purchase” with their grammatical variations and cognate expressions, mean any transfer of the possession of goods or rendering and providing of services by one person to another in the ordinary course of trade or business for cash or deferred payment or other consideration;

---

<sup>1</sup>Clause (16A1) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>2</sup>Clause (19a) inserted by Finance Act, 2008 dated June 27, 2008.

<sup>3</sup>Clause (19b) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>1</sup>[(21a) “sales tax mode” means the manner of collection and payment under the Sales Tax Act, 1990, and rules made there under, of the duties of excise chargeable under this Act specified to be collected and paid as if such duties were tax chargeable under section 3 of the said Act and all the provisions of that Act and rules, notifications, orders and instructions made or issued there under shall, mutatis mutandis, apply to the excise duty so chargeable;]

(22) “Schedule” means the schedule appended to this Act;

(23) “services” means services, facilities and utilities leviable to excise duty under this Act or as specified in the First Schedule read with Chapter 98 of the Pakistan Customs Tariff, including the services, facilities and utilities originating from Pakistan or its tariff area or terminating in Pakistan or its tariff area;

<sup>2</sup>[(23a) “supply” includes sale, lease or other disposition of goods and shall include such transaction as the <sup>3</sup>[Board, with the approval of the Federal Minister-in-charge,] may notify in the official Gazette from time to time;]

(24) “tariff area” means area other than the non-tariff area;

<sup>4</sup>[(24A) “un-manufactured tobacco” means tobacco useable for manufacture of cigarettes as manufactured by Green Leaf Threshing Units after processing and conversion of tobacco green leaf;]

<sup>5</sup>[(24B)] “whistleblower” means whistleblower as defined in section 42D of the Federal Excise Act, 2005]

(25) “wholesale dealer” means a person who buys or sells goods wholesale for the purpose of trade or manufacture, and includes a broker or commission agent who, in addition to making contracts for the sale or purchase of goods for others, stocks such goods belonging to others as an agent for the purpose of sale; and

(26) “Zero-rated” means duty of Federal excise levied and charged at the rate of zero per cent under section 5 of this act.

---

<sup>1</sup>Inserted by Finance Act, 2007 dated July 02, 2007.

<sup>2</sup>Inserted by Finance Act, 2007 dated July 02, 2007.

<sup>3</sup>Substituted for “Federal Government” by Finance Act, 2019 dated June 30, 2019.

<sup>4</sup>Clause (24A) inserted by Finance Supplementary (Amendment) Act, 2018.

<sup>5</sup>Clause (24A) renumbered as (24B) by Finance Supplementary (Amendment) Act, 2018. Earlier it was inserted by Finance Act, 2015 dated June 30, 2015.

## CHAPTER II

## LEVY, COLLECTION AND PAYMENT OF DUTY

**3. Duties specified in the First Schedule to be levied.–** (1)

Subject to the provisions of this Act and rules made there under, there shall be levied and collected in such manner as may be prescribed duties of excise on,-

- (a) goods produced or manufactured in Pakistan;
- (b) goods imported into Pakistan <sup>1</sup>[, irrespective of their final destination in territories of Pakistan];
- (c) such goods as the <sup>2</sup>[Federal Government] may, by notification in the official Gazette, specify, as are produced or manufactured in the non-tariff areas and are brought to the tariff areas for sale or consumption therein; <sup>3</sup>[ ]
- <sup>4</sup>[(d) services provided in Pakistan including the services originated outside but rendered in Pakistan; <sup>5</sup>[and]
- <sup>5</sup>[(e) any item not covered in clause (a) to (d) above and specified in the First Schedule.]

at the rate of <sup>6</sup>[fifteen] per cent *ad valorem* except the goods and services specified in the First Schedule, which shall be charged to Federal excise duty as, and at the rates, set-forth therein.]

(2) Duty in respect of goods imported into Pakistan shall be levied and collected in the same manner and at the same time as if it were a duty of customs payable under the Customs Act, 1969 (IV of 1969), and the provisions of the said Act including section 31A thereof shall apply.

(3) The Board may, by notification in the official Gazette, in lieu of levying and collecting under sub-section (1) duties of excise on goods and services, as the case may be, levy and collect duties,-

- (a) on the production capacity of plants, machinery, undertakings, establishments or installations producing or manufacturing such goods; or
- (b) on fixed basis, as it may deem fit, on any goods or class of goods or on any services or class of services, payable by any establishment or undertaking producing or manufacturing such goods or providing or rendering such services.

<sup>1</sup>Words inserted by Finance Act, 2017 dated June 20, 2017.

<sup>2</sup>Substituted for "Board with the approval of the Federal Minister-in-charge" by Finance Act, 2018 dated May 23, 2018. Earlier it was substituted for "Federal Government" by Finance Act, 2017 dated June 20, 2017.

<sup>3</sup>Word "and" omitted by Finance Act, 2023 dated June 26, 2023.

<sup>4</sup>Substituted by Finance Act, 2008 dated June 27, 2008. Before substitution it read as follows:-

"(d) services, provided or rendered in Pakistan;"

<sup>5</sup>Words inserted by Finance Act, 2023 dated June 26, 2023.

<sup>6</sup>Substituted for "fifty" by Finance Act, 2006 dated July 01, 2006

<sup>1</sup>[(3A) Subject to the provision of sub-section (3) of section 6 or any notification issued thereunder, where excisable goods and services are supplied to a person who has not obtained registration number, the Federal Government may, by notification in the official Gazette, charge, levy and collect, on the excisable goods and services specified in that notification, a further duty at the rate of two per cent of the value in addition to the rate specified in sub-sections (1), (3), (4) and (5) of this section.]

<sup>2</sup>[(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.]

(4) Without prejudice to other provisions of this Act, the <sup>3</sup>[Federal Government] may levy and collect duty on any class or classes of goods or services by notification in the official Gazette at such higher or lower rate or rates as may be specified in such notification.

*Explanation.*— Subject to sub-section (1), for the purpose of this section, “goods” means the goods specified in CHAPTERS 1 TO 97 and “services” means the services specified in CHAPTER 98 of the First Schedule to the Customs Act, 1969 (IV of 1969).

<sup>4</sup>[(5) The liability to pay duty shall be—

- (a) in case of goods produced or manufactured in Pakistan, of the person manufacturing or producing such goods;
- (b) in case of goods imported into Pakistan, of the person importing such goods;
- (c) in case of services <sup>5</sup>[, provided where services are rendered by the person out of Pakistan, the recipient of such services in Pakistan shall be liable to pay duty]; <sup>6</sup>[ ]
- (d) in case of goods produced or manufactured in non-tariff areas and brought to tariff areas for sale or consumption therein, of the person bringing or causing to bring such goods to tariff areas <sup>7</sup>[; and]]

<sup>1</sup>Sub-section (3A) inserted by Finance Act, 2013 dated June 29, 2013.

<sup>2</sup>Sub-section (3B) inserted by Finance Act, 2026 dated June 26, 2026.

<sup>3</sup>Substituted for “Board with the approval of the Federal Minister-in-charge” by Finance Act, 2018 dated May 23, 2018. Earlier it was substituted for “Federal Government” by Finance Act, 2017 dated June 20, 2017.

<sup>4</sup>Sub-section (5) inserted by Finance Act, 2007 dated July 02, 2007.

<sup>5</sup>Words inserted by Finance Act, 2008 dated June 27, 2008.

<sup>6</sup>Word “and” omitted by Finance Act, 2025 in force from July 1, 2025.

<sup>7</sup>Substituted for full stop by Finance Act, 2025 in force from July 1, 2025.

<sup>1</sup>[(e) in any other case, of the person including any middle man as may be specified under the provisions of this Act.]

<sup>2</sup>[(5A) In respect of goods, specified in the Fourth Schedule, the minimum production for a month shall be determined on the basis of a single or more inputs as consumed in the production process as per criterion specified in the Fourth Schedule and if minimum production so determined exceeds the actual supplies for the month, such minimum production shall be treated as quantity supplied during the month and the liability to pay duty shall be discharged accordingly.]

<sup>3</sup>[ ]

**4. Filing of return and payment of duty etc.-** <sup>4</sup>[(1) <sup>5</sup>[For every month, a registered person] shall furnish not later than the due date a true and correct return in such manner and form as may be prescribed by the Board by notification in the official Gazette.

<sup>6</sup>[(2) Duty due for the dutiable supplies made or services rendered during a month shall be deposited by the registered person in the designated branch of the bank <sup>7</sup>[by the date as prescribed in this respect]:

Provided that the Board may, by notification in the official Gazette, prescribe any other manner of depositing the duty.]

<sup>1</sup>Clause (e) inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>2</sup>Sub-section (5A) inserted by Finance Act, 2019 dated June 30, 2019.

<sup>3</sup>S. 3A omitted by Finance Act, 2011 dated June 30, 2011 in case of imports, such omission shall be deemed to have been made on 20<sup>th</sup> June, 2011. Earlier it was inserted by Finance Act, 2007 dated July 02, 2007. **Before omission it read as follows:-**

**“3A. Special excise duty.-** (1) The Federal Government may, by notification in the official Gazette, levy and collect, subject to such conditions, limitations or restrictions as it may deem fit to impose, special excise duty on any,-

(a) goods produced or manufactured in Pakistan; and

(b) goods imported into Pakistan;

at the rate of one percent of the value of such goods.

(2) Special duty levied under sub-section (1) shall be in addition to any duty levied under section 3.”

<sup>4</sup>Substituted by Finance Act, 2006 dated July 01, 2006. **Before substitution it read as follows:-**

“(1) At the close of a month every registered person shall prepare a return in such form as may be specified by the Board and furnish the same to the Collector within three days after payment of the amount of duty due from him for a month.

(2) Duty shall be deposited in the designated branch of the bank on the prescribed challan after properly filling up all columns of the challan mentioning registration number on its right top by seventh day of the succeeding or by such date as may be specified by the Board provided that any shortfall in the days of the month during which duty has been collected shall be foregone.”

<sup>5</sup>Substituted for “At the close of a month every registered person, after payment of the amount of duty due from him for the month” by Finance Act, 2007 dated July 02, 2007.

<sup>6</sup>Substituted by Finance Act, 2007 dated July 02, 2007. **Before substitution it read as follows:-**

“(2) .Duty shall be deposited in the designated branch of the bank on the prescribed challan on the last day of the month during which clearances of goods are made:

Provided that the Board may, by notification in the official Gazette, prescribe any other manner of depositing the duty.”

<sup>7</sup>Substituted for “at the time of filing of his return under sub-section (1)” by Finance Act, 2016 dated June 24, 2016.

<sup>1</sup>[            ]

<sup>2</sup>[(4) A registered person may, subject to approval of the <sup>3</sup>[Commissioner Inland Revenue] having jurisdiction, file a revised return within <sup>4</sup>[one hundred and twenty] days of the filing of return under sub-section (1), to correct any omission or wrong declaration made therein.

<sup>5</sup>[Provided that the approval under this sub-section shall not be required if revised return is filed within sixty days of filing of the original return and either the duty payable as per the revised return is more than the amount paid or the refund claimed therein is less than the amount as claimed, under the return sought to be revised.]

(5) The Board may, by notification in the official Gazette, require any person or class of persons for any goods or class of goods to furnish such summary or details of particulars pertaining to imports, purchases, utilization, consumption, production, sales or disposal of such goods during any month or months in such format and manner as may be specified and provisions of this sub-section may be invoked *mutatis mutandis* in respect of services.

(6) The Board may by an order, specify the manner and procedure for filing of return for the purpose of this Act or rules made there under and for payment of duty by electronic means. The Board may specify the manner and procedure for the submission, receipt and transmission of any information for the purpose of this Act or rules made there under by electronic means.

(7) Every amount of duty due from any person on any other account shall also be deposited on the prescribed <sup>6</sup>[return] in the bank branch designated and in the same manner as aforesaid.

<sup>7</sup>[(8) The Board may, by rules made under this Act, prescribe a composite return.]

---

<sup>1</sup>Sub-section (3) omitted by Finance Act, 2016 dated June 24, 2016. Before omission, it read as follows:-

“(3) If during any month, there is a change in the rate of duty, a separate return showing the application of different rates of duty shall be used in respect of each portion of such month.”

<sup>2</sup>Sub-section (4) substituted by Finance Act, 2006 dated July 01, 2006. Before substitution by Finance Act, 2006, it read as follows:-

“(4) A person may file a revised return for the correction of any *bona fide* error or mistake in the entries or declaration of the original return.”

<sup>3</sup>Substituted for “Collector of Federal Excise” by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Substituted for “ninety” by Finance Act, 2008 dated June 27, 2008.

<sup>5</sup>Proviso inserted by Finance Act, 2021 dated June 30, 2021.

<sup>6</sup>Substituted for “challan” by Finance Act, 2007 dated July 02, 2007.

<sup>7</sup>Sub-section (8) inserted by Finance Act, 2008 dated June 27, 2008.

**5. Zero rate of duty and drawback of duty etc.-** (1) Notwithstanding the provisions of section 3, the goods exported out of Pakistan or such goods as may be, by a notification in the official Gazette, specified by the Federal Government shall be charged to duty at the rate of zero per cent and adjustment of duty in terms of section 6 shall be admissible on such goods.

(2) The Board may, by notification in the official Gazette, grant drawback of duty paid on any goods used in the manufacture of any goods manufactured in and exported out of Pakistan, or shipped as provisions or stores for consumption on board a ship or aircraft proceeding to a destination outside Pakistan, at such rate or rates and subject to such conditions and limitations as may be specified in the notification.

<sup>1</sup>[(3) Notwithstanding anything in sub-sections (1) and (2), the Board may, by notification in the official Gazette, prohibit the payment of drawback, refund or adjustment of duty upon the exportation of goods or any specified goods or class of goods to any specified foreign port or territory.]

**6. Adjustment of duties of excise.-** (1) For the purpose of determining net liability of duty in respect of any goods, the duty already paid on goods specified in the First Schedule and used directly as input goods for the manufacture or production of such goods shall be deducted from the amount of duty calculated on such goods.

(2) Adjustment of duty of excise under sub-section (1) shall be admissible only if a person registered under this Act holds a valid proof to the effect that he has paid the price of goods purchased by him including the amount of duty and received the price of goods sold by him including the amount of duty through banking channels including online payment whether through credit card or otherwise.

<sup>2</sup>[(2A) From the date to be notified by the Board, adjustment of duty of excise under sub-section (1) shall be admissible only if the supplier of input goods and services has declared such supply in his return and he has paid amount of tax due as indicated in his return.]

<sup>3</sup>[(2AB) Notwithstanding anything contained in this Act or the rules made thereunder, the Board may, by notification in the official Gazette, may impose restrictions on wastage of material on which input tax has been claimed in respect of the goods or class of goods.]

(3) Notwithstanding the provisions of sub-section (1), the Board may, by a notification in the official Gazette, disallow or restrict whole or part of the amount of or otherwise regulate the adjustment of duty in respect of any goods or class of goods.

---

<sup>1</sup>Sub-section (3) inserted by Finance Act, 2006 dated July 01, 2006.

<sup>2</sup>Sub-section (2A) inserted by Finance Act, 2016 dated June 24, 2016.

<sup>3</sup>Inserted by Finance Act, 2020 dated June 30, 2020.

**7. Application of the provisions of the Sales Tax Act, 1990.-**

<sup>1</sup>[(1)] In case of goods specified in the Second Schedule or such services as may be specified by the Board through a notification in the official Gazette <sup>2</sup>[the duty shall be payable in sales tax mode, whereby]-

- (a) a registered person manufacturing or producing such goods or providing or rendering such services shall be entitled to deduct input tax paid during the tax period from the amount of duty of excise due from him on such goods or services in respect of that tax period;
- (b) a registered person shall be entitled to deduct the amount of duty of excise paid or payable by him on such goods or services as are acquired by him during a tax period from the output tax due from him in respect of that tax period;
- (c) a registered person supplying such goods or providing or rendering such services shall be entitled to deduct duty of excise paid or payable on such goods or services as are acquired by him during the tax period from the amount of duty of excise due from him on such goods manufactured or produced or services as are provided or rendered by him during that period; and
- (d) a person shall be entitled to deduct duty of excise paid or payable, on such goods or services as are acquired by him during a month, from the amount of duty of excise due from him on such goods manufactured or produced or services as are provided or rendered by him, during that month. Such services as are provided or rendered by him, during that month.

<sup>3</sup>[(2) The <sup>4</sup>[Board, with the approval of the Federal Minister-in-charge,] may, by notification in the official Gazette, declare that any of the provisions of the Sales Tax Act, 1990, relating to the levy of and exemption from sales tax, registration, book keeping and invoicing requirements, returns, offences and penalties, appeals and recovery of arrears shall, with such modifications and alterations as it may consider necessary or desirable to adapt them to the circumstances, be applicable in regard to like matters in respect of the duty leviable under this Act.]

*Explanation.-* For the purposes of this section, the expressions “input tax”, “output tax” and “tax period” shall have the same meanings as are assigned to them in the Sales Tax Act, 1990 <sup>5</sup>[     ].

<sup>1</sup>Section 7 renumbered as sub-section (1) by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Inserted by Finance Act, 2007 dated July 02, 2007.

<sup>3</sup>Sub-section (2) inserted by Finance Act, 2008 dated June 27, 2008.

<sup>4</sup>Substituted for “Federal Government” by Finance Act, 2019 dated June 30, 2019.

<sup>5</sup>Words “, provided that the date for payment of duty under this Act shall be the date specified under sub-section (1) of section 4” omitted by Finance Act, 2007 dated July 02, 2007.

<sup>1</sup>[(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*.]

<sup>2</sup>[**8. Default surcharge.**- If a person does not pay the duty due or any part thereof within the prescribed time or receives a refund of duty or drawback or makes an adjustment which is not admissible to him, he shall, in addition to the duty due, pay default surcharge at the rate of <sup>3</sup>[<sup>3</sup>/twelve percent per annum or KIBOR plus three percent per annum, whichever is higher/] of the duty due, refund of duty or drawback.

---

<sup>1</sup>Section (7A) inserted by Finance Act, 2026 dated June 26, 2026. \*It should be “7A” without brackets

<sup>2</sup>S. 8 substituted by Finance Act, 2008 dated June 27, 2008. **Before substitution it read as follows:-**

“8. **Default surcharge.** If a person fails to pay the duty within the prescribed time, he shall, in addition to the duty payable under section 3, be liable to pay default surcharge at the rate of one per cent per month for the first six months and at the rate of one and half per cent per month thereafter.

*Explanation.*- For the purpose of this section, the period of default shall be reckoned from the day following the date on which the duty was payable to the preceding day on which the duty is actually paid.”

<sup>3</sup>Substituted for “KIBOR plus three” by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier words “KIBOR plus three” were substituted by Finance Act, 2018 dated May 23, 2018 and was substituted for “one and half per cent per month” by Finance Act, 2009 dated June 30, 2009. F. Act, 2024 should substituted words “twelve per cent per annum” which are existing in the law.

- (c) the procedure or software for electronic maintenance of records and filing of statements, documents or information by any person or class of persons.

(3) Provisions of sub-sections (1) and (2) shall apply mutatis mutandis on services provided or rendered by a person registered under this Act.

**18. Invoices.-**<sup>1</sup>[(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.]

<sup>1</sup>Sub-section (1) substituted by Finance Act, 2026 dated June 26, 2026. **Before substitution** it read as follows:-

“(1) A person registered under this Act shall issue for each transaction a serially numbered invoice 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, 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.”

(2) Notwithstanding sub-section (1), where a registered person is also engaged in making supplies taxable under the Sales Tax Act, 1990, such person shall not be required to issue a separate invoice for excise purposes and the amount of excise duty and other related information may in such cases be mentioned on the invoice issued for sales tax purposes.

(3) The Board may, by notification in the official Gazette, specify such modified invoices for different persons or classes of persons as it may deem necessary.

(4) The Board may, by notification in the official Gazette, specify goods in respect of which a copy of the invoice shall be carried or accompanied with the conveyance during their transportation or movement in such manner and subject to such conditions as may be specified in this behalf either in such notification or otherwise.

<sup>1</sup>[(5) The Board may, by notification in the official Gazette, specify the goods or services in respect of which sales invoice shall be issued electronically and prescribe the manner and procedure therein.]

---

<sup>1</sup>Sub-section (5) inserted by Finance Act, 2006 dated July 01, 2006.

### CHAPTER III

#### OFFENCES AND PENALTIES

**19. Offences, penalties, fines and allied matters.-** (1) Any person who fails to file or files an incorrect return within the period specified in sub-section (1) of section 4 or fails to make payment or makes short payment of duty on any account, shall pay a penalty of <sup>1</sup>[five thousand rupees in case of non-filing of return and ten thousand rupees or five per cent of the duty involved whichever is higher in case of short payment of duty due] in addition to the amount due from him and without prejudice to other liabilities which may be determined against him or action which may be taken against him under this Act and rules made there under <sup>2</sup>[:]

<sup>2</sup>[Provided that where a person files the return within fifteen days after the due date he shall pay a penalty of one hundred rupees for each day of default]

(2) Any person who,–

- (a) makes, orally or in writing, or signs any declaration, certificate or other document required by this Act or rules made there under or by any <sup>3</sup>[Officer of Inland Revenue] to do so, which is untrue or incorrect in any particular or which is incomplete by omitting any material particular there from;
- (b) counterfeits or falsifies, or uses, when counterfeited or falsified, any document which is or may be required under this Act or rules made there under or any document used in the transaction of any business or matter relevant to this Act or rules made there under; <sup>4</sup>[ ]
- (c) fails or refuses to give or produce to the <sup>3</sup>[officer of Inland Revenue] any information or document required to be given or produced under this Act or rules made there under; <sup>5</sup>[and]
- <sup>6</sup>[(d) a person who sells cigarettes in retail at a price lower than the retail price plus the amount of sales tax as printed thereon,]

shall be guilty of an offence and for every such offence shall be liable to fine which may extend to twenty thousand rupees and in case of offence under clause (b), the fine may extend to one hundred thousand rupees and he shall be punishable with imprisonment for a term which may extend to five years or with both.

<sup>1</sup>Substituted for “ten thousand rupees” by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Substituted for full stop and proviso inserted by Finance Act, 2008 dated June 27, 2008.

<sup>3</sup>Substituted for “Federal Excise officer” by Finance Act, 2026 dated June 26, 2026. Earlier the same was substituted by Finance Act, 2010 dated July 01, 2010 and the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Word “and” omitted by Finance Act, 2019 dated June 30, 2019.

<sup>5</sup>Word inserted by Finance Act, 2019 dated June 30, 2019.

<sup>6</sup>Clause (d) inserted by Finance Act, 2019 dated June 30, 2019.

- (3) Any person who,-
- (a) illegally removes, stores, keeps, or withdraws or in any way assists or is concerned in the illegal removal or withdrawal of any goods in the manner other than the manner prescribed under this Act or rules made there under;
  - (b) is in any way concerned in conveying, removing, depositing or dealing with any goods with intent to defraud the Government of any duty of excise due thereon, or to violate any of the provisions of this Act or rules made there under;
  - (c) is in any way concerned in any fraudulent evasion or attempt at fraudulent evasion of any duty of excise;
  - (d) claims, takes or avails adjustment of duty not admissible under this Act or the rules made there under; <sup>1</sup>[ ]
  - (e) is in any way concerned in the manufacture of any dutiable goods in contravention of the provisions of this Act or rules made there under; <sup>2</sup>[and]
  - <sup>3</sup>[(f) where the value of the plant and machinery is rupees fifty million and above, installs such plant and machinery, commences production or removes such plant and machinery without prior permission of the Commissioner.]

shall be guilty of an offence and for each such offence, shall be liable to fine which may extend to fifty thousand rupees or five times of the duty involved, whichever is higher and to punishment with imprisonment which may extend to five years or both.

---

<sup>1</sup>Word “and” omitted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>2</sup>Word “and” inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>3</sup>Clause (f) inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>1</sup>[(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.]

---

<sup>1</sup>Sub-section (4) substituted by Finance Act, 2025 dated June 26, 2026. Before substitution it read as follows:-

“(4) Any person who, without the approval of the <sup>1</sup>[Commissioner], directly or otherwise destroys, damages, erases or otherwise manipulates data stored in or used in connection with a computer 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 by this Act, or to defeat any provisions of this Act or 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 to punishment with imprisonment which may extend to five years or both.”

<sup>1</sup>Substituted for “Collector” by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

## CHAPTER IV

### SEARCHES, ARRESTS AND SEIZURES

**25. Searches and arrests how to be made.**— All searches or arrests made under this Act or any rules made there under and all arrests made under this Act shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (V of 1898).

**26. Power to seize.**— <sup>1</sup>[(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.]

(2) For the purpose of this section, ‘conveyance’ shall include all of its fixtures, fittings and accessories etc.

---

<sup>1</sup>Sub-section (1) substituted by Finance Act, 2026 dated June 26, 2026. Earlier it was substituted by Finance Act, 2020 dated June 30, 2020. Before substitution F. Act, 2026, it read as follows:

“(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 <sup>1</sup>[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], shall be liable to seizure alongwith the conveyance, which has been used for the movement, carriage or transportation of such goods.]”

<sup>1</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025. Earlier these were inserted Tax Laws (Amendment) Ordinance, 2025 dated May 02, 2025.

**Before substitution** F. Act, 2020, it read as follows:

“(1) The counterfeited cigarettes <sup>1</sup>[or beverages] or cigarettes <sup>2</sup>[, un-manufactured tobacco] <sup>1</sup>[or beverages] which have been manufactured unlawfully or on which duty has not been paid as required under this Act and rules made there under, shall be liable to seizure besides the conveyance which has been used for the movement, carriage or transportation of such cigarettes <sup>2</sup>[, un-manufactured tobacco] <sup>1</sup>[or beverages].”

<sup>1</sup>Words inserted by Finance Act, 2011 dated June 30, 2011.

<sup>2</sup>Words inserted by Finance Supplementary (Amendment) Act, 2018 dated October 08, 2018.

**27. Confiscation <sup>1</sup>[of goods subject to federal excise duty].–**

<sup>2</sup>[(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.]

(2) In case of <sup>3</sup>[dutiable goods] seized on account of evasion of duty, the owner shall be given an option to pay penalties and fines as provided under section 19 and meet other obligations as provided under other relevant provisions of the Act and rules made there under, for release of such <sup>3</sup>[dutiable goods] in lieu of confiscation provided that if such release is not claimed or availed, no reduction or abatement in respect of amounts of duty, penalties and fine shall be admissible in case such <sup>3</sup>[dutiable goods] are auctioned.

(3) In case confiscated cigarettes <sup>4</sup>[, un-manufactured tobacco] <sup>5</sup>[or beverages] are rendered unfit for human consumption or become otherwise unfit for sale, the <sup>6</sup>[Commissioner] may allow destruction of such cigarettes <sup>4</sup>[, un-manufactured tobacco] <sup>5</sup>[or beverages] in such manner as he may deem appropriate.

---

<sup>1</sup>Substituted for “of cigarettes, un-manufactured tobacco or beverages” by Finance Act, 2020 dated June 30, 2020.

<sup>2</sup>Sub-section (1) substituted by Finance Act, 2026 dated June 26, 2026. Before substitution F. Act, 2026, it read as follows:

“(1) The cigarettes <sup>1</sup>[or beverages] seized for the reasons of counterfeiting <sup>2</sup>[or such goods without affixing or affixing counterfeited tax stamps, banderoles, stickers, labels or barcodes, as required under section 45A of this Act] shall be liable to outright confiscation and shall be destroyed in the manner prescribed in sub-section (10) of section 19.”

<sup>1</sup>Words inserted by Finance Act, 2011 dated June 30, 2011.

<sup>2</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025. Earlier these were inserted by Tax Laws (Amendment) Ordinance, 2025 dated May 02, 2025.

<sup>3</sup>Substituted for “cigarettes, un-manufactured tobacco or beverages” by Finance Act, 2020 dated June 30, 2020.

<sup>4</sup>Words inserted by Finance Supplementary (Amendment) Act, 2018 dated October 08, 2018.

<sup>5</sup>Words inserted by Finance Act, 2011 dated June 30, 2011.

<sup>6</sup>Substituted for “Collector” by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>1</sup>[(4) Without prejudice to the foregoing provisions of this section, the Board in case of goods subject to monitoring under section 45A of this Act and counterfeited goods, may authorize any officer of Revenue department not below the rank of Naib Tehsildar or Excise and Taxation Officer not below the rank of BPS-16 to exercise the powers and perform the functions of the Officer of Inland Revenue under section 26 and sub-section (1) of section 27, by notification in the official Gazette subject to such conditions, if any, it may deem fit to be imposed.]

**28. Power to release seized conveyance.**— (1) Where any conveyance is seized which is liable to confiscation, the adjudicating authority may, subject to such conditions as may be prescribed, order its release pending adjudication of the case and on furnishing a guarantee by the owner of the seized conveyance, from a scheduled bank valid for at least one year equal to the value of such conveyance.

(2) In respect of cases pending before the Special Judge, release of conveyance under sub-section (1) shall not be allowed without prior permission of the Special Judge.

---

<sup>1</sup>S. 27(4) inserted by Finance Act, 2025 in force from July 1, 2025. Earlier it was inserted by Tax Laws (Amendment) Ordinance, 2025 dated May 02, 2025.

31 <sup>1</sup>[ ]

### 32. Option to pay fine in lieu of confiscation of conveyance.–

Wherever confiscation is adjudged under this Act or the rules made there under, the officer adjudging it may give the owner of the conveyance an option to pay in lieu of confiscation such fine as the officer thinks fit.

<sup>1</sup>S. 31 omitted by Finance Act, 2010 dated July 01, 2010. Earlier the same was omitted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009. **Before omission it read as follows:-**

“**31. Power of adjudication.**– (1) The adjudication powers of different Federal Excise Officers shall be as follows:-

- |       |                                       |                                                                                                                                                                                                                                     |
|-------|---------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (i)   | Additional Collector                  | Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty, without limit.                                                                                                                        |
| (ii)  | Deputy Collector                      | Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty provided the amount of duty involved is not less than one million rupees but does not exceed two million five hundred thousand rupees. |
| (iii) | Assistant Collector                   | Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty provided the amount of duty involved is not less than ten thousand rupees but does not exceed one million rupees.                      |
| (iv)  | Superintendent or Principal Appraiser | Cases involving evasion of excise duty (principal amount) or erroneous refund of excise duty provided the amount of duty involved does not exceed ten thousand rupees.                                                              |

Provided that all cases of contravention of Act or rules where no evasion of duty is involved shall be adjudicated by the Deputy Collector of the respective Collectorate of Federal Excise.

(2) The Board may, by notification in the official Gazette, vary the jurisdiction and powers of any Federal Excise Officer or a class of Federal Excise Officers.

(3) A Federal Excise Officer invested with the powers to adjudicate shall decide the case within <sup>1</sup>[one hundred and twenty] days of the issuance of show cause notice or within such extended period as he may for reasons to be recorded in writing fix provided that such extended period shall in no case exceed <sup>2</sup>[sixty] days:

<sup>3</sup>[Provided that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or the time taken through adjournment by the petitioner not exceeding thirty days shall be excluded for the computation of these periods.]

Provided <sup>4</sup>[further] that the Board shall have powers to regulate the system of adjudication including transfer of cases and extension of time limit in exceptional circumstances.

<sup>5</sup>[(4) Notwithstanding anything contained in sub-section (3) or any other provision of the Act or any other law for the time being in force and notwithstanding any decision or judgment of any forum, authority or court, the time for adjudication in all the cases pending as on 30<sup>th</sup> June, 2006, shall be deemed always to have been extended upto 31<sup>st</sup> December, 2006, from the date on which the time limit prescribed under sub-section (3), expires.]”

<sup>1</sup>Substituted for “ninety” by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Substituted for “ninety” by Finance Act, 2009 dated June 30, 2009.

<sup>3</sup>Proviso inserted by Finance Act, 2009 dated June 30, 2009.

<sup>4</sup>Inserted by Finance Act, 2009 dated June 30, 2009.

<sup>5</sup>Sub-section (4) inserted by Finance Act, 2006 dated July 01, 2006.

**33. Appeals to <sup>1</sup>[Commissioner] (Appeals).—** <sup>2</sup>[(1)] Any person other than <sup>3</sup>[an SOE or] <sup>4</sup>[officer of Inland Revenue] aggrieved by any decision or order <sup>5</sup>[,] passed under this Act or the rules made there under by <sup>4</sup>[Officer of Inland Revenue up to the rank of Additional Commissioner Inland Revenue,] other than a decision or order or notice given or action taken for recovery of the arrears of duty under this Act or rules made there under may within thirty days of receipt of such decision or order prefer appeal there from to the <sup>1</sup>[Commissioner] (Appeals).

<sup>6</sup>[(1A) Where in particular case, the Commissioner (Appeals) is of the opinion that the recovery of tax levied under this Act, shall cause undue hardship to the taxpayer, he, after affording opportunity of being heard to the Commissioner or officer of Inland Revenue against whose order appeal has been made, may stay the recovery of such tax for a period not exceeding thirty days in aggregate.]

<sup>7</sup>[(1B) An appeal under sub-section (1) shall—

- (a) be in the prescribed form;
- (b) be verified in the prescribed manner;
- (c) state precisely the grounds upon which the appeal is made;
- (d) be accompanied by the prescribed fee specified in sub-section (1C); and
- (e) be filed with the Commissioner (Appeals) within the time set out in sub-section (1).

(1C) The prescribed fee shall be—

- (a) in the case of an appeal against an assessment—
  - (i) where the appellant is a company, five thousand rupees; or
  - (ii) where the appellant is not a company, two thousand and five hundred rupees; and
- (b) in any other case—
  - (i) where appellant is a company, five thousand rupees; or

<sup>1</sup>Substituted for “Collector” & “Collector of Federal Excise” respectively by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>2</sup>Renumbered by Finance Act, 2006 dated July 01, 2006.

<sup>3</sup>Words inserted by Finance Act, 2025 in force from July 1, 2025.

<sup>4</sup>Substituted by Finance Act, 2026 dated June 26, 2026. Earlier the same was substituted for “Federal Excise Officer” & “Federal Excise Officer up to the rank of Additional Collector of Federal Excise” respectively by Finance Act, 2010 dated July 01, 2010, the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>5</sup>Words “if the value of the assessment <sup>1</sup>[of tax] or, as the case may be, refund of the tax does not exceed five million rupees” omitted by Finance Act, 2025 in force from July 1, 2025. Earlier these were inserted by Tax Laws (Amendment) Act, 2024 dated May 03, 2024. Earlier the words “of tax” were inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>6</sup>Sub-section (1A) inserted by Finance Act, 2013 dated June 29, 2013.

<sup>7</sup>Sub-sections (1B) & (1C) inserted by Finance Act, 2020 dated June 30, 2020.

<sup>1</sup>[**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.

---

<sup>1</sup>S. 34AA inserted by Finance Act, 2026 dated June 26, 2026.

**S. 34A.-** Before substitution by Tax Laws (Amendment) Act, 2024, it read as follows:-

**“34A. Reference to High Court.**– (1) Within ninety days of the communication of the order of the Appellate Tribunal under sub-section (2A) of section 34, the aggrieved person or the Commissioner may prefer an application, in the prescribed form along with a statement of the case, to the High Court, stating any question of law arising out of such order.

(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal and the question of law which arises out of its order.

(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law arises out of the order referred to in sub-section (1), it may proceed to hear the case.

(4) A reference to the High Court under this section shall be heard by a Bench of not less than two judges of the High Court and, in respect of the reference, the provisions of section 98 of the Code of Civil Procedure, 1908 (Act V of 1908), shall apply.

(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.]

<sup>1</sup>[**43A. Issuance of duplicate of** <sup>4</sup>[Inland Revenue] documents.– An <sup>2</sup>[officer of Inland Revenue] not below the rank of Assistant <sup>3</sup>[Commissioner] may, on payment of one hundred rupees, issue an attested duplicate of any <sup>4</sup>[Inland Revenue] document as is available with the department or has been filed under this Act or rules made there under to a relevant registered person applying for the same.]

**44. Refund of duty.**– (1) No refund of any amount of duty accrued for any reason under this Act or rules made there under shall be allowed unless claimed within one year of its accrual.

(2) In a case where a registered person did not avail adjustment of duty admissible at the relevant time, the <sup>3</sup>[Commissioner] may allow such person to avail the adjustment at any subsequent time provided that claim for such adjustment is made within a period of one year from the date on which it was admissible.

(3) In a case where claim for refund or adjustment has accrued in consequence of any decision or judgment of any <sup>2</sup>[officer of Inland Revenue], the Tribunal or Court, the period of one year, for the purpose of this section, shall be computed from the date of such decision or judgment.

<sup>5</sup>[**44A. Delayed refund.**– Where a refund due under section 44 is not made within the time specified in this behalf, there shall be paid to the claimant, in addition the amount of refund due to him, a further sum equal to KIBOR per annum of the amount of refund due, from the date following the expiry of the time specified as aforesaid, to the day preceding the day of payment of refund:

Provided that where there is a reason to believe that a person has claimed the refund which is not admissible to him, he shall not be entitled to additional amount unless the investigation of his claim is completed.]

---

<sup>1</sup>S. 43A inserted by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Substituted by Finance Act, 2026 dated June 26, 2026. Earlier the same was substituted for “officer of Federal Excise” by Finance Act, 2010 dated July 01, 2010, the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>3</sup>Substituted for “Collector” by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>4</sup>Substituted by Finance Act, 2026 dated June 26, 2026. Earlier the same was substituted for “Federal Excise” by Finance (Amendment) Ordinance, 2010 dated February 06, 2010, the same was substituted by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>5</sup>S. 44A inserted by Finance Act, 2009 dated June 30, 2009.

**45. Access to records and posting of <sup>1</sup>[Inland Revenue] staff, etc.-** (1) A person who is required to maintain any record or documents under this Act or any other law shall, as and when required by the <sup>1</sup>[officer of Inland Revenue] produce record or documents which are in his possession or control or in the possession or control of his agent and where such record or documents have been kept on electronic data, he shall allow access to such officer to have access and use of any machine on which such data is kept and shall facilitate such officer to retrieve whole or part of such data in such manner and to such extent as may be required by him.

(2) Subject to such conditions and restrictions, as deemed fit to specify, the Board <sup>2</sup>[ ] may, post <sup>1</sup>[officer of Inland Revenue] to the premises of registered person or class of such persons to monitor production, removal or sale of goods and the stock position or the maintenance of records <sup>3</sup>[.]

<sup>4</sup>[ ]

<sup>5</sup>[(3) The Board may, by notification in the official Gazette, for the purpose to monitor production or manufacture of any goods, specify the manner and procedure for appointment and posting of technical staff and installation, operation, maintenance of close circuit T.V system anywhere in the factory premises.]

---

<sup>1</sup>Substituted for "Federal Excise officer" by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>2</sup>Words "or Chief Commissioner" omitted by Finance Act, 2018 dated May 23, 2018. Earlier it was inserted by Finance Act, 2013 dated June 29, 2013, effective from June 13, 2013.

<sup>3</sup>Substituted for colon by Finance Act, 2018 dated May 23, 2018.

<sup>4</sup>Proviso omitted by Finance Act, 2018 dated May 23, 2018. **Before omission proviso read as follows:-**

"Provided that if a <sup>1</sup>[Commissioner], on the basis of material evidence, has reason to believe that a registered person is involved in evasion of duty, he may, by recording the reason in writing, post an <sup>2</sup>[officer of Inland Revenue] to the premises of such registered person to monitor production, removal or sale of goods and the stocks position or maintenance of records.

<sup>1</sup>Substituted for "Federal Excise officer" by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>2</sup>Substituted for "Collector" by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>5</sup>Sub-section (3) inserted by Finance Act, 2006 dated July 01, 2006.

**<sup>1</sup>[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.]

**<sup>2</sup>[45AA. Licensing of brand name.-** (1) Manufacturers of the specified goods shall be required to obtain brand licence for each brand or stock keeping unit (SKU) in such manner as may be prescribed by the Board.

(2) Any specified brand and SKU found to be sold without obtaining a licence from the Board shall be deemed counterfeit goods and liable to outright confiscation and destruction in the prescribed manner and such destruction and confiscation shall be without prejudice to any other penal action which may be taken under this Act.]

---

<sup>1</sup>S. 45A substituted by Finance Act, 2026 dated June 26, 2026. Earlier it was inserted by Finance Act, 2013 dated June 29, 2013. Before substitution it read as follows:-

**“45A. Monitoring or tracking by electronic or other means.-** (1) Subject to such conditions, restrictions 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 good or class of goods in respect of which monitoring or tracking of production, sales, clearances, 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, banderole, stickers, labels <sup>1</sup>[barcodes,], etc. in any such form, style and manner as may be prescribed by the Board in this behalf.]

<sup>2</sup>[(3) Such tax stamps, banderoles, stickers, labels, barcodes *etc.*, shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.”

<sup>1</sup>Words etc. inserted by Finance Act, 2015 dated June 30, 2015.

<sup>2</sup>Sub-section (3) inserted by Finance Act, 2015 dated June 30, 2015.

<sup>2</sup>S. 45AA inserted by Finance Act, 2021 dated June 30, 2021.

**46.** <sup>1</sup>[ ] **Audit.**- <sup>2</sup>[(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.]

<sup>1</sup>Word "Departmental" omitted by Finance Act, 2015 dated June 30, 2015.

<sup>2</sup>Sub-sections (1), (2), (2A), (2B) & (2C) substituted for sub-sections (1), (2) & (2A) by Finance Act, 2026 dated June 26, 2026. Before substitution these read as follows:-

"(1) The <sup>2</sup>[officer of Inland Revenue] authorized by the Board <sup>3</sup>[or the Commissioner] by designation may, once in a year, after giving advance notice in writing, conduct audit of the records and documents of any person registered under this Act.

(2) In case the <sup>4</sup>[Commissioner] has information or sufficient evidence showing that such registered person is involved in fraud or evasion of duty, he may authorize a <sup>2</sup>[officer of Inland Revenue], not below the rank of <sup>5</sup>[Assistant Commissioner] to conduct audit at any time in a year.

<sup>6</sup>[(2A) After completion of the audit under this section or any other provision of law, the Officer of Inland Revenue may, after obtaining the registered person's explanation on all the issues raised in the audit shall pass an order under section 14, imposing the amount of duty as per law, charging default surcharge, imposing penalty and recovery of any amount erroneously refunded.]"

<sup>2</sup>Substituted for "Federal Excise officer" by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>3</sup>Words inserted by Finance Act, 2010 dated July 01, 2010.

<sup>4</sup>Substituted for "Collector" by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>5</sup>Substituted for "Assistant Collector" by Finance Act, 2010 dated July 01, 2010. Earlier the same was substituted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010. & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

<sup>6</sup>Sub-section (2A) inserted by Finance Act, 2010 dated July 01, 2010. Earlier the same was inserted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009.

(3) Notwithstanding the penalties prescribed in section 19, if a registered person wishes to deposit the amount of duty not paid, short paid or the amount of duty evaded along with default surcharge voluntarily, whenever it comes to his notice, before commencement of audit, no penalty shall be recovered from him:

<sup>1</sup>[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.]

<sup>2</sup>[(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-

---

<sup>1</sup>Sub-section (3) proviso substituted by Finance Act, 2026 dated June 26, 2026. Before substitution these read as follows:-

“Provided that if a registered person wishes to deposit 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 <sup>1</sup>[determination of liability under sub-section (2A)], 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 and in such case, further proceedings in the case shall abate.”

<sup>1</sup>Substituted for “conclusion of original adjudication proceedings” by Finance Act, 2010 dated July 01, 2010.

<sup>2</sup>Sub-section (3A) inserted by Finance Act, 2026 dated June 26, 2026.

- (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.]

<sup>1</sup>[(1\*) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following—

- (a) an officer or officers of Inland Revenue;
- (b) a firm of chartered accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);
- (c) a firm of cost and management accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or
- (d) any other person as directed by the Board,

to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services.]

<sup>2</sup>[(5) Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue;

<sup>1</sup>Sub-section (4) substituted by Finance Act, 2015 dated June 30, 2015. Before substitution it read as follows:-

“(4) The Board may appoint a Chartered Accountant or a Cost and Management Accountant or a firm of such accountants to conduct audit of a person liable to pay duties under this Act in such manner and subject to such conditions it may specify.”

<sup>2</sup>Sub-sections (5) to (8) inserted by Finance Act, 2015 dated June 30, 2015.

\*it should be (4)

(6) If any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.

(7) The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.

<sup>1</sup>[(8) Every member of the special audit panel shall have the powers of officers of Inland Revenue under sections 23 and 45 and sub-sections (1) to (3) of section 46.]

<sup>2</sup>[(9)] The audit of the registered person shall generally be a composite audit covering all duties and taxes to which his business or activity is liable under the laws administered by the Board.

<sup>3</sup>[            ]

<sup>4</sup>[**47. Service of notices and other documents.**— (1)subject to this Act, an notice, order or requisition required to be served on a resident individual other than in a representative capacity for the purposes of this Act shall be treated as properly served on the individual if—

- (a) personally served on the individual or, in the case of an individual under a legal disability or a non-resident individual, the representative of the individual;
- (b) sent by register post or courier service to the place specified in clause (b) of sub-section(2) or to the individual's usual or last known address in Pakistan; or,

<sup>1</sup>Sub-sections (5) to (8) inserted by Finance Act, 2015 dated June 30, 2015.

<sup>2</sup>Sub-section (5) renumbered as (9) by Finance Act, 2015 dated June 30, 2015.

<sup>3</sup>S. 46(10) omitted by Finance Act, 2020 dated June 30, 2020. Earlier it was inserted by Finance Act, 2018 dated May 23, 2018. Before omission it read as follows:-

“(10) The audit of a registered person under this section shall be conducted only once in every three years.]”

<sup>4</sup>S. 47 substituted by Finance Act, 2010 dated July 01, 2010. Earlier the same was inserted by Finance (Amendment) Ordinance, 2010 dated February 06, 2010 & by Finance (Amendment) Ordinance, 2009 dated October 28, 2009. **Before substitution it read as follows:-**

“47. **Service of order, decisions, etc.**— Any adjudication order or decision made or any summons or notice issued under this Act, shall be served,-

- (a) by tendering the adjudication order, decision, summons or notice or sending it by registered post or courier service to the person for whom it is intended; or
- (b) if the adjudication order, decision, summons or notice cannot be served in any manner provided in clause (a), by affixing it on the notice board of the concerned Federal Excise Office.”

- (c) served on the individual in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908(v of 1908) <sup>1</sup>]; or]
- <sup>2</sup>[(d) sent electronically through email or to the e-folder maintained for the purpose of e-filing of sales tax-cum-Federal excise returns by the <sup>3</sup>/registered person/.]
- (2) Subject this Act, an notice, order or requisition required to be served on any person other than a resident individual to whom sub-section (1) applies for the purposes of this Act, shall be treated as properly served on the person if—
  - (a) personally served on the representative of the person;
  - (b) sent by register post or courier service to the person's registered office or address for service of notices under this Act, in Pakistan, or where the person does not have such office or address, the notice is sent by registered post to any office or place of business of the person in Pakistan; or
  - (c) served on the person in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908(v of 1908) <sup>4</sup>]; or]
  - <sup>5</sup>[(d) sent electronically through email or to the e-folder maintained for the purpose of e-filing of sales tax-cum-Federal excise returns by the <sup>6</sup>/registered person/.]
- (3) where an association of persons is dissolved, any notice, order of requisition required to be served under this Act, on the association may be served on any person who was the principal officer or a member of the association immediately before such dissolution.
- (4) where the business stands discontinued, any notice order or requisition required to be served under this act, on the person discontinuing the business may be served on the person personally or on an individual who was the person's representative at the time of discontinuance.

---

<sup>1</sup>Substituted for full stop by Finance Act, 2017 dated June 20, 2017.

<sup>2</sup>Clause (d) inserted by Finance Act, 2017 dated June 20, 2017.

<sup>3</sup>Substituted for "limited companies, both public and private" by Finance Act, 2020 dated June 30, 2020.

<sup>4</sup>Substituted for full stop by Finance Act, 2017 dated June 20, 2017.

<sup>5</sup>Clause (d) inserted by Finance Act, 2017 dated June 20, 2017.

<sup>6</sup>Substituted for "limited companies, both public and private" by Finance Act, 2020 dated June 30, 2020.

(5) The validity of any notice issued under this Act, or the validity of any service of a notice under this Act, shall not be called into question after the notice has been compiled with in any manner,]

<sup>3</sup>[**47A. Agreements for the exchange of information** <sup>4</sup>[**or assistance in recovery of duties**].— (1) The Federal Government may enter into bilateral or multilateral agreements with provincial governments or with governments of foreign countries for the exchange of information, including electronic exchange of information, with respect to excise duty imposed under this Act or any other law of Pakistan, or under the corresponding laws of that country and may, by notification in the official Gazette, make such provisions as may be necessary for implementing such agreements.

<sup>5</sup>[(1A) Notwithstanding anything contained in this Act, the Board shall have power to share data or information including real time data videos, images received under the provisions of this Act with any other Ministry or Division of the Federal Government or Provincial Government, subject to such limitations and conditions as may be specified by the Board.]

(2) The provisions of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001) shall, *mutatis mutandis*, apply to this section.]

<sup>6</sup>[(3) The Federal Government may enter into a bilateral or multilateral convention, and inter-governmental agreement or similar agreement or mechanism for assistance in the recovery of duties]

---

<sup>3</sup>Section 47A inserted by Finance Act, 2015 dated June 30, 2015.

<sup>4</sup>Words inserted by Finance Act, 2021 dated June 30, 2021.

<sup>5</sup>Sub-section (1A) inserted by Finance Act, 2021 dated June 30, 2021.

<sup>6</sup>Sub-section (3) inserted by Finance Act, 2021 dated June 30, 2021.

<sup>1</sup>[47AB. **Real-time access to information and databases.-** (1) Notwithstanding anything contained in any law for the time being in force, including but not limited to the National Database and Registration Authority Ordinance, 2000 (Ordinance VIII of 2000) and the Emigration Ordinance, 1979 (Ordinance XVIII of 1979), arrangements shall be made to provide real-time access of information and database to the Board in the prescribed form and manner by—

- (a) the National Database and Registration Authority with respect to information pertaining to National Identity Card (NIC), Pakistan Origin Card, Overseas Identity Card, Alien Registration Card and other particulars contained in the citizen database;
- (b) the Federal Investigation Agency and the Bureau of Emigration and Overseas Employment with respect to details of international travel;
- (c) the Islamabad Capital Territory and provincial and local land record and development authorities with respect to record-of-rights including digitized edition of record-of-rights, periodic record, record of mutations and report of acquisition of rights;
- (d) the Islamabad Capital Territory and provincial excise and taxation departments with respect to information regarding registration of vehicles, transfer of ownership and other associated record;
- (e) all electricity suppliers and gas transmission and distribution companies with respect to particulars of a consumer, the units consumed and the amount of bill charged or paid:

Provided that where the connection is shared or is used by a person other than the owner, the name and NIC of the owner and the user shall also be furnished:

Provided further that all electricity suppliers and gas transmission and distribution companies shall make arrangements by the 1st day of January, 2021 for allowing consumers to update the ratio of sharing of a connection or the particulars of users, as the case may be; and

- (f) any other agency, authority, institution or organization notified by the Board.

(2) The Board shall make arrangements for laying the infrastructure for real-time access to information and database under sub-section (1) and aligning it with its own database in the manner as may be prescribed.

<sup>1</sup>Section 47AB inserted by Finance Act, 2020 dated June 30, 2020.

(3) Until real-time access to information and database is made available under sub-section (1), such information and data shall be provided periodically in such form and manner as may be prescribed.

(4) Subject to section 47B, all information received under this section shall be used only for tax purposes and kept confidential.]

<sup>1</sup>[**47B. Disclosure of information by a public servant.**- (1) Any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

(2) Notwithstanding anything contained in sub-section (1) and the Freedom of Information Ordinance, 2002 (XCVI of 2002), any information received or supplied in pursuance of bilateral or multilateral agreements with government of foreign countries for exchange of information under section 47A shall be confidential.]

<sup>2</sup>[**47C. Validation.**- <sup>3</sup>/(1)/ All notifications and orders issued and notified in exercise of the powers conferred upon the Federal Government, before the commencement of Finance Act, 2017 shall be deemed to have been validly issued and notified in exercise of those powers.]

<sup>4</sup>[(2) Notwithstanding any omission, irregularity or deficiency in the establishment of or conferment of powers and functions on the Directorate General (Intelligence and Investigation), Inland Revenue and authorities specified in clause (a) of sub-section (2) of section 29 of this Act, all orders passed, notices issued and actions taken in exercise or purported exercise of the powers and functions of the Officers of Inland Revenue under this Act by the Director General (Intelligence and Investigation), Inland Revenue or the authorities specified in clause (a) of sub-section (2) of section 29 of this Act shall be treated to have been validly passed, issued and taken under this Act.]

**48. Repeal.**- (1) Subject to the provisions of sub-section (2), the Central Excises Act, 1944 (I of 1944) shall stand repealed with effect from the date notified under sub-section (3) of section 1.

<sup>1</sup>Section 47B substituted by Finance Act, 2016 dated June 24, 2016. Earlier it was inserted by Finance Act, 2015 dated June 30, 2015. Before substitution, it read as follows:-

“**47B. Disclosure of information by a public servant.**- (1) Any information acquired under any provision of this Act or in pursuance of a bilateral or multilateral agreement or tax information exchange agreement shall be confidential and no public servant shall disclose any such information, except as provided under section 216 of the Income Tax Ordinance, 2001 (XLIX of 2001).

The provisions of section 216 of Income Tax Ordinance 2001 (XLIX of 2001) shall, *mutatis mutandis*, apply to this section.”

<sup>2</sup>Section 47C inserted by Finance Act, 2017 dated June 20, 2017.

<sup>3</sup>Section 47C renumbered as 47C(1) by Finance Act, 2018 dated May 23, 2018.

<sup>4</sup>Section 47C(2) inserted by Finance Act, 2018 dated May 23, 2018.

(2) Unless otherwise directed by the Federal Government, in case of area where the repealed Act was extended through an order by a Governor of the Province or otherwise through an order by any other authority, the application of the repealed Act shall continue to be in force till this Act is made applicable in that area.

<sup>1</sup>[**49. Fee and service charges.**- <sup>2</sup>[(1)]The <sup>3</sup>[Board with the approval of Federal Minister-in-charge] may, by notification in the official Gazette, subject to such conditions, limitations or restrictions as it may deem fit to impose, levy fee and service charges for valuation, in respect of any other service or control mechanism provided by any formation under the control of the Board, including ventures of public-private partnership, at such rates as may be specified in the notification.]

<sup>4</sup>[(2) The Board may authorize and prescribe the manner in which fee and service charges collected under sub-section (1) shall be expended.]

<sup>5</sup>[**50. Uniform.**—The Board may, by notification in the official Gazette, prescribe rules for wearing of uniform by officers and staff of Inland Revenue Services.]

---

<sup>1</sup>Section 49 inserted by Finance Act, 2019 dated June 30, 2019.

<sup>2</sup>Section 49 renumbered as (1) by Finance Act, 2021 dated June 30, 2021.

<sup>3</sup>Substituted for “Federal Government” by Tax Laws (Amendment) Act, 2020 dated March 30, 2020. Earlier the same was substituted by Tax Laws (Second Amendment) Ordinance, 2019 dated December 27, 2019.

<sup>4</sup>Section 49(2) inserted by Finance Act, 2021 dated June 30, 2021.

<sup>5</sup>Section 50 inserted by Finance Act, 2022 dated June 30, 2022.

**FIRST SCHEDULE**

[See Section 3]

**TABLE 1****(EXCISABLE GOODS)**

| S. No.         | Description of Goods                                                                                                                                                                                                                                                                                                            | Heading / sub-heading Number | Rate of Duty                                                  |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|---------------------------------------------------------------|
| (1)            | (2)                                                                                                                                                                                                                                                                                                                             | (3)                          | (4)                                                           |
| <sup>1</sup> [ |                                                                                                                                                                                                                                                                                                                                 |                              | ]                                                             |
| <sup>1</sup> [ |                                                                                                                                                                                                                                                                                                                                 |                              | ]                                                             |
| 3              | Concentrates for aerated beverages in all forms including syrup form                                                                                                                                                                                                                                                            | 2106.9010                    | Fifty per cent <i>ad val.</i>                                 |
| 4              | Aerated waters                                                                                                                                                                                                                                                                                                                  | 2201.1020                    | <sup>3</sup> [ <sup>3</sup> /twenty/ per cent of retail price |
| 5              | Aerated waters, containing added sugar or other sweetening matter or flavored                                                                                                                                                                                                                                                   | 2202.1010                    | <sup>3</sup> [ <sup>3</sup> /twenty/ per cent of retail price |
| 6              | Aerated waters if manufactured wholly from juices or pulp of <sup>4</sup> [ ] vegetables, food grains or fruits and which do not contain any other ingredient, indigenous or imported, other than sugar, coloring materials, preservatives or additives in quantities prescribed under the West Pakistan Pure Food Rules, 1965. | Respective headings          | <sup>3</sup> [ <sup>3</sup> /twenty/ per cent of retail price |

<sup>1</sup>S. No. 1 & 2 omitted by Finance Act, 2021 dated June 30, 2021. Earlier (2) was substituted by Finance Act, 2019 dated June 30, 2019.

|    |                                                                                |                                                                                       |                                                                         |
|----|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| "1 | Edible oils excluding deoxidized soybean                                       | 15.07, 15.08, 15.09, 15.10, 15.11, 15.12, 15.13, 15.14, 15.15, 15.16 1517, and 15.18, | <sup>1</sup> [Seventeen] per cent <i>ad val.</i>                        |
| 2  | Vegetable ghee and cooking oil (a) in retail packing (b) not in retail packing | Respective heading                                                                    | Seventeen per cent of retail price Seventeen per cent <i>ad val.</i> "] |

<sup>1</sup>Substituted for "Sixteen" by Finance Act, 2019 dated June 30, 2019. Earlier it was substituted for "Fifteen" by Finance Act, 2008 dated June 27, 2008.

Before substitution Finance Act, 2019 it read as follows:-

|    |                                |                    |                                                   |
|----|--------------------------------|--------------------|---------------------------------------------------|
| "2 | Vegetable ghee and cooking oil | Respective heading | <sup>1</sup> [Sixteen] per cent <i>ad val.</i> "] |
|----|--------------------------------|--------------------|---------------------------------------------------|

<sup>1</sup>Substituted for "Fifteen" by Finance Act, 2008 dated June 27, 2008.

<sup>3</sup>Substituted for "thirteen" by Finance (Supplementary) Act, 2023 dated February 23, 2023. Earlier it was substituted for "eleven and half" by Finance Act, 2019 dated June 30, 2019. Earlier it was substituted for "ten" by Finance Act, 2016 dated June 24, 2016. Earlier it was substituted for "nine" by Finance Act, 2015 dated June 30, 2015. Earlier it was substituted for "six" by Finance Act, 2013 dated June 29, 2013. Earlier it was substituted for "Twelve" by Finance Act, 2011 dated June 30, 2011.

<sup>4</sup>Word "indigenous" by Finance Act, 2008 dated June 27, 2008.

|                    |                                                                                                                                                                  |                                    |                                                                                                             |
|--------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------|
| 7                  | Un-manufactured tobacco                                                                                                                                          | 24.01                              | <sup>1</sup> [Three hundred and ninety rupee] per kilogram                                                  |
| <sup>2</sup> [7a.  | Acetate tow                                                                                                                                                      | Respective heading                 | Rupees <sup>3</sup> [ten] thousand per kg.]                                                                 |
| <sup>4</sup> [8.   | Cigarettes of tobacco or tobacco substitutes excluding locally produced cigarettes                                                                               | 24.02                              | Sixty five percent of retail price or the rate of duty as prescribed against S. No. 9 whichever is higher.] |
| <sup>5</sup> [8a.  | E-liquids by whatsoever name called, for electric cigarette kits                                                                                                 | Respective heading                 | <sup>6</sup> [Rupees sixteen thousand five hundred per kg]                                                  |
| 8b.                | Cigars, cheroots and cigarillos of tobacco and tobacco substitute.                                                                                               | Respective heading                 | Sixty five percent of retail price or rupees ten thousand per kg whichever is higher.]                      |
| <sup>7</sup> [8c   | Tobacco mixture in an electrically heated tobacco product by whatever name called, intended for consumption by using a tobacco heating system without combustion | <sup>8</sup> [Respective headings] | <sup>9</sup> [Rupees sixteen thousand five hundred per kg]                                                  |
| <sup>10</sup> [8d. | Nicotine pouches                                                                                                                                                 | Respective heading                 | Rupees one thousand and two hundred per kg.]                                                                |

<sup>1</sup>Substituted for "Ten Rupee" by Tax Laws (2<sup>nd</sup> Amendment) Ordinance, 2022 dated August 22, 2022. Earlier it was substituted for "Three hundred" by Finance Act, 2019 dated June 30, 2019. Earlier it was substituted for "Ten" by Finance Supplementary (Amendment) Act, 2018 dated October 08, 2018. Earlier was substituted for "Five" by Finance Act, 2011 dated June 30, 2011.

<sup>2</sup>S. No. 7a inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>3</sup>Substituted for "forty-four" by Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>S. No. 8 substituted by Finance Act, 2020 dated June 30, 2020. Before substitution, it read as follows:-

|    |                                                                      |       |                                                     |
|----|----------------------------------------------------------------------|-------|-----------------------------------------------------|
| "8 | Cigars, cheroots, cigarillos and cigarettes, of tobacco substitutes. | 24.02 | Sixty <sup>1</sup> [five] per cent of retail price" |
|----|----------------------------------------------------------------------|-------|-----------------------------------------------------|

<sup>1</sup>Substituted for "four" by Finance Act, 2010 dated July 01, 2010.

<sup>5</sup>S. Nos. 8a & 8b inserted by Finance Act, 2020 dated June 30, 2020.

<sup>6</sup>Substituted for <sup>1</sup>[Rupees ten thousand per kg <sup>2</sup>[or sixty five percent of retail price whichever is higher]] by Finance Act, 2026 dated June 26, 2026.

<sup>1</sup>Substituted for "Rupees ten per ml" by Finance Act, 2022 dated June 30, 2022.

<sup>2</sup>Words inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>7</sup>S. No. 8c inserted by Finance Act, 2021 dated June 30, 2021.

<sup>8</sup>Substituted for "2403.9990" by Finance Act, 2022 dated June 30, 2022.

<sup>9</sup>Substituted for "Rupees five thousand two hundred per kg" by Finance Act, 2023 dated June 26, 2023.

<sup>10</sup>S. No. 8d inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

|                   |  |  |   |
|-------------------|--|--|---|
| <sup>1</sup> [46] |  |  | ] |
| <sup>1</sup> [47] |  |  | ] |
| <sup>1</sup> [48] |  |  | ] |
| <sup>1</sup> [49] |  |  | ] |
| <sup>2</sup> [50] |  |  | ] |
| <sup>1</sup> [51] |  |  | ] |
| <sup>1</sup> [52] |  |  | ] |
| <sup>3</sup> [53] |  |  | ] |
| <sup>4</sup> [54] |  |  | ] |

<sup>1</sup>S. Nos. 46 to 49, 51 & 52 omitted by Finance Act, 2011 dated June 30, 2011. Earlier S.Nos. 50 to 52 was inserted by Finance Act, 2010 dated July 01, 2010.

<sup>2</sup>S. Nos. 50 omitted by Finance Act, 2012 dated June 26, 2012. Earlier it was inserted by Finance Act, 2010 dated July 01, 2010.

<sup>3</sup>S. No. 53 and entries relating thereto omitted by Finance Act, 2016 dated June 24, 2016. Earlier it was inserted by Finance Act, 2011 dated June 30, 2011.

**Before omission by Finance Act, 2012 it read as follows:-**

“50 Filter rods for cigarettes 5502.0090 <sup>1</sup>[Twenty per cent *ad val.*]

<sup>1</sup>Substituted for “one rupee per filter rod” by Finance Act, 2011 dated June 30, 2011.

**Before omission by Finance Act, 2016 it read as follows:-**

“53 White Crystalline Sugar 1701.9910 and 1701.9920 Eight per cent *ad val.*”

S. Nos. 46 to 49, 51 & 52 omitted by Finance Act, 2011 dated June 30, 2011. **Before omission read as follows:-**

|                   |                                                                                                                                                                                                           |                     |                                                          |
|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------------------|
| “46               | Greases                                                                                                                                                                                                   | 3403.1910           | Twenty five rupees per kilogram.                         |
| 47                | Organic composite solvents and thinners not elsewhere specified or included; prepared paint or varnish removers.<br>(i) Solvent oil (composite)<br>(ii) Other (excluding thinners)                        | 3814.0000           | Thirteen rupee per liter<br>Ten per cent of retail price |
| <sup>1</sup> [48] | Viscose-staple fiber                                                                                                                                                                                      | Respective heading  | Ten per cent <i>ad val.</i> ]                            |
| <sup>2</sup> [49] | Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars of cylinder capacity exceeding 850cc. | 87.03               | Five per cent <i>ad val.</i> ]                           |
| <sup>3</sup> [51] | Air Conditioners                                                                                                                                                                                          | Respective Headings | Ten per cent <i>ad val.</i>                              |
| 52                | Deep Freezers                                                                                                                                                                                             | Respective Headings | Ten per cent <i>ad val.</i> ”]                           |

<sup>1</sup>S. No. 48 and entries relating thereto inserted by Finance Act, 2007 dated July 02, 2007.

<sup>2</sup>S. No. 49 and entries relating thereto inserted by Finance Act, 2008 dated June 27, 2008.

<sup>3</sup>S. Nos. 51 & 52 inserted by Finance Act, 2010 dated July 01, 2010.

<sup>4</sup>S. No. 54 omitted by Finance Act, 2019 dated June 30, 2019. Earlier S. No. 54 and entries relating thereto inserted by Finance Act, 2013 dated June 29, 2013, effective from June 13, 2013. **Before omission read as follows:-**

“54 Oilseeds Respective headings Forty paisa per kg”

|                    |                                                                                                                                                                                                                                                                                                                 |                    |                                   |
|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------------------------|
| <sup>1</sup> [55]  | 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) <sup>2</sup> [and till the 30th day of June, <sup>3</sup> [2027] electric vehicles (4 wheelers)], including station wagons and racing cars | 87.03              |                                   |
|                    | (a) of cylinder capacity up to 1000cc                                                                                                                                                                                                                                                                           |                    | 2.5% <i>ad val</i>                |
|                    | (b) of cylinder capacity from 1001cc to 1799cc                                                                                                                                                                                                                                                                  |                    | <sup>4</sup> [10%] <i>ad val.</i> |
|                    | (c) of cylinder capacity 1800cc to 3000cc                                                                                                                                                                                                                                                                       |                    | <sup>4</sup> [30%] <i>ad val.</i> |
|                    | (d) of cylinder capacity exceeding 3001cc                                                                                                                                                                                                                                                                       |                    | <sup>4</sup> [40%] <i>ad val.</i> |
| <sup>5</sup> [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% <i>ad. val</i>                |
|                    | (c) exceeding USD one hundred and ten thousand:                                                                                                                                                                                                                                                                 |                    | 40% <i>ad. Val</i> ]              |

<sup>1</sup>S. Nos. 55 & 55A substituted by Finance Act, 2019 dated June 30, 2019. Earlier S. Nos. 55A inserted by Finance Supplementary (Second Amendment) Act, 2019 dated March 09, 2019 & S. No. 55 and entries relating thereto inserted by Finance Act, 2013 dated June 29, 2013, effective from June 13, 2013. Before substitution S. Nos. 55 & 55A read as follows:-

- “55 <sup>2</sup>/Imported motor/ cars, SUVs and other motor vehicles of cylinder capacity of 1800cc or above <sup>3</sup>[, but not exceeding 3000 cc], principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 1800cc or above <sup>3</sup>[, but not exceeding 3000 cc]. 87.03 <sup>4</sup>/Twenty <sup>5</sup>[- five/] per cent *ad.val.*]
- 55A Imported motor cars, SUVs and other motor vehicles of cylinder capacity of 3000cc principally designed for the transport of persons (other than those of headings 87.02), including station wagons and racing cars of cylinder capacity of 3000cc 87.03 Thirty per cent *ad val.*”

<sup>2</sup>Substituted for “Motor” by Finance Act, 2014 dated June 26, 2014.

<sup>3</sup>Words inserted by Finance Supplementary (Second Amendment) Act, 2019 dated March 09, 2019.

<sup>4</sup>Substituted for “Ten” by Finance Supplementary (Amendment) Act, 2018 dated October 08, 2018.

<sup>5</sup>Words inserted by Finance Supplementary (Second Amendment) Act, 2019 dated March 09, 2019.

<sup>2</sup>Words inserted by Finance Act, 2021 dated June 30, 2021. Earlier same was inserted by Tax Laws (Amendment) Ordinance, 2021 dated February 12, 2021.

<sup>3</sup>Substituted for “2026” by Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>Substituted for “5%”, “25%” & “30%” respectively by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>5</sup>S. No. 55A inserted by Finance Act, 2026 dated June 26, 2026.

|                    |                                                                                                                                                                                                                                                                                                                           |                                    |                                                |
|--------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|------------------------------------------------|
| <sup>1</sup> [55B] | Locally manufactured or assembled motor cars, SUVs and other motor vehicles, excluding auto rickshaws principally designed for the transport of persons (other than those of headings 87.02), and till the 30th day of June, <sup>2</sup> [2027] electric vehicles (4 wheelers) including station wagons and racing cars: | 87.03                              |                                                |
|                    | (a) of cylinder capacity up to 1300cc                                                                                                                                                                                                                                                                                     |                                    | 2.5% ad val.                                   |
|                    | (b) of cylinder capacity from 1301cc to 2000cc                                                                                                                                                                                                                                                                            |                                    | 5% ad val.                                     |
|                    | (c) of cylinder capacity 2001cc and above                                                                                                                                                                                                                                                                                 |                                    | 10% ad val.                                    |
| <sup>3</sup> [55C] | Imported double cabin (4x4) pick-up vehicles                                                                                                                                                                                                                                                                              | 8704.2190<br>8704.3190             | <sup>4</sup> [30%] ad val                      |
| <sup>3</sup> [55D] | Locally manufactured double cabin (4x4) pick-up vehicles except the vehicles booked on or before the 30th June, 2020 subject to the restriction or conditions specified by the Board                                                                                                                                      | 8704.2190<br>8704.3190             | <sup>4</sup> [10%] ad val.]                    |
| <sup>5</sup> [56]  | Filter rod for cigarettes                                                                                                                                                                                                                                                                                                 | <sup>6</sup> [Respective headings] | <sup>7</sup> [Rupees [eighty thousand] per kg] |

<sup>1</sup>S. No. 55B substituted by Finance (Supplementary) Act, 2022 dated January 15, 2022. Earlier S. Nos. 55B & 55C was inserted by Finance Act, 2020 dated June 30, 2020. Before substitution by Finance Act, 2026, it read as follows:-

**S. No. 55B.**- Before substitution by F. (Supply) Act, 2022, it read as follows:-

|                  |                                                                                                                                                                                                                                                                                                                           |       |                             |
|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-----------------------------|
| <sup>1</sup> 55B | Locally manufactured or assembled motor cars, SUVs and other motor vehicles, excluding auto rickshaws principally designed for the transport of persons (other than those of headings 87.02) <sup>1</sup> [and till the 30th day of June, 2026 electric vehicles (4 wheelers)], including station wagons and racing cars: | 87.03 |                             |
|                  | (a) of cylinder capacity up to 1000cc                                                                                                                                                                                                                                                                                     |       | <sup>2</sup> [0%] ad val.   |
|                  | (b) of cylinder capacity from 1001cc to 2000cc                                                                                                                                                                                                                                                                            |       | <sup>2</sup> [2.5%] ad val. |
|                  | (c) of cylinder capacity 2001cc and above                                                                                                                                                                                                                                                                                 |       | <sup>2</sup> [5%] ad val.]” |

<sup>1</sup>Words inserted by Finance Act, 2021 dated June 30, 2021. Earlier same was inserted by Tax Laws (Amendment) Ordinance, 2021 dated February 12, 2021.

<sup>2</sup>Substituted for “2.5”, “5%” & “7.5%” respectively by Finance Act, 2021 dated June 30, 2021.

<sup>2</sup>Substituted for “2026” by Finance Act, 2026 dated June 26, 2026.

<sup>3</sup>S. Nos. 55B & 55C inserted by Finance Act, 2020 dated June 30, 2020.

<sup>4</sup>Substituted for “25%” & “7.5%” respectively by Finance (Supplementary) Act, 2022 dated January 15, 2022.

<sup>5</sup>S. No. 56 inserted by Finance Act, 2015 dated June 30, 2015.

<sup>6</sup>Substituted for “5502.9090” by Finance Act, 2022 dated June 30, 2022. Earlier it was substituted for “5502.0090 by Finance Act, 2021 dated June 30, 2021.

<sup>7</sup>Substituted for “fifteen hundred” by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier it was substituted for “Rupee [one] per filter rod” by Finance Act, 2022 dated June 30, 2022, earlier “one” substituted for “0.75” by Finance Act, 2020 dated June 30, 2020.

|                   |                                                                                                                                                                                                                                                                                                                                                                      |                                            |                                                                           |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------|
| <sup>1</sup> [57] |                                                                                                                                                                                                                                                                                                                                                                      |                                            | ]                                                                         |
| 58                |                                                                                                                                                                                                                                                                                                                                                                      |                                            | ]                                                                         |
| <sup>2</sup> [59] | Sugary Fruit juices, syrups and squashes, waters whether or not containing added sugar or artificial sweeteners <sup>3</sup> [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] | Respective headings                        | <sup>4</sup> [Twenty] percent of retail price.]                           |
| <sup>5</sup> [60. | Energy inefficient fans both locally manufactured and imported which do not comply with the MEPS, notified by PSQCA                                                                                                                                                                                                                                                  | Respective heading                         | Rupees two thousand per fan with effect from the 1st day of January, 2024 |
| 61.               | Incandescent bulbs both locally manufactured and imported                                                                                                                                                                                                                                                                                                            | 8539.2200 and 8539.2990                    | Twenty percent ad valorem with effect from the 1st day of January, 2024   |
| 62.               | Fertilizers                                                                                                                                                                                                                                                                                                                                                          | Respective heading                         | Five percent ad valorem.]                                                 |
| <sup>6</sup> [63. | Lubricating oil and base lubricating oils                                                                                                                                                                                                                                                                                                                            | 2710.1951, 2710.1952, 2710.1953, 2710.1993 | Five percent ad valorem.]                                                 |
| <sup>7</sup> [64. | Day Old Chick (DOC)                                                                                                                                                                                                                                                                                                                                                  | Respective heading                         | Rs.10 Per DOC]                                                            |

<sup>1</sup>S. Nos. 57 & 58 omitted by Finance Act, 2021 dated June 30, 2021. Earlier these were inserted by Finance Act, 2019 dated June 30, 2019. Before omission these read as follows:-

|    |                                                                                                                                 |                     |                                    |
|----|---------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------------------|
| 57 | Fruit juices, syrups and squashes, waters containing added sugar or sweetening matter etc. excluding mineral and aerated waters | Respective headings | Five percent of retail price.      |
| 58 | Steel Billets, ingots, ship plates, bars and other long re-rolled products                                                      | Respective headings | Seventeen percent <i>ad val.</i> ” |

<sup>2</sup>S. No. 59 inserted by Finance (Supplementary) Act, 2023 dated February 23, 2023.

<sup>3</sup>Substituted for “excluding mineral and aerated waters” Finance Act, 2026 dated June 26, 2026.

<sup>4</sup>Substituted for “Ten” by Finance Act, 2023 dated June 26, 2023.

<sup>5</sup>S. Nos. 60 to 62 inserted by Finance Act, 2023 dated June 26, 2023.

<sup>6</sup>S. No. 63 substituted by Finance Act, 2026 dated June 26, 2026. Earlier it was inserted by Finance Act, 2024 w.e.f. 1 July, 2024. Before substitution by F. Act, 2026, it read as follows:-

|      |                 |                                    |                           |
|------|-----------------|------------------------------------|---------------------------|
| “63. | Lubricating oil | 2710.1951, 2710.1952 and 2710.1953 | Five percent ad valorem.” |
|------|-----------------|------------------------------------|---------------------------|

<sup>7</sup>S. No. 64 inserted by Finance Act, 2025 in force from July 1, 2025.

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |           |                        |
|-------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------------------------|
| <sup>1</sup> [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: |
|                   | <p>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:-</p> <p>(i) the goods manufactured, using the said spirit and oil, are exempt under the Sales Tax Act, 1990 (VII of 1990); or</p> <p>(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:</p> |           |                        |
|                   | <p>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:</p> <p>Provided further that the Board may make rules to regulate adjustment of input tax and duties on import and supply.]</p>                                                                                                                                                                                                                                                                                                                                                                                                                  |           |                        |

<sup>1</sup>S. No. 65 inserted by Finance Act, 2026 dated June 26, 2026.

**Interpretation.**— (1) unless the intent appears otherwise, for the purpose of levy of duty of excise, the description of goods shall prevail upon the tariff classification. However in order for interpretation of description of any goods or verification of any characteristics of any product, the reliance shall be made on the relevant version of the Explanatory Notes to the Harmonized Commodity Description and Coding System.

(2) The rate of duty mentioned in column (4) of the above table shall also apply on the goods mentioned in column (2) thereof, if imported, or brought from non-tariff to tariff areas in case of notified goods.

<sup>1</sup>**[Restriction-1-Reduction.-** For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial number 9 <sup>2</sup>[and 10], no cigarette manufacturer shall reduce retail price from the level adopted on the day of the announcement of the latest budget.]

<sup>3</sup>**[(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.]

<sup>1</sup>Restriction (1) substituted by Finance Act, 2017 dated June 20, 2017. Earlier was substituted by Finance Act, 2012 dated June 26, 2012. Earlier it was inserted by Finance Act, 2008 dated June 27, 2008.

<sup>2</sup>Inserted by Finance Act, 2019 dated June 30, 2019.

<sup>3</sup>Restriction (2) substituted by Finance Act, 2026 dated June 26, 2026.

**Restriction (1).-** Before substitution by F. Act, 2017 it read as follows:-

**“Restrictions.-**(1) For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial numbers 9, 10 and 11, no cigarette manufacturer shall reduce price from the level adopted on the day of announcement of the latest Budget.”

**Before substitution by F. Act, 2012 it read as follows:-**

**“Restriction.-** For the purpose of levy, collection and payment of duty at the rates specified in column (4) against serial numbers 9, 10 and 11, no cigarette manufacturer shall reduce price from the level adopted on the day of the announcement of the Budget <sup>1</sup>[2011-12.]”

<sup>1</sup>Substituted for “2010-11” by Finance Act, 2011 dated June 30, 2011. Earlier it was substituted for “2009-10” by Finance Act, 2010 dated July 01, 2010 & for “2008-09” by Finance Act, 2009 dated June 30, 2009.

**Restriction-2.-** Before substitution by F. Act, 2026, it read as follows:-

<sup>4</sup>**[Restriction-2 – Brand variants at different price points].-** No manufacturer or importer of cigarette can introduce or sell a new cigarette brand variant of the same existing brand family at a price lower than the lowest actual price of the existing variant of the same brand family. For the purposes of this restriction, current minimum price variant of existing brand means the lowest price of a brand variant on the day of announcement of Budget <sup>2</sup>[of the current financial year].

<sup>3</sup>**[Explanation.-** For the purpose of this restriction, brand variant means any cigarette brand with similar logo, name, colour, design, pattern or any unique distinguishing mark associated with an existing brand family.]

<sup>1</sup>Substituted for “2 Variants at different price points” by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>2</sup>Substituted for “2012-13” by Finance Act, 2014 dated June 26, 2014.

<sup>3</sup>Explanation inserted by Finance Act, 2024 w.e.f. 1 July, 2024.

<sup>4</sup>[(3) **Restriction-3-Minimum price.**— No brand shall be priced and sold at a retail price (excluding sales tax) lower than <sup>5</sup>[fifty-five] per cent of the retail price under column (2) against serial number 9 of Table-I of the First Schedule to this Act.]

<sup>6</sup>[(4) **Rate of duty.**— Notwithstanding the limitation on the retail price under column (2) against serial number 9, manufacturers whose brands were liable to duty at the rates specified in column (4) against serial number 9, one day before the date of amendment (through a notification, an Ordinance or an Act of parliament), shall continue to collect and pay the duty against serial number I at the amended rates specified in column (4) (through a notification, an Ordinance or an Act of parliament).]

---

<sup>4</sup>Restriction (3) substituted by Finance Act, 2017 dated June 20, 2017. Earlier was substituted by Finance Act, 2012 dated June 26, 2012. Earlier it was inserted by Finance Act, 2008 dated June 27, 2008.

<sup>5</sup>Substituted for “sixty” by Finance Act, 2024 w.e.f. 1 July, 2024. Earlier it was substituted for “forty-five” by Finance (Supplementary) Act, 2023 dated February 23, 2023.

<sup>6</sup>Inserted by Finance (Supplementary) Act, 2023 dated February 23, 2023.

---

**Before substitution by F. Act, 2017 it read as follows:-**

“(3) **Minimum Price of New Brands.**— Any new brand introduced in the market shall not be priced and sold lower than 5% below the price of the Most Popular price Category (MPPC). MPPC is the price point at which the highest number of excise tax paid cigarettes are sold in the previous fiscal year.”



<sup>1</sup>[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:<br><br>(a) of cylinder capacity 2000cc and above but not exceeding 3000cc<br><br>(b) of cylinder capacity exceeding 3000cc | 87.03<br>8704.2190<br>8704.3190 | 86%ad val<br>92% ad val.] |

<sup>1</sup>Table IA inserted by Finance Act, 2026 dated June 26, 2026.

|  |                   |  |                                       |
|--|-------------------|--|---------------------------------------|
|  | (ii) Short routes |  | <sup>1</sup> [nine hundred]<br>rupees |
|  | <sup>2</sup> [    |  | ]                                     |

*Explanation:* For the purpose of this entry, “Long routes” means journeys exceeding 500 kilometers, “short routes” means the remaining journeys, other than socio-economic routes <sup>3</sup>[as defined in S. No. 9 of Table II of the Third Schedule]. Routes exempt from duty as on 1<sup>st</sup> July, 2014 shall, however, remain exempt.

|  |                                                                                                                                              |  |                                     |
|--|----------------------------------------------------------------------------------------------------------------------------------------------|--|-------------------------------------|
|  | <sup>4</sup> [(b) Services provided or rendered in respect of travel by air of passengers embarking on international journey from Pakistan,— |  |                                     |
|  | (i) Economy and economy plus air tickets issued on or after the 1st day of July, 2024.                                                       |  | Twelve thousand five hundred rupees |

<sup>1</sup>Substituted for “one thousand and two hundred and fifty” by Finance Act, 2019 dated June 30, 2019.

<sup>2</sup>Sub-clause (iii) omitted by Finance Act, 2015 dated June 30, 2015. Before omission it read as follows:-

“(iii) Socio-economic

Five hundred rupees”

<sup>3</sup>Substituted for “, and “socio-economic routes” means journeys along the Balochistan coastal belt” by Finance Act, 2015 dated June 30, 2015.

<sup>4</sup>Clause (b) substituted by Finance Act, 2024 w.e.f. 1 July, 2024. Before substitution it read as follows:-

|  |                                                                                                                                                     |           |                                                                             |
|--|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------|-----------------------------------------------------------------------------|
|  | “(b) services provided or rendered in respect of travel by air of passengers embarking on international journey from Pakistan,-                     | 9803.1000 |                                                                             |
|  | (i) Economy and economy plus                                                                                                                        |           | Five thousand rupees                                                        |
|  | <sup>1</sup> [(ii) Club, business and first class air tickets issued on or after the date of commencement of the Finance (Supplementary) Act, 2023: |           |                                                                             |
|  | (a) IATA Traffic Conference Area 1 (North, Central, South America and Environs)                                                                     |           | Two hundred and fifty thousand rupees                                       |
|  | (b) IATA Traffic Conference Area 2 (I) Middle East and Africa (II) Europe                                                                           |           | (I) Seventy-five thousand rupees (II) One hundred and fifty thousand rupees |
|  | (c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)                                                           |           | One hundred and fifty thousand rupees.]”                                    |

<sup>1</sup>Sub-clause (ii) substituted by Finance (Supplementary) Act, 2023 dated February 23, 2023. Before substitution it read as follows:-

“(ii) Club, business and first class.

<sup>1</sup>[Fifty] thousand rupees;”

<sup>1</sup>Substituted for “Ten” by Finance Act, 2022 dated June 30, 2022.

|   |                                                                                                                                                                                                                                                                                                                                                                                 |           |                                                                                                                                       |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|---------------------------------------------------------------------------------------------------------------------------------------|
|   | <sup>1</sup> [(ii) Club, business and first class air tickets issued on or after the 1st day of July, 2026:<br>(a) IATA Traffic Conference Area 1 (North, Central, South America and Environs)<br>(b) IATA Traffic Conference Area 2<br>(I) Middle East and Africa<br>(II) Europe<br>(c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)] |           | (a) Fifty thousand rupees<br><br>(b)(I) Twenty-five thousand rupees<br>(b)(II) Forty thousand rupees<br>(c) Forty thousand rupees;]   |
|   | (c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)                                                                                                                                                                                                                                                                                       |           | (c) Two hundred and ten thousand rupees]                                                                                              |
| 4 | Inland carriage of goods by air                                                                                                                                                                                                                                                                                                                                                 | 9805.1000 | <sup>2</sup> [Sixteen] per cent of the charges.                                                                                       |
| 5 | Shipping agents                                                                                                                                                                                                                                                                                                                                                                 | 9804.1000 | (i) Two hundred rupees per house-bill of lading issued in case of Non-Vessel Operating Common Carriers (NVOCC), International Freight |
|   |                                                                                                                                                                                                                                                                                                                                                                                 |           | ii) <sup>2</sup> [Sixteen] per cent of the charges in case of other categories of shipping agents.                                    |

<sup>1</sup>Clause (b)(ii) substituted by Finance Act, 2026 dated June 26, 2026. Before substitution it read as follows:-

|  |                                                                                                |  |                                              |
|--|------------------------------------------------------------------------------------------------|--|----------------------------------------------|
|  | “(ii) Club, business and first class air tickets issued on or after the 1st day of July, 2024: |  |                                              |
|  | (a) IATA Traffic Conference Area 1 (North, Central, South America and Environs)                |  | (a) Three hundred and fifty thousand rupees  |
|  | (b) IATA Traffic Conference Area 2                                                             |  |                                              |
|  | (I) Middle East and Africa                                                                     |  | (b)(I) One hundred and five thousand rupees  |
|  | (II) Europe                                                                                    |  | (b)(II) Two hundred and ten thousand rupees” |

<sup>2</sup>Substituted for “Fifteen” by Finance Act, 2008 dated June 27, 2008.

1-245-15-07-2026

**X - 60(1)**

Federal Excise Act, 2005

**First Schedule**

|                 |                                                                                                                                                                                                                                                                    |                                 |                                                                              |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------|
| <sup>1</sup> [6 | Telecommunication services<br><sup>2</sup> /, excluding such services in<br>the area of a Province where<br>such Province has imposed<br>Provincial sales tax and has<br>started collecting the same<br>through its own Board or<br>Authority, as the case may be/ | 98.12 (all<br>sub-<br>headings) | <sup>3</sup> / <sup>4</sup> [nineteen and half/ per<br>cent of the charges/] |
|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------|

<sup>1</sup>S. No. 6 and entries relating thereto substituted by Finance Act, 2008 dated June 27, 2008. Earlier it was substituted by Finance Act, 2006 dated July 01, 2006.

<sup>2</sup>Words etc inserted by Finance Act, 2014 dated June 26, 2014.

<sup>3</sup>Substituted for "Sixteen" by Finance Act, 2022 dated June 30, 2022. Earlier it was substituted for "twenty-one" by Finance Act, 2009 dated June 30, 2009.

<sup>4</sup>Substituted for "Seventeen" by Finance Act, 2021 dated June 30, 2021. Earlier it was substituted for "Eighteen and half" by Finance Act, 2017 dated June 20, 2017. Earlier it was substituted for "Nineteen" by Finance Act, 2014 dated June 26, 2014.

**SECOND SCHEDULE**

**(Goods on which duty is collectible under sales tax mode with entitlement for adjustment with sales tax and *vice versa*)**

[See section 7]

| S. No            | Description of Goods                           | Heading / sub heading number |
|------------------|------------------------------------------------|------------------------------|
| (1)              | (2)                                            | (3)                          |
| <sup>1</sup> [   |                                                | ]                            |
| <sup>2</sup> [   |                                                | ]                            |
| <sup>1</sup> [   |                                                | ]                            |
| <sup>3</sup> [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]                   |

<sup>1</sup>S. No. 1, 2 & 4 omitted by Finance Act, 2021 dated June 30, 2021. Earlier S. No. 4 was inserted by Finance Act, 2019 dated June 30, 2019.

<sup>2</sup>S. No. 3 and entries relating thereto omitted by Finance Act, 2016 dated June 24, 2016. Earlier it was inserted by Finance Act, 2011 dated June 30, 2011.

<sup>3</sup>S. No. 5 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.

**1<sup>st</sup> Sch.-Before omission S. No. 12 by F. Act, 2011, it read as follows:-**

- “12 Services provided by property developers or 9814.3000  
promoters for:-
- (a) development of purchased or leased land for Rs. 100 per square yard.  
conversion into residential or commercial plots.
- (b) construction of residential of residential or Rs. 50 per square foot of  
commercial units. covered area.”

**2<sup>nd</sup> Sch.- Before omission S. No. 1 & 2 by F. Act, 2021, it read as follows:-**

- “1 Edible oil excluding epoxidized soyabean oil 15.07, 15.08, 15.09, 15.10, 15.11, 15.12, 15.13,  
falling under heading 15.18. 15.14, 15.15, 15.16, 15.17 and 15.18
- 2 Vegetable ghee and cooking oil. Respective headings.”

**2<sup>nd</sup> Sch.- Before omission S. No. 3 by F. Act, 2016, it read as follows:-**

- “3 White Crystalline Sugar 1701.9910, 1701.9920”

**2<sup>nd</sup> Sch.- Before omission S. No. 4 by F. Act, 2021, it read as follows:-**

- “4 Steel Billets, ingots, ship plates, bars and other long re-rolled Respective headings”  
products

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                      |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
|                   | <p>(g) in case the equipment, imported under this serial number, is sold or otherwise disposed of without prior approval of the FBR in terms of condition (f), the same shall be subject to payment of statutory rates of federal excise duty as were applicable at the time of import;</p> <p>(h) notwithstanding the condition (f) and (g), equipment imported under this serial number may be surrendered at any time to the Collector of Customs having jurisdiction, without payment of any federal excise duty, for further disposal as may be prescribed by the FBR;</p> <p>(i) the indemnity bond submitted in terms of condition (b) above shall stand discharged on submission of a certificate from the Regulatory Authority to the effect that the equipment has been installed or consumed in the said Project. In case the equipment is not consumed or installed in the project the indemnity bond shall be discharged on fulfillment of conditions stipulated at (f) or (g) or (h), as the case may be; and</p> <p>(j) that violation of any of the above conditions shall render the goods liable to payment of statutory rate of federal excise duty leviable on the date of clearance of goods in addition to any other penal action under relevant provisions of the law.</p> <p><b>Explanation.</b> For the purpose of this provisions, "equipment" shall mean machinery, apparatus, materials and all things to be provided under the contract for incorporation in the works relating to Lahore Orange Line Metro Train Project.</p> |                      |
| <sup>1</sup> [23] | Imported construction materials and goods imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL), whether or not locally manufactured, for construction of Karachi Peshawar Motorway (Sukkur-Multan Section) subject to fulfilment of same conditions, limitations and restrictions as are specified under S. No. 145 of Table-1 of Sixth Schedule to the Sales Tax Act, 1990, provided that total incidence of exemptions of all duties and taxes in respect of construction materials and goods imported for the project shall not exceed ten thousand eight hundred ninety-eight million rupees including the benefit of exemption from duties and taxes availed before 30th June, 2018 under the provisions of Sales Tax Act, 1990, the Customs Act, 1969, The Federal Excise Act 2005 and the Income Tax Ordinance, 2001 and the notifications issued thereunder.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Respective headings] |

1-245-15-07-2026

<sup>1</sup>S. No. 23 inserted by Finance Act, 2018 dated May 23, 2018.

|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                          |
|-------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
|                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                          |
| <sup>1</sup> [24] | The following goods, when supplied within the limits of the Border Sustenance Markets, established in cooperation with Iran and Afghanistan:                                                                                                                                                                                                                                                                                                                                                                                        |                          |
|                   | (i) Animal Fats and Oil and their fractions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1516.1000                |
|                   | (ii) Vegetable Fats and their fractions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1516.2010                |
|                   | (iii) Vegetable Oils and their fractions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 1516.2020                |
|                   | Provided that, such items in case of import, shall be allowed clearance by the Customs Authorities subject to furnishing of bank guarantee equal to the amount of duty involved and the same shall be released after presentation of consumption certificate issued by the Commissioner Inland Revenue having jurisdiction:<br>Provided further that, the said exemption shall only be available to a person upon furnishing proof of having a functional business premises located within limits of the Border Sustenance Markets. | ]                        |
| <sup>1</sup> [25] | Import and supply of raw materials, components, parts and plant and machinery by registered persons authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions.”                                                                                                                                                                                                                                                                                                    | Respective headings      |
| <sup>2</sup> [26] | Imports or supplies made by, for or to a qualified investment as specified at Serial No.1 of the First Schedule to the Foreign Investment (Promotion and Protection) Act, 2022 for the period as specified in the Second Schedule to the said Act.                                                                                                                                                                                                                                                                                  | Respective heading.]     |
| <sup>3</sup> [27] | Imports made by diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts, Orders, Rules, Regulations and Agreements passed by the Parliament or issued or agreed by the Government of Pakistan.                                                                                                                                                                                                                                                                         | 99.01, 99.02 and 99.05.] |
| <sup>4</sup> [28] | Import of bulletproof vehicles by the:<br>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<br>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.]     |

<sup>1</sup>S. Nos. 24 & 25 inserted by Finance Act, 2021 dated June 30, 2021.<sup>2</sup>S. No. 26 inserted by Finance Act, 2023 dated June 26, 2023.<sup>3</sup>S. No. 23 renumbered as 27 by Finance Act, 2025 in force from July 1, 2025. Earlier it was inserted as S. No. 23 by Finance Act, 2024 w.e.f. 1 July, 2024.<sup>4</sup>S. No. 28 and entries relating thereto inserted by Finance Act, 2026 dated June 26, 2026.