

COMMENTS ON FINANCE BILL, 2025



RHZA

PROPOSED AMENDMENTS VIDE FINANCE BILL, 2025 | COMPARISON & COMMENTS

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The amendments proposed in the Bill will become effective from **1st July 2025**, unless stated otherwise, after being enacted as the Finance Act 2025, with or without modifications.

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FOR REANDA HAROON ZAKARIA ASSOCIATES

June 10, 2025

BUDGET 2025 AT A GLANCE

=== PKR in Billion ===
2025-26 2024 -25
 Revised

RESOURCES

Internal resources

Revenue receipts (net)

Direct tax

Indirect tax

Non tax revenue

Less: Provincial share

Privatization Proceeds

6,902

5,826

7,229

6,074

5,147

4,902

(8,206)

(6,997)

87

8

11,159

9,813

External resources

5,778

5,833

16,937

15,646

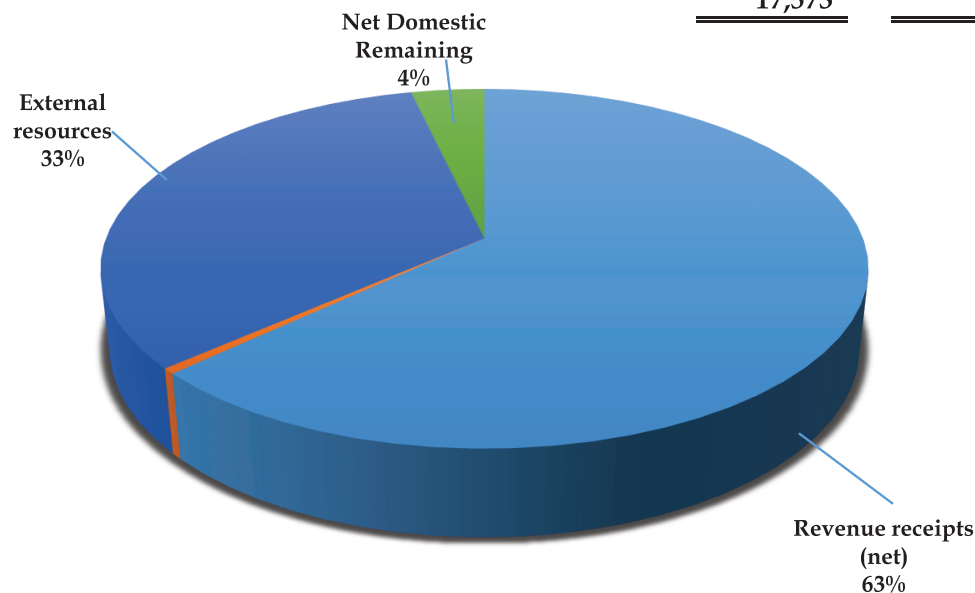
Net Domestic Remaining

636

1,685

17,573

17,331



EXPENDITURES

Current expenditures

Development expenditures (PSDP)

16,573

16,390

1,000

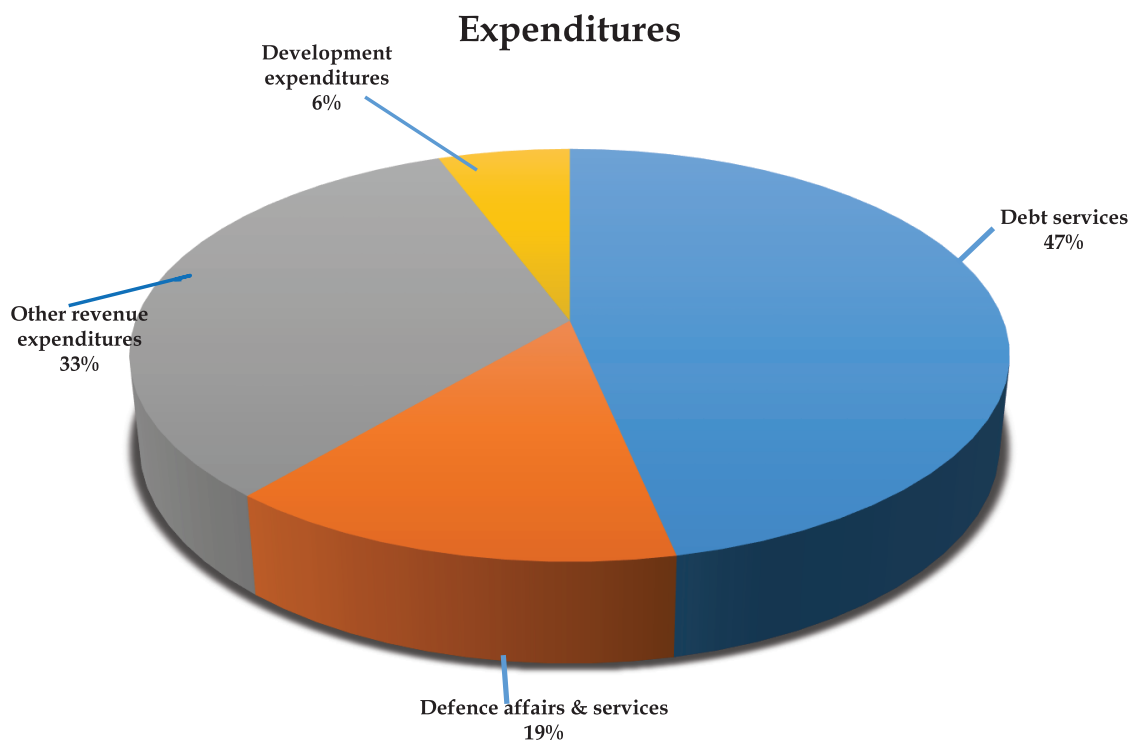
941

17,573

17,331

	=== PKR in Billion ===	
	<u>2025-26</u>	<u>2024 -25</u>
		<u>Revised</u>
<u>Revenue Receipts (Gross)</u>		
Direct tax	6,902	5,826
Indirect tax		
Customs	1,588	1,316
Sales Tax	4,753	3,984
Federal Excise	888	774
	<u>14,131</u>	<u>11,900</u>

<u>EXPENDITURES</u>		
Debt services	8,207	8,945
Defence affairs & services	2,550	2,190
Other revenue expenditures	5,816	5,255
	<u>16,573</u>	<u>16,390</u>
Development expenditures	1,000	941
	<u>17,573</u>	<u>17,331</u>



FINANCE BILL 2025

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SALIENT FEATURES | FINANCE BILL 2025

INCOME TAX ORDINANCE, 2001

- 1) Seeks to introduce a 'Digital Transactions Proceeds Levy' to cover domestic vendors supplying digitally ordered goods and digitally delivered services; also seeks to designate banks and courier services as withholding agents to capture the complete payment chain.
- 2) Seeks to enhance the withholding tax rate on specified services from 4% to 6%, excluding IT and IT-enabled services; also seeks to introduce a flat 15% rate for non-specified services and to increase the rate from 10% to 15% for payments to sportspersons.
- 3) Seeks to amend assessment provisions for banking companies to make them more disclosure-oriented, aimed at determining the true and fair income and tax liability of such companies.
- 4) Seeks to increase the tax rate on profit on debt from 15% to 20%; seeks to enhance the dividend tax rate to 25% and to 15% for in case of mutual funds, contingent upon proportional income derived from average annual investments in debt securities and equities respectively.
- 5) Seeks to decrease the withholding tax rate by 1.5 percent under section 236K and increase by 1.5 percent under section 236C of the Income Tax Ordinance, 2001
- 6) Seeks to introduce a 5% tax on pension income received by individuals below the age of 70 years, where such income exceeds Rs. 10 million; pension income not exceeding Rs. 10 million to remain exempt.
- 7) Seeks to increase the adjustable withholding tax rate on cash withdrawals for non-filers from 0.6% to 0.8%.

- 8) Seeks to designate custodians of debt securities (other than Sukuk) as withholding agents to prevent tax avoidance through coupon-washing schemes.
- 9) Seeks to reduce super tax rates under section 4C by 0.5% for each slab within the Rs. 200 million to Rs. 500 million income range.
- 10) Seeks to reduce tax rates for salaried individuals with income up to Rs. 3,200,000 to provide relief to lower and middle-income groups; also seeks to reduce the surcharge rate for salaried individuals from 10% to 9%.
- 11) Seeks to extend the income tax and withholding tax exemption for erstwhile FATA/PATA areas for one more year, up to tax year 2026.
- 12) Seeks to restore the 25% tax rebate for full-time teachers and researchers, with retrospective effect from tax year 2023 to tax year 2025.
- 13) Seeks to allow proportionate tax credit on profit on debt for loans obtained for construction or acquisition of a house (250 sq. yd.) or a flat (2000 sq. ft. or less).
- 14) Seeks to limit the powers of Inland Revenue Officers in determining Fair Market Rent to only commercial properties; further seeks to notify a flat 4% of FMV as annual rental value unless taxpayer provides evidence of actual rent.
- 15) Seeks to shift the compliance burden to buyers by making them liable for 10% disallowance of expenditure in case of purchases from unregistered persons.
- 16) Seeks to disallow 50% of purchase-related expenditure where payment is received in cash against a single invoiced sale transaction exceeding Rs. 200,000.

- 17) Seeks to disallow depreciation deduction proportionately for the tax year if withholding tax is not deducted; disallowed depreciation will not be added back to the asset's written down value.
- 18) Seeks to reduce the amortization period of intangible assets with indeterminate useful lives from 25 years to 15 years.
- 19) Seeks to reduce the carry-forward period of unadjusted minimum tax on turnover from three years to two years.
- 20) Seeks to withdraw the 180-day limitation period for completing amended assessments.
- 21) Seeks to revert the appeal procedures to those that were in place prior to the Tax Laws (Amendment) Act, 2024.
- 22) Seeks to allow recovery proceedings against taxpayers only if decisions of both the Appellate Tribunal and High Court are against the taxpayer.
- 23) Seeks to restrict the FBR's power to condone delays to an aggregate of two years; further extension requires committee approval in case of significant revenue loss.
- 24) Seeks to mandate that all entities in a group structure derive income under the Normal Tax Regime to qualify for group relief.
- 25) Seeks to merge Table (I) and Table (II) of clause (C66), Part I, Second Schedule; thereby requiring all entities to be approved under Section 100C to qualify as Non-Profit Organizations and claim income exemption.
- 26) Seeks to restrict exemptions for Special Economic Zone (SEZ) and Special Technology Zone (STZ) developers and entities to tax year 2035 or a maximum of ten years from exemption commencement, whichever is earlier.

- 27) Seeks to require all online marketplaces, payment intermediaries, and courier services to file statements with the Commissioner containing data of sellers involved in digitally ordered goods and digitally delivered services.
- 28) Seeks to hold online marketplaces responsible for ensuring tax registration of all sellers using their platforms for e-commerce.
- 29) Seeks to allow sharing of taxpayer data with the Tax Policy Office (TPO) and sharing of anonymized data with international donors and recognized universities.

SALES TAX ACT, 1990

- 1) Supply of imported goods such as pet food, coffee, chocolates, and cereal bars is proposed to be included in the Third Schedule and taxed at retail price at the import stage.
- 2) Exemption on supplies of photovoltaic cells/modules is proposed to be withdrawn by omitting S. Nos. 164 from the Sixth Schedule.
- 3) Exemption on supplies to Tribal Areas (FATA & PATA) is proposed to be withdrawn and replaced with a phased reduction in sales tax rates under S. No. 89 of the Eighth Schedule, starting at 10% in 2025-26, 12% in 2026-27, 14% in 2027-28 and 16% in 2028-29.
- 4) Exemption on electricity supply to tribal areas is proposed to be extended until 30th June 2026 by amending S. No. 152 of the Sixth Schedule.
- 5) Scope of exemption on import and local supply of cystagon, cysta drops, and trientine capsules is proposed to be broadened by removing the words "(for personal use only)" from S. No. 179 of the Sixth Schedule.
- 6) New exemption is proposed under S. No. 181 of the Sixth Schedule for the import or lease of aircraft by PIA (PIACL).
- 7) Scope of exemption on local supply of iron and steel scrap is proposed to be revised under S. No. 57 of the Sixth Schedule, whereby supplies by manufacturer-cum-exporters of recycled copper under Export Facilitation Scheme 2021 and by direct importers to registered steel melters are proposed to be excluded, subject to a Sales Tax General Order with conditions and restrictions.
- 8) Reduced rate of sales tax on cinematographic equipment and small motorcars (up to 850cc) is proposed to be withdrawn by omitting S. Nos. 53 and 72 of the Eighth Schedule.

- 9) Withholding regime under S. No. 8 of the Eleventh Schedule revised to require payment intermediaries and courier services to deduct 2% on digital sales within Pakistan. Banks, financial institutions, exchange companies, payment gateways, and courier companies (for CoD) made liable to collect and pay sales tax on such supplies. Tax so collected to be final, with no input adjustment allowed; such supplies excluded from integrated outlet provisions.
- 10) Seeks to empower Board to limit or defer input tax adjustment using automated risk management systems, with right of appeal to Commissioner within 30 days (new sub-section 4 of section 8B).
- 11) Seeks to expand the scope of section 11D to cover short-paid or unpaid tax identified through tax deduction under section 236G of the Income Tax Ordinance, 2001, third-party data or cross-matching, with a 5-year limitation period.
- 12) Seeks to exclude assessment proceedings under section 11E in cases where proceedings have been initiated under section 37A, ensuring audit-based assessments do not overlap with prosecution-related investigations.
- 13) It has been proposed to register persons selling goods through online marketplaces, websites, or software applications, as well as to register every online marketplace, website, software application, or courier service involved in goods delivery.
- 14) New sections 14AC to 14AE proposed to be added to prescribe enforcement mechanisms for compulsory registration including Bar on operations of Bank Account, Bar on transfer of Immovable property, and other coercive measures including seal of business premises, seizure of movable property

and appointment of receiver for the management of the taxable activity of a person.

- 15) Seeks to amend power of Commissioner Inland Revenue to suspend sales tax registration.
- 16) Seeks to allow appeal before Commissioner Inland Revenue (Appeals) under section 45B of the Sales Tax Act, 1990, against blacklisting order under section 21 of the Sales Tax Act, 1990.
- 17) Seeks to allow appeal before Commissioner (Appeals) under section 45B of the Sales Tax Act, 1990, without any pecuniary jurisdiction.
- 18) Section 23 proposed to align invoice requirements with electronic systems and allow issuance of electronic invoices under FBR's prescribed standards, through licensed integrators.
- 19) Section 26 proposed to introduce monthly statement filing requirement for payment intermediary and courier companies.
- 20) It is proposed to withdraw the fixed supply thresholds of ten million per tax period and one hundred million per financial year to a specific unregistered person, by empowering the Board to prescribe such limits via notification in the Official Gazette.

FEDERAL EXCISE ACT, 2005

- 1) Seeks to create deterrence, dutiable goods manufactured or produced without affixing or affixing counterfeited tax stamps, banderols, stickers, labels or barcodes are proposed to be made liable to seizure along with the conveyance used for movement of such goods. Furthermore, such seized goods are also made liable to outright confiscation.
- 2) Seeks to streamline the procedure for filing appeals to the Commissioner (Appeals), the Appellate Tribunal Inland Revenue, and references to the High Court. The pecuniary jurisdiction of the Commissioner (Appeals) has been withdrawn. However, a registered person will have the option to file an appeal directly with the Appellate Tribunal Inland Revenue without first availing the right of appeal before the Commissioner (Appeals).
- 3) Seeks to withdraw Federal excise duty on the allotment and transfer of residential and commercial plots which was imposed through the Finance Act, 2024.

CUSTOMS ACT, 1969

- 1) Seeks to introduce Cargo Tracking System (CTS) for monitoring the movement of cargo. The system will identify the movement of smuggled/non-duty paid cargo.
- 2) Seeks to merge and re-organize Directorate General of Intelligence and Investigation, Customs and Directorate General of Risk Management System for effective intelligence gathering, targeted operations and advancement of RMS.
- 3) Seeks to create a new Directorate General of Customs Auction to streamline the auction of goods.
- 4) Seeks to create a new Directorate General of Communications and Public Relations for dissemination of Customs related information for trade facilitation and stakeholder engagement.
- 5) Seeks to add new provision to hire services of technology specialists, auditors, accountants and goods evaluators on short-term contracts for specialized functions.
- 6) Seeks to introduce new tariff slabs of 5%, 10% and 15%.
- 7) Seeks to abolish existing tariff slabs of 3%, 11% and 16%.
- 8) Seeks to extend 0% tariff slab, previously applicable on 2201 tariff lines to 916 PCT codes.
- 9) Seeks to reduce customs duty on goods falling under 2624 PCT codes.
- 10) Seeks to reduce from 2% to 0% on Tariff slabs of 0%, 5% and 10%, consisting of 4,383 tariff lines, except 95 tariff lines chargeable to ACD @ 2%.
- 11) Seeks to reduce from 4% to 2% on 518 tariff lines under tariff slab of 15%.
- 12) Seeks to reduce from 6% to 4% on 2166 tariff lines under tariff slab of 20%.

- 13) Seeks to reduce from 7% to 6% on 468 tariff lines under tariff slabs of above 20%.
- 14) Seeks to remove Regulatory duty on goods falling under 554 PCT codes.
- 15) Seeks to reduce Rate of Regulatory duty on goods falling under 595 PCT codes.
- 16) Seeks to reduce Maximum rate of RD from 90% to 50%.
- 17) Seeks to delete 479 entries in Part-I, Part-III and Part-VII of Fifth Schedule to streamline and reduce the cost of exemptions.
- 18) Seeks to add new sub-section for establishment of Centralized Assessment Units (CAUs) and Centralized Examination Units (CEUs) for transparent, speedy and uniform assessments.
- 19) Seeks to add new provision for establishment of Digital Enforcement Units (DEUs) at key locations and to use technology to strengthen anti-smuggling operations.
- 20) Seeks to incentivize pre-arrival clearance by allowing filing of Goods Declarations without advance payment of duties and taxes.
- 21) In order to reduce litigation, the existing limit of Rs. 20,000/- for initiating contravention proceedings enhanced to Rs. 100,000/- subject to payment of recoverable amount.
- 22) In order to reduce port congestion and dwell time, penalty is proposed to be introduced for unclaimed/uncleared cargo beyond specified time limit.
- 23) Seeks to rationalize time period for adjudication of cases and filing of appeals before Appellate Tribunal.
- 24) Seeks to put restriction for filing appeal under Section 193, 194 & 196 in case of ex-parte order passed by adjudicating authority.

- 25) Seeks to put restriction on stay order issued by Appellate Authority subject to 50% security.
- 26) Seeks to introduce a new provision for the establishment of the Customs Command Fund to incentivize anti-smuggling operations.
- 27) Seeks to trifle the limit for courier/postal parcels reduced to PKR 500 to check misuse.
- 28) Seeks to restrict facility of scrapping and mutilation of goods at ports to bonafide requests up to 10% of the cargo.
- 29) Seeks to add provision to discourage attempts of belated claim of ownership of goods liable for confiscation by filing frivolous appeals before the appellate fora.
- 30) Seeks to add provisions that a tampered chassis vehicle shall be presumed to be a smuggled vehicle, irrespective of its registration status with Mutual Administrative Assistance Agreement (MRA).

THE NEW ENERGY VEHICLES ADOPTION LEVY ACT, 2025

- 1) A new Act has been proposed to be enacted namely - New Energy Vehicles Adoption Levy Act, 2025 (NEVAL Act).
- 2) Seeks to impose a levy to be collected and paid to the Federal Government by every manufacturer (in Pakistan) on every internal combustion engine motor vehicle manufactured or, as the case may be, assembled and supplied by him; and every person on every internal combustion engine motor vehicle imported by him into Pakistan.
- 3) Certain categories as provided under section 4 of the NEVAL Act will be exempted from the said levy.
- 4) The levy shall be paid at a rate and by such persons as is mentioned in the First Schedule as provided in the Finance Bill 2025.

THE DIGITAL PRESENCE PROCEEDS TAX ACT, 2025

- 1) A new Act has been proposed to be enacted namely – the Digital Presence Proceeds Tax Act, 2025 with the core objective to address the significant tax base erosion from cross-border digital transactions.
- 2) Seeks to impose/charge a Digital Presence Proceeds Tax, on every foreign vendor having significant digital presence in Pakistan, on proceeds of every supply made from outside Pakistan of digitally ordered services or goods irrespective of whether delivered digitally or physically.
- 3) The responsibility to collect the Digital Presence Proceeds Tax shall be on every payment intermediary including a banking company, financial institution, licensed exchange company or payment gateway responsible for making a payment in whole or part remitting outside Pakistan.
- 4) The responsibility to collect Digital Presence Proceeds Tax on Advertisement at social media platform shall be on every foreign vendor having digital presence in Pakistan making any payment in whole or part to social media platforms or any other online platform for online advertisement in Pakistan.
- 5) The tax rate for collection for cross-border transactions of digitally ordered:
 - a) goods, is proposed to be 5% of the payment made to foreign providers; and
 - b) services, is proposed to be 5% of the payment including of advertisement on social media platforms.

INCOME TAX ORDINANCE 2001

COMPARISON & COMMENTS

<u>SECTION</u>	<u>PRESENT POSITION</u>	<u>PROPOSED AMENDMENT THROUGH FINANCE BILL 2025</u>
2(7)	<p>Banking Company</p> <p>“banking company” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962) and includes anybody corporate which transacts the business of banking in Pakistan;</p>	<p><i>The newly proposed definition of “banking company” removes the broader inclusion of any corporate body conducting banking business in Pakistan.</i></p> <p>“banking company” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962).</p>
2 (17C)	<p>Digital Delivered Services</p> <p>Non-Existent</p>	<p><i>A new definition of “digitally delivered services” has been proposed to be inserted to cover automated online services – likely to expand tax and regulatory coverage for the digital economy.</i></p> <p>“digitally delivered services” means any service delivered over the internet or electronic networks, where the delivery is automated and require minimal or no human intervention including music, audio and video streaming services, cloud services, online software applications services, services delivered through online inter-personal interaction i.e., tele medicines, e-learning etc., online banking services, architectural design services, research and consultancy reports, accounting services in the form of digital files or any other online facility.</p>

2 (19AA)	<p>E-Commerce</p> <p>Non-Existent</p>	<p><i>A new definition of “e-commerce” has been proposed to be inserted, covering digital sale or purchase of goods and services through websites, apps, or automated systems using devices like phones, tablets, or computers.</i></p> <p>“e-commerce” means sale or purchase of goods and services 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 either mobile phone, iPad, Tablet or automated computer-to-computer ordering system.</p>
2 (36)(a)	<p>Non-Profit Organization</p> <p>(a) established for religious, educational, charitable, welfare purposes for general public, or for the promotion of an amateur sport;</p>	<p><i>The newly proposed definition now excludes recreational clubs with membership fees over one million for new members from being considered entities established for charitable or welfare purposes – aimed at preventing tax benefits for high-end clubs.</i></p> <p>(a) established for religious, educational, charitable, welfare purposes for general public, or for the promotion of an amateur sport excluding recreational clubs formed with membership fee exceeding one million for any class of new members.</p>
2 (38B)	<p>Online marketplace</p> <p>“online marketplace” means an information technology platform run by e-commerce entity over an electronic network that acts as a facilitator in transactions that occur between a buyer and a seller;</p>	<p><i>The newly proposed definition of “online marketplace” has been enhanced to include online interfaces that enable multi-party transactions for a fee, even if the platform doesn't own or provide the goods/services – broadening the scope for regulation and taxation.</i></p> <p>“online marketplace” means an information technology platform run by e-commerce entity over an electronic network that acts as a facilitator in transactions that occur between a buyer and a seller and includes “online interfaces” that facilitate, for a fee, the direct interaction between multiple buyers and multiple sellers via digital orders for supply of goods and services, with or without the platform taking economic ownership of the goods or providing or rendering the services that are being sold.</p>

4AB	<p>Subject to this Ordinance, a surcharge shall be payable by every individual and association of persons at the rate of ten percent of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees ten million.</p>	<p><i>It has been proposed to retain surcharge at 10% for individuals and AOPs with income over Rs. 10 million. However, a reduced rate of 9% has been proposed for salaried individuals, offering slight relief to high-earning employees.</i></p> <p>Subject to this Ordinance, a surcharge shall be payable by every individual and association of persons at the rate of ten percent of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees ten million:</p> <p>Provided that in case of an individual deriving income chargeable under the head "Salary", the surcharge shall be payable at the rate of nine percent of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees ten million in a tax year.</p>
6A	<p>Tax on payments for digital transactions in e-commerce platforms</p> <p>Non-Existent</p>	<p><i>A new provision has been proposed to impose tax on persons receiving payments for digitally ordered goods or services delivered within Pakistan via local online platforms (e.g., marketplaces or websites).</i></p> <p><i>It has also been proposed that this tax be calculated on the gross receipts and that export proceeds already taxed under section 154A be excluded from this provision.</i></p> <p>(1) Subject to this Ordinance, a tax shall be imposed, at the rate specified in Division IVA of Part I of the First Schedule, on every person who receive payment for supply of digitally ordered goods or services which are delivered from within Pakistan using locally operated online platforms including online marketplace or websites:</p> <p>Provided that the export proceeds subjected to withholding under section 154A shall not fall within the ambit of this section.</p> <p>(2) The tax imposed under sub-section (1) shall be computed by applying the relevant rate of tax to the gross amounts of receipts mentioned in sub-section (1).</p>

8	<p>General provisions relating to taxes imposed under sections 5, 5A, 5AA, 6, 7, 7A, 7B and 7E</p> <p>(1)-Subject to this Ordinance, the tax imposed under Sections 5, 5A, 5AA, 6, 7, 7A, 7B and 7E shall be a final tax on the amount in respect of which the tax is imposed and –</p> <p>(a) such amount shall not be chargeable to tax under any head of income in computing the taxable income of the person who derives it for any tax year;</p> <p>(b) no deduction shall be allowable under this Ordinance for any expenditure incurred in deriving the amount;</p> <p>(c) the amount shall not be reduced by –</p> <p>(i) any deductible allowance; or</p> <p>(ii) the set off of any loss;</p> <p>(d) the tax payable by a person under section 5, 5A, 5AA, 6, 7, 7A, 7B and 7E shall not be reduced by any tax credits allowed under this Ordinance; and</p> <p>(e) the liability of a person under section 5, 6 or 7 shall be discharged to the extent that –</p> <p>(i) in the case of shipping and air transport income, the tax has been paid in accordance with section 143 or 144, as the case may be; or</p> <p>(ii) in any other case, the tax payable has been deducted at source under Division III of Part V of Chapter X.</p>	<p><i>It has been proposed to substitute every occurrence of "5, 5A, 5AA, 6" with "5, 5A, 5AA, 6, 6A" and to insert ", 6A" after "6" in clause (e), thereby including section 6A in the relevant references.</i></p> <p>(1)-Subject to this Ordinance, the tax imposed under Sections 5, 5A, 5AA, 6, 6A, 7, 7A, 7B and 7E shall be a final tax on the amount in respect of which the tax is imposed and –</p> <p>(a) such amount shall not be chargeable to tax under any head of income in computing the taxable income of the person who derives it for any tax year;</p> <p>(b) no deduction shall be allowable under this Ordinance for any expenditure incurred in deriving the amount;</p> <p>(c) the amount shall not be reduced by –</p> <p>(i) any deductible allowance; or</p> <p>(ii) the set off of any loss;</p> <p>(d) the tax payable by a person under section 5, 5A, 5AA, 6, 6A, 7, 7A, 7B and 7E shall not be reduced by any tax credits allowed under this Ordinance; and</p> <p>(e) the liability of a person under section 5, 6, 6A or 7 shall be discharged to the extent that –</p> <p>(i) in the case of shipping and air transport income, the tax has been paid in accordance with section 143 or 144, as the case may be; or</p> <p>(ii) in any other case, the tax payable has been deducted at source under Division III of Part V of Chapter X.</p>
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15(4)	<p>Income from property</p> <p>Subject to sub-section (5), where the rent received or receivable by a person is less than the fair market rent for the property, the person shall be treated as having derived the fair market rent for the period the property is let on rent in the tax year.</p>	<p><i>It has been proposed to set a minimum fair market rent of 4% per annum of the commercial property's value for tax purposes, unless the taxpayer provides satisfactory evidence to the Commissioner proving a lower rent.</i></p> <p>Subject to sub-section (5), where the rent received or receivable by a person is less than the fair market rent for the property, the person shall be treated as having derived the fair market rent for the period the property is let on rent in the tax year:</p> <p>Provided that the minimum value of fair market rent for the property in case of commercial properties shall be four percent of fair market value per annum as per provision of section 68 of the Ordinance:</p> <p>Provided further that the minimum value of fair market rent mentioned in above proviso shall not apply if an evidence proving otherwise is provided by the taxpayer to the satisfaction of the Commissioner.</p>
18 (1) (b)	<p>Income from business</p> <p>any income derived by any trade, professional or similar association from the sale of goods or provision of services to its members.</p> <p>Explanation.- For the removal of doubt, it is clarified that income derived by co-operative societies from the sale of goods, immoveable property or provision of services to its members is and has always been chargeable to tax under the provisions of this Ordinance</p>	<p><i>It has been proposed to explicitly include recreational clubs within co-operative societies whose income from sales or services to members is taxable, reinforcing their tax liability under the Ordinance.</i></p> <p>any income derived by any trade, professional or similar association from the sale of goods or provision of services to its members.</p> <p>Explanation.- For the removal of doubt, it is clarified that income derived by co-operative societies including recreational club from the sale of goods, immoveable property or provision of services to its members is and has always been chargeable to tax under the provisions of this Ordinance</p>

21 (q)	<p>Deductions not allowed</p> <p>any expenditure attributable to sales made to persons required to be registered but not registered under the Sales Tax Act, 1990 by an industrial undertaking computed according to the following formula, namely: -</p> $(A/B) \times C$ <p>Where—</p> <p>A is the total amount of deductions claimed under this Part;</p> <p>B is the turnover for the tax year; and</p> <p>C is the total amount of sales exclusive of sales tax and federal excise duty to persons required to be registered but not registered under the Sales Tax, 1990 where sales equal or exceed rupees one hundred million per person:</p> <p>Provided that disallowance of expenditure under this clause shall not exceed ten percent of total deductions claimed under this Part:</p> <p>Provided further that the Board may, by notification in the official Gazette, exempt persons or classes of persons from this clause subject to such conditions and limitations as may be specified therein:</p> <p>Provided also that this clause shall come into force with effect from the first day of October, 2020.</p>	<p><i>It has been proposed that clause q of section 21 be substituted as under:</i></p> <p>(q) ten percent of the claimed expenditure made attributable to purchases made from persons who are not National Tax Number holders:</p> <p>Provided that this clause shall not apply on agricultural produce directly purchased from the growers:</p> <p>Provided further that the Board may, by notification in the official Gazette, exempt persons or classes of persons from this clause subject to such conditions and limitations as may be specified therein.</p>
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21 (s)	<p>Non-Existent</p>	<p><i>It has been proposed to disallow 50% of expenditure related to any sale where payment exceeding Rs. 200,000 is received other than through banking or digital means, per invoice – aimed at promoting documented transactions:</i></p> <p>(s) fifty percent of the expenditure claimed in respect of sale where the taxpayer received payment exceeding more than two hundred thousand rupees otherwise than through a banking channel or digital means against a single invoice containing one or more than one transactions of supply of goods or provisions of services.</p>
22(1)	<p>Depreciation</p> <p>Subject to this section, a person shall be allowed a deduction for the depreciation of the person's depreciable assets used in the person's business in the tax year.</p>	<p><i>A proviso has been proposed to be added in subsection 1 of section 22 namely:</i></p> <p>Subject to this section, a person shall be allowed a deduction for the depreciation of the person's depreciable assets used in the person's business in the tax year.</p> <p>Provided that the depreciation expense shall not be allowed for the amount paid for addition of capital assets to a seller in all relevant tax years if the tax deductible under sections 152 or 153 of the Ordinance in respect of those payments has not been deducted and deposited in the treasury, by not adding such amount paid for addition in capital assets in the assets for computation of tax depreciation.</p>
24 (4)	<p>Intangibles</p> <p>An intangible that does not have an ascertainable useful life shall be treated as if it had a normal useful life of twenty-five years.</p>	<p><i>It has been proposed to reduce the assumed useful life of intangibles with no ascertainable life from 25 years to 15 years.</i></p> <p>An intangible that does not have an ascertainable useful life shall be treated as if it had a normal useful life of fifteen years.</p>

39 (3)	<p>Income from other sources</p> <p>Subject to sub-section (4), any amount received as a loan, advance, deposit for issuance of shares or gift by a person in a tax year from another person (not being a banking company or financial institution otherwise than by a crossed cheque drawn on a bank or through a banking channel from a person holding a National Tax Number shall be treated as income chargeable to tax under the head "Income from Other Sources" for the tax year in which it was received.</p>	<p><i>It has been proposed to expand the accepted payment modes for loans, advances, deposits, or gifts to include digital means (as defined in section 2), in addition to crossed cheques and banking channels.</i></p> <p>Subject to sub-section (4), any amount received as a loan, advance, deposit for issuance of shares or gift by a person in a tax year from another person (not being a banking company or financial institution otherwise than by a crossed cheque drawn on a bank or through a banking channel or digital means as defined in section 2 from a person holding a National Tax Number shall be treated as income chargeable to tax under the head "Income from Other Sources" for the tax year in which it was received.</p>
56(1)	<p>Set off of losses</p> <p>Subject to sections 58 and 59, where a person sustains a loss for any tax year under any head of income specified in section 11, the person shall be entitled to have the amount of the loss set off against the person's income, if any, chargeable to tax under any other head of income except income under the head salary for the year.</p>	<p><i>It has been proposed to disallow the set-off of business losses against income from property.</i></p> <p>Subject to sections 58 and 59, where a person sustains a loss for any tax year under any head of income specified in section 11, the person shall be entitled to have the amount of the loss set off against the person's income, if any, chargeable to tax under any other head of income except income under the head salary for the year:</p> <p>Provided that the adjustment of business loss shall not be allowed against income from property for the tax year.</p>
59B (2) (ba)	<p>Group relief</p> <p>Non-Existent</p>	<p><i>A new condition (clause ba) has been proposed to restricts group relief namely:</i></p> <p>a company or companies within the group whose income from business is chargeable to tax under any provisions of this Ordinance other than Division II of Part I of the First Schedule to the Ordinance shall not be entitled to avail group relief</p>

63A	<p>Tax credit for interest paid on Low-cost Housing Loan:</p> <p>Non-Existent</p>	<p><i>A new tax credit has been proposed for individuals on profit/interest paid for loans used to buy or build one personal house (up to specified size) namely:</i></p> <p>(1) An individual shall be entitled to a tax credit for a tax year in respect of any profit on debt or share in rent or share in appreciation for value of house paid by the person in the year on a loan by a scheduled bank or any other financial institution regulated by the Securities and Exchange Commission of Pakistan or advanced by Government or the Local Government or a statutory body or a public company listed on a registered stock exchange in Pakistan where the person utilizes the loan for the construction (including land) or acquisition of one personal house having land area up to two thousand five hundred square feet or flat having total area up to two thousand square feet.</p> <p>(2) The amount of a person's tax credit allowed under subsection (1) for a tax year shall be computed according to the following formula, namely: — $(A/B) \times C$</p> <p>Where —</p> <p>A is the amount of tax assessed to the person for the tax year before allowance of any tax credit under this Part;</p> <p>B is the person's taxable income for the tax year; and</p> <p>C is the lesser of —</p> <p>(a) the total profit on debt referred to in subsection (1) paid by the person in the year;</p> <p>(b) thirty per cent of the person's taxable income for the year; or</p> <p>(3) The person shall not be entitled to tax credit under this section for any profit deductible under section 15A.</p> <p>(4) Where an individual has claimed tax credit under this section, he shall not be entitled to claim tax credit for another house or flat under this section during the subsequent fifteen tax years.</p>
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65F (1)(a)	<p>Tax credit for certain persons:</p> <p>persons engaged in coal mining projects in Sindh supplying coal exclusively to power generation projects;</p>	<p><i>The word "exclusively" is proposed to be omitted.</i></p> <p>persons engaged in coal mining projects in Sindh supplying coal to power generation projects;</p>
75A (1)(b)	<p>Purchase of assets through banking channel:</p> <p>any other asset having fair market value more than one million Rupees, otherwise than by a crossed cheque drawn on a bank or through crossed demand draft or crossed pay order or any other crossed banking instrument showing transfer of amount from one bank account to another bank account.</p>	<p><i>It has been proposed to include digital means alongside traditional crossed banking instruments as acceptable modes of payment for assets valued over one million rupees, promoting digital transactions.</i></p> <p>any other asset having fair market value more than one million Rupees, otherwise than by a crossed cheque drawn on a bank or through crossed demand draft or crossed pay order or any other crossed banking instrument or through digital means showing transfer of amount from one bank account to another bank account.</p>

100C	<p>Tax credit for charitable organizations:</p> <p>The persons mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred percent of tax payable under any of the provisions of this Ordinance including minimum and final taxes in respect of incomes mentioned in sub-section (3) subject to the conditions and limitations laid down in subsection (4).</p> <p>(2) The provisions of this section shall apply to the following persons, namely: –</p> <p>(a) persons specified in Table - II of clause (66) of Part I of the Second Schedule to this Ordinance;</p> <p>(b) a trust administered under a scheme approved by the Federal Government and established in Pakistan exclusively for the purposes of carrying out such activities as are for the welfare of ex-employees and serving personnel of the Federal Government or a Provincial Government or armed forces including civilian employees of armed forces and their dependents where the said trust is administered by a committee nominated by the Federal Government or a Provincial Government;</p> <p>(c) a trust;</p> <p>(d) a welfare institution registered with Provincial or Islamabad Capital Territory (ICT) social welfare department;</p> <p>(e) a not for profit company registered with the Securities and Exchange Commission of Pakistan under section 42 of the Companies Act, 2017;</p> <p>(f) a welfare society registered under the provincial or Islamabad Capital Territory</p>	<p><i>It has been proposed that Table (I) and Table (II) of clause (C66) of Part I of Second Schedule to the Ordinance listing entities granted complete exemption on any income and exemption subject to 100C provision respectively have been merged. Now all entities require approval under 100C to be declared as Non-Profit Organization and availing exemption against income.</i></p> <p>The persons mentioned in sub-section (2) shall be allowed a tax credit equal to one hundred percent of tax payable under any of the provisions of this Ordinance including minimum and final taxes in respect of incomes mentioned in sub-section (3) subject to the conditions and limitations laid down in subsection (4).</p> <p>(2) The provisions of this section shall apply to the following persons, namely: –</p> <p>(a) persons specified in clause (66) of Part I of the Second Schedule to this Ordinance;</p> <p>(b) a trust administered under a scheme approved by the Federal Government and established in Pakistan exclusively for the purposes of carrying out such activities as are for the welfare of ex-employees and serving personnel of the Federal Government or a Provincial Government or armed forces including civilian employees of armed forces and their dependents where the said trust is administered by a committee nominated by the Federal Government or a Provincial Government;</p> <p>(c) a trust;</p> <p>(d) a welfare institution registered with Provincial or Islamabad Capital Territory (ICT) social welfare department;</p> <p>(e) a not for profit company registered with the Securities and Exchange Commission of Pakistan under section 42 of the Companies Act, 2017;</p> <p>(f) a welfare society registered under the provincial or Islamabad Capital Territory</p>
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<p>(ICT) laws related to registration of co-operative societies;</p> <p>(g) a waqf registered under Mussalman Waqf Validating Act, 1913 (VI of 1913) or any other law for the time being in force or in the instrument relating to the trust or the institution;</p> <p>(h) a university or education institutions being run by nonprofit organization existing solely for educational purposes and not for the purposes of profit;</p> <p>(i) a religious or charitable institution for the benefit of public registered under any law for the time being in force; and</p> <p>(j) international non-governmental organizations (INGOs) approved by the Federal Government</p> <p>(3) The following income is eligible for tax credit, namely: –</p> <p>(a) income from donations, voluntary contributions and subscriptions;</p> <p>(b) income from house property;</p> <p>(c) income from investments in the securities of the Federal Government;</p> <p>(d) profit on debt from scheduled banks and microfinance banks;</p> <p>(e) grant received from Federal, Provincial, Local or foreign Government;</p> <p>(f) so much of the income chargeable under the head “income from business” as is expended in Pakistan for the purposes of carrying out welfare activities:</p> <p>Provided that in the case of income under the head “income from business”, only so much of such income shall be eligible for tax credit under this section that bears the same proportion as the said amount of business income bears to the aggregate of income from all sources; and</p>	<p>(ICT) laws related to registration of co-operative societies;</p> <p>(g) a waqf registered under Mussalman Waqf Validating Act, 1913 (VI of 1913) or any other law for the time being in force or in the instrument relating to the trust or the institution;</p> <p>(h) a university or education institutions being run by nonprofit organization existing solely for educational purposes and not for the purposes of profit;</p> <p>(i) a religious or charitable institution for the benefit of public registered under any law for the time being in force; and</p> <p>(j) international non-governmental organizations (INGOs) approved by the Federal Government</p> <p>(3) The following income is eligible for tax credit, namely: –</p> <p>(a) income from donations, voluntary contributions and subscriptions;</p> <p>(b) income from house property;</p> <p>(c) income from investments in the securities of the Federal Government;</p> <p>(d) profit on debt from scheduled banks and microfinance banks;</p> <p>(e) grant received from Federal, Provincial, Local or foreign Government;</p> <p>(f) so much of the income chargeable under the head “income from business” as is expended in Pakistan for the purposes of carrying out welfare activities:</p> <p>Provided that in the case of income under the head “income from business”, only so much of such income shall be eligible for tax credit under this section that bears the same proportion as the said amount of business income bears to the aggregate of income from all sources; and</p>
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<p>(g) any income of the persons mentioned in clauses (a), (b) and (h) of subsection (2) of this section.</p> <p>(4) Eligibility for tax credit shall be subject to the following conditions, namely: –</p> <p>(a) return has been filed;</p> <p>(b) tax required to be deducted or collected has been deducted or collected and paid;</p> <p>(c) withholding tax statements for the relevant tax year have been filed;</p> <p>(d) the administrative and management expenditure does not exceed 15% of the total receipts:</p> <p>Provided that clause (d) shall not apply to a nonprofit organization, if –</p> <p>(i) charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; or</p> <p>(ii) total receipts of the non-profit organization during the tax year are less than one hundred million Rupees;</p> <p>(e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2</p> <p>Provided that the condition of approval in respect of persons mentioned in Table-II of clause (66) of Part I of the Second Schedule to this Ordinance, shall take effect from the first day of July, 1 2023 and the requirements of clause (36) of section 2, shall not be applicable for earlier years;</p> <p>(f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person:</p>	<p>(g) any income of the persons mentioned in clauses (a), (b) and (h) of subsection (2) of this section.</p> <p>(4) Eligibility for tax credit shall be subject to the following conditions, namely: –</p> <p>(a) return has been filed;</p> <p>(b) tax required to be deducted or collected has been deducted or collected and paid;</p> <p>(c) withholding tax statements for the relevant tax year have been filed;</p> <p>(d) the administrative and management expenditure does not exceed 15% of the total receipts:</p> <p>Provided that clause (d) shall not apply to a nonprofit organization, if –</p> <p>(i) charitable and welfare activities of the non-profit organization have commenced for the first time within last three years; or</p> <p>(ii) total receipts of the non-profit organization during the tax year are less than one hundred million Rupees;</p> <p>(e) approval of Commissioner has been obtained as per requirement of clause (36) of section 2</p> <p>Provided that the condition of approval in respect of persons mentioned in clause (66) of Part I of the Second Schedule to this Ordinance, shall take effect from the first day of July, 1 2023 and the requirements of clause (36) of section 2, shall not be applicable for earlier years;</p> <p>(f) none of the assets of trusts or welfare institutions confers, or may confer, a private benefit to the donors or family, children or author of the trust or his descendants or the maker of the institution or to any other person:</p>
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<p>Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor; and</p> <p>(g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.</p> <p>(5) Notwithstanding anything contained in sub-section (1), surplus funds of organizations to which this section applies shall be taxed at a rate of ten percent</p> <p>(6) For the purpose of sub-section (5), surplus funds mean funds or monies –</p> <p>(a) not spent on charitable and welfare activities during the tax year;</p> <p>(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;</p> <p>(c) which are more than twenty-five percent of the total receipts of the nonprofit organization received during the tax year; and</p> <p>(d) are not part of restricted funds</p> <p>Explanation. –For the purpose of this clause, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor or funds received in kind.</p>	<p>Provided that where such private benefit is conferred, the amount of such benefit shall be added to the income of the donor; and</p> <p>(g) a statement of voluntary contributions and donations received in the immediately preceding tax year has been filed in the prescribed form and manner.</p> <p>(5) Notwithstanding anything contained in sub-section (1), surplus funds of organizations to which this section applies shall be taxed at a rate of ten percent</p> <p>(6) For the purpose of sub-section (5), surplus funds mean funds or monies –</p> <p>(a) not spent on charitable and welfare activities during the tax year;</p> <p>(b) received during the tax year as donations, voluntary contributions, subscriptions and other incomes;</p> <p>(c) which are more than twenty-five percent of the total receipts of the nonprofit organization received during the tax year; and</p> <p>(d) are not part of restricted funds</p> <p>Explanation. –For the purpose of this clause, “restricted funds” mean any fund received by the organization but could not be spent and treated as revenue during the year due to any obligation placed by the donor or funds received in kind.</p>
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113 (2) (c)	<p>Minimum tax on the income of certain persons</p> <p>Where tax paid under sub-section (1) exceeds the actual tax payable under Part I, clause (1) of Division I, or Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year:</p> <p>Provided that if tax is paid under sub-section (1) due to the fact that no tax is payable or paid for the year, the entire amount of tax paid under sub-section (1) shall be carried forward for adjustment in the manner stated aforesaid:</p> <p>Provided further that the amount under this clause shall be carried forward and adjusted against tax liability for three tax years immediately succeeding the tax year for which the amount was paid.</p> <p>Explanation. – For the removal of doubt it is clarified that the aforesaid Part referred to in this clause means clause (1) of Division I or Division II of Part I of the First Schedule.</p>	<p><i>It has been proposed to reduce the period of carry forward for adjustment of minimum tax on turnover from three years to two years.</i></p> <p>Where tax paid under sub-section (1) exceeds the actual tax payable under Part I, clause (1) of Division I, or Division II of the First Schedule, the excess amount of tax paid shall be carried forward for adjustment against tax liability under the aforesaid Part of the subsequent tax year:</p> <p>Provided that if tax is paid under sub-section (1) due to the fact that no tax is payable or paid for the year, the entire amount of tax paid under sub-section (1) shall be carried forward for adjustment in the manner stated aforesaid:</p> <p>Provided further that the amount under this clause shall be carried forward and adjusted against tax liability for two tax years immediately succeeding the tax year for which the amount was paid.</p> <p>Explanation. – For the removal of doubt it is clarified that the aforesaid Part referred to in this clause means clause (1) of Division I or Division II of Part I of the First Schedule.</p>
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114C.	<p>Restriction on economic transactions by certain persons.</p> <p>Non-Existent</p>	<p><i>It has been proposed to restrict ineligible persons (those not filing returns or lacking sufficient declared resources) from purchasing vehicles, property, or securities, or operating certain bank accounts. Exemptions apply for low-value vehicles, specific investments, and non-residents. Only eligible persons, as defined by return filing and declared resources, may engage in such transactions.</i></p> <p>(1) Notwithstanding anything contained in any law for the time being in force, –</p> <p>(a) any application, by any ineligible person, for booking, purchase or registration of a motor vehicle, shall not be accepted or processed by any manufacturer of a motor vehicle or vehicle registering authority of Excise and C Taxation Department, as the case may be;</p> <p>(b) any application or request by any ineligible person, to any authority responsible for registering, recording or attesting transfer of any immovable property, more than such value in aggregate in a tax year as may be notified by the Federal Government from time to time, shall not be accepted or processed by such authority:</p> <p>Provided that this clause shall not come into effect or no person shall be considered ineligible for the purpose of this clause unless a value is notified by the Federal Government;</p> <p>(c) any person, authorized to sell securities including debt securities or units of mutual funds including a person authorized to open and maintain an account or clear such transactions, shall not sell, open an account or clear sale of securities, mutual funds, to an ineligible person being an individual or an association of persons; and</p> <p>(d) a banking company shall –</p> <p>(i) not open or maintain an already opened current or a saving bank or investor portfolio securities account, except Asaan account and</p>
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		<p>Pensioner Account, in the name of such persons as may be notified by the Board; and</p> <p>(ii) not allow cash withdrawal from any of the bank accounts of any person, exceeding the amount as may be notified by the Board from time to time;</p> <p>(2) The provisions of sub-section (1) excluding those in the clause (d) shall not apply to –</p> <p>(a) purchase of all rikshaws, motorcycle and tractors;</p> <p>(b) purchase of a pick-up vehicle having engine capacity up to 800 CC;</p> <p>(c) purchase of such motor vehicles other than those mentioned in clauses (a) and (b), trucks and buses subject to restrictions and limitations as may be notified by the Board from time to time;</p> <p>(d) investment in securities up to such limit as may be notified by the Board from time to time; and</p> <p>(e) transactions made by a non-resident person or a public company except that mentioned in sub-clause (ii) of clause (d) of sub-section (1).</p> <p>(3) The sources of investment and expenditure statement filed by the person and sufficient resources mentioned in sub-section (5), shall not be construed as nature and source of income for the purposes of section 111.</p> <p>(4) All or any of the restrictions imposed under sub-section (1) shall come into force as the Board may by notification in the official Gazette appoint with the approval of the Federal Government.</p> <p>(5) For the purposes of this section, –</p> <p>(a) “eligible person” shall mean a person who has filed –</p> <p>(i) a return of income for the tax year immediately preceding the year of transaction mentioned in sub-section (1) and has sufficient</p>
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		<p>resources in the wealth statement in case of an individual, or financial statement in case of a company or an association of persons, as the case may be, for such transaction; or</p> <p>(ii) sources of investment and expenditure statement declaring sufficient resources and furnishing explanation thereof for a particular purchase or investment transaction covered in clauses (a), (b) and (c) of sub-section (1):</p> <p>Provided that in case of an individual, the eligible person shall include his immediate family members;</p> <p>(b) “immediate family members” in respect of an individual, shall include his parents, spouse and dependent children;</p> <p>(c) “ineligible person” shall mean a person who is not an eligible person as defined in clause (a) of this sub-section;</p> <p>(d) “sources of investment and expenditure statement” shall mean a declaration by a person (a) “eligible person” shall mean a person who has filed – filed on the Board’s web portal, specifying the sources of funds for making such transaction; and</p> <p>(e) “sufficient resources” shall means one hundred and thirty percent of the cash and equivalent assets comprising cash denominated in local or foreign currency, fair market value of gold, net realizable value of stocks, bonds, receivables or any other cash equivalent asset as may be prescribed declared by a person either in his sources of investment and expenditure statement, or wealth statement filed for the latest tax year and in the case of a company or association of persons, cash and equivalent assets, declared in the financial statements attached with the income tax return for the latest tax year:</p> <p>Provided that where an asset mentioned in sub-section (1), other than its clause (d), has been purchased by way of exchange of capital assets already declared in the wealth statement, or financial statement, or sources of</p>
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		<p>investment and expenditure statement, the disposal of such capital assets shall be treated to be part of cash equivalent assets to the extent of the value mentioned in the agreement.”</p> <p>(19) in section 120, in sub-section (1), -</p> <p>(i) in clause (a), after the word “thereon”, the expression “equal to the respective amounts adjusted under sub-section (2A)” shall be inserted; and</p> <p>(ii) in clause (b), after the words “and the” the expression “adjustments were made under sub-section (2A)” shall be inserted</p>
122 (9)	<p>Amendment of assessments</p> <p>No assessment shall be amended, or further amended, under this section unless the taxpayer has been provided with an opportunity of being heard :</p> <p>Provided that order under this section shall be made within one hundred and eighty days of issuance of show cause notice or within such extended period as the Commissioner may, for reasons to be recorded in writing, so however, such extended period shall in no case exceed ninety days. This proviso shall be applicable to a show cause notice issued on or after the first day of July, 2021.</p> <p>Provided further that any period during which the proceedings are adjourned on account of a stay order or Alternative Dispute Resolution proceedings or agreed assessment proceedings under section 122D or the time taken through adjournment by the taxpayer not exceeding sixty days shall be excluded from the computation of the period specified in the first proviso.</p>	<p><i>The time limit to pass the order under section 122 has been proposed to be omitted.</i></p> <p>No assessment shall be amended, or further amended, under this section unless the taxpayer has been provided with an opportunity of being heard.</p>

124(4)	<p>124. Assessment giving effect to an order.</p> <p>Non-Existent</p>	<p><i>Previously, appeal effect orders were mandatory even where appellate forums upheld the original assessment. Now, it is proposed that if tax is confirmed by the Commissioner (Appeals), Tribunal, High Court or Supreme Court, no appeal effect order is needed – recovery can directly proceed.</i></p> <p><i>Further, it is proposed that if the order is partly modified or set aside, only confirmed issues will be subject to appeal effect, ensuring clarity in enforcement and reducing administrative delays.</i></p> <p>in section 124, after sub-section (4), the following new sub-sections shall be inserted, namely: –</p> <p>(4A) Where the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court has confirmed the tax payable as determined in the order appealed against no appeal effect order will be required to be issued and the Commissioner shall proceed to effect recovery.</p> <p>(4B) Subject to the provisions of sub-section (2) where the Appellate Tribunal, High Court or Supreme Court has partly set aside the order and confirmed or modified the order on some other issues that were subject matter of the appeal, the Commissioner shall issue an appeal effect order on the prescribed form determining the tax payable as a result of the confirmation or modification by the Appellate Tribunal, High Court or Supreme Court and excluding the tax payable on the matters that have been set aside or remanded and the tax payable on the basis of the issues that have been confirmed or modified shall be paid or recovered under the provisions of the Ordinance.</p>
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126A	<p>126A. Pecuniary jurisdiction in appeals. – (1) Notwithstanding anything contained in any other provision of this Ordinance, –]</p> <p>(a) an appeal to the Commissioner (Appeals) shall lie where the value of assessment of tax or, as the case may be, refund of tax does not exceed twenty million rupees; or</p> <p>(b) an appeal to the Appellate Tribunal Inland Revenue shall lie where the value of assessment of tax or, as the case may be, refund of tax exceeds twenty million rupees.</p>	<p><i>This section earlier restricted the appellate forum based on the monetary value of the dispute which is now proposed to be omitted. Its proposed deletion removes the threshold-based division between CIR(A) and ATIR, thereby simplifying the appeal route and allowing flexibility for taxpayers to approach either forum, subject to other procedural rules.</i></p> <p>Proposed to be omitted.</p>
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127(1)	<p>127. Appeal to the Commissioner (Appeals).</p> <p>(1) Subject to section 126A, any person dissatisfied with any order passed by a Commissioner or an Officer of Inland Revenue under sub-section (2A) of section 120, section 121, 122, 143, 144, 162, 170, 182, or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 declaring a person to be the representative of a non-resident person or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person may prefer an appeal to the Commissioner (Appeals) against the order.</p>	<p><i>Persons other than State-Owned Enterprises (SOEs) are proposed to be allowed to file appeal before Commissioner (Appeals) without any pecuniary limits. Further, such persons are also proposedly granted the option to skip the appellate forum of CIR(A) and directly appeal before the Appellate Tribunal Inland Revenue, streamlining the appeal process and potentially reducing litigation timelines.</i></p> <p>(1) Any person, other than State-Owned Enterprise (SOE) dissatisfied with any order passed by a Commissioner or an Officer of Inland Revenue under sub-section (2A) of section 120, section 121, 122, 143, 144, 162, 170, 182, or 205, or an order under sub-section (1) of section 161 holding a person to be personally liable to pay an amount of tax, or an order under clause (f) of sub-section (3) of section 172 declaring a person to be the representative of a non-resident person or an order giving effect to any finding or directions in any order made under this Part by the Commissioner (Appeals), Appellate Tribunal, High Court or Supreme Court, or an order under section 221 refusing to rectify the mistake, either in full or in part, as claimed by the taxpayer or an order having the effect of enhancing the assessment or reducing a refund or otherwise increasing the liability of the person may prefer an appeal to the Commissioner (Appeals) against the order:</p> <p>Provided that an aggrieved person under sub-section (1) may have the option to either file appeal before Commissioner Inland Revenue (Appeals) directly or may surrender his right of appeal before Commissioner Inland Revenue (Appeals) and avail the next statutory appellate forum by lodging the appeal directly before the Appellate Tribunal Inland Revenue.”</p>
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130(3)(b)	<p>130. Appellate Tribunal. –</p> <p>(b) has for a period of not less than ten years practiced professionally as a chartered accountant within the meaning of the Chartered Accountants’ Ordinance, 1961 (X of 1961);</p>	<p><i>The eligibility criteria for appointment of members of Appellate Tribunal Inland Revenue is proposed to have been expanded. It is proposed to include not only practicing chartered accountants but also those employed under such practitioners, provided they cumulatively possess 10 years of relevant professional experience – broadening the talent pool for tribunal appointments.</i></p> <p>(b) has, for an aggregate period of not less than ten years, been-</p> <p>(i) in practice as a Chartered Accountant, either individually or in a firm of Chartered Accountants, within the meaning of Chartered Accountants Ordinance, 1961 (X of 1961); or</p> <p>(ii) a Chartered Accountant, within the meaning of Chartered Accountants Ordinance, 1961 (X of 1961), and has been in employment of a Chartered Accountant in practice as specified in sub-clause (i) above at least for a period of ten years;”</p>
131(1)	<p>131. Appeal to the Appellate Tribunal.</p> <p>(1) Subject to section 126A, any person, other than an SOE, aggrieved by any order passed by an officer of Inland Revenue or Commissioner or Chief Commissioner or the Board under this Ordinance or the rules made thereunder 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:</p>	<p><i>The proposed amendment realigns this section with the changes in Section 127. It formally allows both the taxpayer and Commissioner to file an appeal before the Appellate Tribunal within 30 days of the order of Commissioner (Appeals), or directly before Appellate Tribunal if the option under section 127 is exercised.</i></p> <p>(1) Where the taxpayer, or the Commissioner objects to an order passed by the Commissioner (Appeals), the taxpayer or Commissioner may appeal to the Appellate Tribunal against such order within thirty days of the receipt of such order:</p> <p>Provided that the taxpayer may directly appeal against the order of the Officer Inland Revenue or the Commissioner as the case may be to the Appellate Tribunal by exercising the option as provided in subsection (1) of section 127.”;</p>

133(1)	<p>133. Reference to High Court. –</p> <p>(1) Subject to section 126A, within thirty days of the communication of the order of the Appellate Tribunal or, as the case may be, the Commissioner (Appeals), the aggrieved person or the Commissioner may file a reference, in the prescribed form along with a statement of the case, before the High Court, stating any question of law or a mixed question of law and facts arising out of such order:</p>	<p><i>Key procedural reforms include extending the filing deadline from 30 to 60 days and restricting references strictly to questions of law. The provision also omits direct references against the orders of Commissioner (Appeals), and only the orders of Appellate Tribunal may be challenged before the High Court.</i></p> <p>(1) Subject to section 126A, within sixty of the communication of the order of the Appellate Tribunal or, the aggrieved person or the Commissioner may file a reference, in the prescribed form along with a statement of the case, before the High Court, stating any question of law arising out of such order:</p>
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133(2-10)	<p>133. Reference to High Court. – (2 to 10)</p> <p>(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal or, as the case may be, the Commissioner (Appeals)] and the question of law or a mixed question of law and facts which arises out of its order.</p> <p>(3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law or a mixed question of law and facts arises out of such order referred to in sub-section (1), it may proceed to hear the case.</p> <p>(4) A reference to the High Court under this section shall be heard by Special Bench or the Special Benches, as the case may be, to be constituted by the Chief Justice, as deemed necessary for hearing cases under this section, comprising 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, so far as may be, notwithstanding anything contained in any other law for the time being in force.</p> <p>(5) The Special Bench shall decide a reference within six months from the date of its filing.</p> <p>(6) The High Court shall establish a case management system to ensure that sufficient number of Special Benches are constituted, so as to ensure that a reference filed under this section is decided within the stipulated six months.</p> <p>(7) The High Court upon hearing a reference under this section shall decide the question of law or a mixed question of law and facts raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Appellate Tribunal's order or, as the case may be, the Commissioner (Appeals)'s order] shall stand modified accordingly.</p>	<p><i>Consequent to amendments in Section 133(1), the following sub-sections remove the scope of mixed questions of law and fact, and eliminate references to CIR(A). The process is streamlined for better efficiency and judicial clarity.</i></p> <p>(2) The statement to the High Court referred to in sub-section (1), shall set out the facts, the determination of the Appellate Tribunal or, and the question of law or which arises out of its order</p> <p>3) Where, on an application made under sub-section (1), the High Court is satisfied that a question of law or arises out of such order referred to in sub-section (1), it may proceed to hear the case.</p> <p>(4) A reference to the High Court under this section shall be heard by Special Bench or the Special Benches, as the case may be, to be constituted by the Chief Justice, as deemed necessary for hearing cases under this section, comprising 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, so far as may be, notwithstanding anything contained in any other law for the time being in force.</p> <p>(5) The Special Bench shall decide a reference within six months from the date of its filing.</p> <p>(6) The High Court shall establish a case management system to ensure that sufficient number of Special Benches are constituted, so as to ensure that a reference filed under this section is decided within the stipulated six months.</p> <p>(7) The High Court upon hearing a reference under this section shall decide the question of law raised by the reference and pass judgment thereon specifying the grounds on which such judgment is based and the Appellate Tribunal's order or, as the case may be, shall stand modified accordingly.</p>
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<p>(8) The High Court shall send a copy of the judgment under the seal of the High Court to the Appellate Tribunal or, as the case may be, the Commissioner (Appeals).</p> <p>(9) Notwithstanding that a reference has been made to the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal or, as the case may be, the Commissioner (Appeals): Provided that the tax recovery shall not be made by the Commissioner for thirty days from the date of communication of the order of the Appellate Tribunal or, as the case may be, the Commissioner (Appeals):</p> <p>Provided further that, if the amount of tax is reduced as a result of the judgment in the reference by the High Court and some amount of tax is found to be refundable, the High Court may, on application by the Commissioner within thirty days of the receipt of the judgment of the High Court that he wants to prefer petition for leave to appeal to the Supreme Court, make an order authorizing the Commissioner to postpone the refund until the disposal of the appeal by the Supreme Court.</p> <p>(10) On an application filed in a particular reference and after affording an opportunity of being heard to the Commissioner, the High Court may stay recovery of tax, subject to deposit with the assessing authority of not less than thirty percent of the tax determined by the Appellate Tribunal or, as the case may be, the Commissioner (Appeals). Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it was made unless the reference is decided or such order is withdrawn by the High Court earlier.</p>	<p>(8) The High Court shall send a copy of the judgment under the seal of the High Court to the Appellate Tribunal or,</p> <p>(9) Notwithstanding that a reference has been made to the High Court, the tax shall be payable in accordance with the order of the Appellate Tribunal or, provided that the tax recovery shall not be made by the Commissioner for within sixty from the date of communication of the order of the Appellate Tribunal or,</p> <p>Provided further that, if the amount of tax is reduced as a result of the judgment in the reference by the High Court and some amount of tax is found to be refundable, the High Court may, on application by the Commissioner within sixty of the receipt of the judgment of the High Court that he wants to prefer petition for leave to appeal to the Supreme Court, make an order authorizing the Commissioner to postpone the refund until the disposal of the appeal by the Supreme Court.</p> <p>(10) On an application filed in a particular reference and after affording an opportunity of being heard to the Commissioner, the High Court may stay recovery of tax, subject to deposit with the assessing authority of not less than thirty percent of the tax determined by the Appellate Tribunal or, Where recovery of tax has been stayed by the High Court by an order, such order shall cease to have effect on the expiration of a period of six months following the day on which it was made unless the reference is decided or such order is withdrawn by the High Court earlier.</p>
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134A	<p>134A. Alternative Dispute Resolution:</p> <p>In sub-section (11), If the Committee fails to decide within the period of sixty days under sub-section (5), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending under litigation.</p>	<p><i>A dedicated mechanism has been introduced for State-Owned Enterprises (SOEs) under ADR proceedings. If the initial ADR Committee fails to resolve a matter within 60 days, a fresh committee will be reappointed, ensuring continuity and resolution without reverting immediately to litigation.</i></p> <p>In sub-section (11), Subject to the Committee fails to decide within the period of sixty days under sub-section (5), the Board shall dissolve the Committee by an order in writing and the matter shall be decided by the court of law or the appellate authority where the dispute is pending under litigation</p> <p>(b) after sub-section (11), amended as aforesaid, the following new sub-sections shall be inserted, namely: -</p> <p>(11A) In the case of a state-owned enterprise, if the Committee fails to decide within a period of sixty days, the Board shall reappoint a Committee under sub-section (3), that shall decide the dispute in accordance with sub-section (5) of this section.</p> <p>(11B) Sub-section (11) shall apply in the case of a state-owned enterprise, if the reappointed Committee fails to decide the matter within a further period of sixty days.</p>
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138(3)	<p>138. Recovery of tax out of property and through arrest of taxpayer.</p> <p>Non-Existent</p>	<p><i>A major shift proposing to empower the department to initiate immediate recovery if a tax issue has already been conclusively decided by the High Court or Supreme Court, overriding any conflicting lower court decisions or procedural reliefs. This proposed amendment seeks to strengthen enforcement post-litigation.</i></p> <p>in section 138, after sub-section (3), the following new section shall be inserted namely: -</p> <p>(3A) Notwithstanding anything contained in this Ordinance or any other law or any rule, any decision or judgment of any court, forum or authority, the tax payable under any provision of this Ordinance or any assessment order shall become immediately payable or within the time specified in the notice issued by the income tax authority under this subsection, irrespective of the time provided under any other provision or the said decision or judgment, in case the issue giving rise to the tax payable is decided by a High Court or Supreme Court of Pakistan:</p> <p>Provided that where the High Court decides the appeal filed by the Commissioner in favor of the department under section 133, recovery shall be made after seven days from the date of the order of the High Court.</p>
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140(6)	<p>140. Recovery of tax from persons holding money on behalf of a taxpayer.</p> <p>Non-Existent</p>	<p><i>Aligned with changes in Section 138, the department can now enforce tax recovery from third parties (like banks) immediately upon High Court or Supreme Court decisions, regardless of existing contrary judgments or statutory timelines – boosting departmental collection powers.</i></p> <p><i>in section 140, after sub-section (6), the following new sub-section shall be inserted, namely: –</i></p> <p><i>“(6A) Notwithstanding anything contained in this Ordinance or any other law or any rule, any decision or judgment of any court, forum or authority, the tax payable under any assessment order shall become immediately recoverable or within the time specified in the notice issued by the income tax authority under this subsection irrespective of the time provided under any other provision or the said decision or judgment, in case the issue giving rise to the tax payable is decided by a High Court or Supreme Court of Pakistan:</i></p> <p><i>Provided that where the High Court decides the appeal filed by the Commissioner in favor of the department under section 133, recovery shall be made after seven days from the date of the order of the High Court.”;</i></p>
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149(1)	<p>149. Salary. –</p> <p>Non-Existent</p>	<p><i>A new withholding requirement has been proposed to be introduced on pension or annuity payments exceeding Rs. 10 million in a tax year, for individuals below 70 years of age. The tax shall be deducted on the excess amount as per applicable slab rates. This measure aims to bring high-income retired individuals within the tax net in line with progressive taxation policy.</i></p> <p>in section 149, after sub-section (1), the following new sub-section shall be inserted, namely: –</p> <p>(1A) Notwithstanding the provisions of sub-section (1), any person responsible for paying pension or annuity, or any supplement to a 71 pension or annuity or commutation of pension to a former employee who is below the age of seventy years and deriving pension income during a tax year in which the payment exceeds rupees ten million, shall at the time of payment, deduct tax from the amount which is over and above rupees ten million at the rate provided in Division I of Part I of the First Schedule of the Ordinance, along with tax deducted under section 4AB after making adjustment of tax withheld from former employee under other heads and tax credit admissible under sections 61 and 63 of the Ordinance during the tax year after obtaining documentary evidence, as may be necessary, for –</p> <ul style="list-style-type: none"> (i) tax withheld from the former employee under this Ordinance during the tax year; or (ii) any excess deduction or deficiency arising out of any previous deduction; or (iii) failure to make deduction during the year.
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151 A	<p>Non-Existent</p>	<p><i>Custodians managing Investor Portfolio Securities (IPS) accounts are now required to deduct capital gains tax at the time of disposal of debt securities (excluding exchange-traded ones settled via NCCPL). This ensures proper documentation and timely collection of tax on gains from debt instruments, particularly government securities.</i></p> <p>after section 151, the following new section shall be inserted, namely: –</p> <p>151A. Gain arising on disposal of certain debt securities: – (1) Every custodian of debt securities including a banking company responsible to maintain Investor Portfolio Securities (IPS) Account on behalf of holder of a debt security shall at the time of disposal of debt securities including government securities deduct tax at the rate at the rate specified in Division IIIAA of Part III of the First Schedule on the gross amount of capital gain arising to such holder and deposit the same in government treasury:</p> <p>Provided that this section shall not apply on disposal of debt securities made through registered stock exchange and which are settled through NCCPL.</p> <p>(2) The capital gain arising to the holder on disposal of debt security mentioned in sub-section (1) shall be computed in accordance with the formula provided in sub-section (1A) of section 37A of the Ordinance.</p>
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153(2A) & (2B)	<p>Non-Existent</p> <p>(j) a person registered under the Sales Tax Act, 1990 7 [having turnover of one hundred million rupees or more in any of the preceding tax years]; 8 [or]]</p> <p>(k) a person deriving income from the business of construction and sale of residential, commercial or other buildings (builder); or</p>	<p><i>A comprehensive framework has been introduced requiring e-commerce intermediaries (payment gateways, banks, courier services) to collect withholding tax on digitally ordered goods or services at the time of payment processing. If tax is collected by intermediary, no further deduction is required by the payer, ensuring simplified compliance and improving collection efficiency in digital commerce.</i></p> <p>in section 153, –</p> <p>(a). after sub-section (2), the following new sub-section (2A) shall be inserted, namely: –</p> <p>(2A) Notwithstanding the provision of sub-section (1), –</p> <p>(i) every payment intermediary at the time of processing payment through digital means, on behalf of a seller of digitally ordered goods or services through locally operated e-commerce platforms (including websites); and</p> <p>(ii) every courier business providing courier services collecting cash from a buyer under Cash on Delivery (CoD) payment terms on behalf of a seller for the supply of digitally ordered goods and services through e-commerce platforms (including websites);</p> <p>shall collect tax from the gross amount payable (including sales tax, if any) to the seller at the rate specified in Division IVA of Part I of the First Schedule to the Ordinance and deposit to government treasury.</p> <p>(2B) No tax under sub-section (1) of this section shall be deducted by the payer where the tax has been collected under sub-section (2A) of this section by the payment intermediary or a courier service.</p> <p><i>Definitions of "courier service" and "payment intermediary" have been inserted to support new withholding obligations under section 153(2A). These include logistics companies, ride-hailing apps, food delivery platforms, and digital payment</i></p>
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	<p>(l) a person deriving income from the business of development and sale of residential, commercial or other plots (developer).]</p> <p>Non-Existent</p> <p>(iii) "sale of goods" includes a sale of goods for cash or on credit, whether under written contract or not;</p>	<p><i>processors – all now clearly brought into tax withholding framework.</i></p> <p>(b). in sub-section (7), –</p> <p>(1) in clause (i), –</p> <p>(j) a person registered under the Sales Tax Act, 1990 having turnover of one hundred million rupees or more in any of the preceding tax years;</p> <p>(k) a person deriving income from the business of construction and sale of residential, commercial or other buildings (builder);</p> <p>(l) a person deriving income from the business of development and sale of residential, commercial or other plots (developer)</p> <p>thereafter the following new subclauses shall be added, namely: –</p> <p>(m) for the purpose of sub-section (2A), a payment intermediary; or</p> <p>(n) for the purpose of sub-section (2A), a courier service.</p> <p>(2) after clause (ii), the following new clause shall be inserted, namely: –</p> <p>(iia) "courier service" means any specialized entity that provides fast, secure and often tracked transportation of documents, packages and small freight, typically offering door-to-door delivery solutions of goods within specific timeframes and in case of digitally ordered goods in e-commerce delivery and collection of cash (CoD) on behalf of the seller and such delivery service provider includes but not limited to –</p> <p>(a) logistics services;</p> <p>(b) ride-hailing services;</p> <p>(c) food delivery platforms; and</p> <p>(d) e-commerce services;</p> <p>(iib) "payment intermediary" means any third part entity including a banking company,</p>
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		<p>financial institution, a licensed foreign exchange company or payments gateways that facilitate the transfer of funds or payment instructions between two or more parties to enable, process, route or settle payments in a financial transaction, without being the ultimate source or recipient of the payment.</p> <p>(iii) “sale of goods” includes a sale of goods for cash or on credit, whether under written contract or not; and</p>
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165C	Non-Existent	<p><i>The proposed section 165C requires online marketplaces, payment intermediaries and courier service providers that deduct tax under Section 153(2A) to file quarterly withholding statements in addition to those under section 165. These statements must report tax deductions on sales of digitally ordered goods and services. The report must be in the prescribed format and submitted to the Commissioner.</i></p> <p>165C. Furnishing of information by online marketplace, payment intermediary and courier service. –</p> <p>(1) Notwithstanding the provisions of section 165 of the Ordinance, every payment intermediary and courier service responsible for deducting tax under sub-section (2A) of section 153 of the Ordinance shall file a quarterly withholding statement to the Commissioner for tax deduction regarding sale of digitally ordered goods and services for each quarter of a tax year in the prescribed form setting out –</p> <p>(a) name, identification number (NTN/CNIC) and address of the seller;</p> <p>(b) transaction date, unique identifier (invoice number) and total transaction value;</p> <p>(c) the total amount of tax deducted at the time of payments to the seller; and</p> <p>(d) any other particular may be prescribed</p> <p>(2) Every online marketplace in Pakistan shall submit a monthly statement containing name, address, Sales Tax and Income Tax registration number of every vendors registered on its platform supplying digitally ordered goods and services in e-commerce, transactional and aggregated quantum of seller's monthly turnover and the amount deposited into the vendor's bank account against such sale transactions.</p> <p>(3) All the provisions of the section 165 excluding sub-sections (1), (1A) and (6) shall mutatis mutandis apply with respect to the due date of the filling of the withholding</p>
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		statements, revision of the statements, power to call for statement by the Commissioner, extension of time to furnish the statement after due date, power of the Board, filing of annual withholding statement and reconciliation of the withholding statement with the annual income tax return.
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175AA	Non-Existent	<p><i>The proposed section 175AA allows the FBR to share tax and financial data of high-risk individuals with scheduled banks using data algorithms. Banks must report back any discrepancies in banking data compared to the FBR's records. All shared information is proposed to be kept confidential and used only for tax-related purposes.</i></p> <p>175AA. Exchange of banking and tax information related to high-risk persons. –</p> <p>(1) Notwithstanding anything contained in any law for the time being in force, including but not limited to the Banking Companies Ordinance, 1962 (LVII of 1962), section 216 of this Ordinance and any regulations made under the State Bank of Pakistan Act, 1956 (XXXIII of 1956), –</p> <p>(a) the Board may share information of turnover, income including taxable income, for one or more tax years, identification data including bank account numbers declared in the income tax return, wealth statement, financial statement or in any other document to the Board, in respect of persons or classes of persons, along with data-based algorithms, as may be prescribed, with scheduled banks in Pakistan; and</p> <p>(b) the Scheduled banks shall provide to the Board particulars, such as name, account numbers of such persons where the banking information is at variance with the data algorithms provided under clause (a) of this subsection.</p> <p>(2) All information received under this section shall be used only for tax and related purposes and kept confidential.</p>
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175C	<p>Non-Existent</p>	<p><i>The proposed section 175C empowers the FBR or Chief Commissioner to post Inland Revenue officers at a taxpayer's premises. Their role is to monitor production, service delivery, and unsold stock. This will help ensure accurate determination of taxes payable under the Ordinance.</i></p> <p>175C. Posting of Officer of Inland Revenue.</p> <p>— Subject to such conditions and restrictions, as deemed fit to be imposed, the Board or the Chief Commissioner, may post an Officer of Inland Revenue or such other officials with any designation working under the control of the Board or the Chief Commissioner, to the premises of any person or class of such persons, to monitor production, supply of goods or rendering of or providing of services and the stock of goods not sold at any time for determining tax payable under this Ordinance.”</p>
181(1)	<p>181. Taxpayer’s registration. — (1) Every taxpayer shall apply in the prescribed form and in the prescribed manner for registration.</p>	<p><i>Through this amendment, it is proposed that vendors selling digitally ordered goods or services shall mandatorily apply to get registered through form under section 181.</i></p> <p>(1) Every taxpayer including a person selling digitally ordered goods or services from within Pakistan using online marketplace or a courier service, as the case may be, shall apply in the prescribed form and in the prescribed manner for registration.</p>

181(1A)	<p>Non-Existent</p>	<p><i>Through this proposed introduction, online marketplaces and courier services involved in e-commerce are required to ensure vendors are tax registered. Vendors must be registered under the Sales Tax Act 1990 and the Income Tax Ordinance 2001. Unregistered vendors cannot use these platforms for digital transactions.</i></p> <p>(1A) Every online marketplace or courier service, involved in ecommerce by supplying or delivering digitally ordered goods or services from within Pakistan, shall not allow any vendor to use its platform services to carry out e-commerce transactions unless such vendors have been registered under the Sales Tax Act, 1990 (VII of 1990) and this Ordinance.</p>
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182(1) (1A)	182. Offences and penalties. – (1) (1A)			<i>Penal provisions have been proposed to be extended on non-filing of statement under section 165C along with enhancement of penalty</i>		
	Where any person fails to furnish a statement as required under section 165, or 165A, 165A or 165B within the due date.	Such person shall pay a penalty of Rs.5000 if the person had already paid the tax collected or withheld by him within the due date for payment and the statement is filed within ninety days from the due date for filing the statement and, in all other cases, a penalty of Rs.2500 for each day of default from the due date subject to a minimum penalty of Rs. 10,000 Provided that where it stands established that no tax was required to be deducted or collected during the relevant period, minimum amount of penalty shall be ten	165 and 165A, 165A and 165B	Where any person fails to furnish a statement as required under section 165, 165A, 165B or 165C within the due date.	Such person shall pay a penalty of Rs. 50000 if the person had already paid the tax collected or withheld by him within the due date for payment and the statement is filed within ninety days from the due date for filing the statement and, in all other cases, a penalty of Rs. 2500 for each day of default from the due date subject to a minimum penalty of Rs. 10,000 Provided that where it stands established that no tax was required to be deducted or collected during the relevant period, minimum amount of penalty shall be ten	165, 165A, 165B and 165C

		thousand Rupees.			thousand Rupees.		
182(1) (3B)	182. Offences and penalties. – (1)			<i>Proposed new entry extends penalty on online marketplace and courier services providers allowing unregistered vendors</i>			
				Where an online marketplace allows an unregistered vendor, whether resident or non-resident involved in e commerce business supplying digitally ordered goods or services, who is required to register under Sales Tax Act 1990 and Income Tax Ordinance, 2001, under section 181 before using the platform.	Such online marketplace or a courier service provider shall pay a penalty of five hundred thousand rupees for the first default and one million rupees for every subsequent default.	181(1A)	

182(1) (12B)	182. Offences and penalties. – (1)	<i>Penal provisions are proposed to be introduced on non-withholding / non-depositing of tax by banking company or payment gateway or a courier service provider on payment made to non-resident persons with respect to digitally ordered goods or rendering or providing of digitally delivered services using e-commerce platform</i>		
		Where a banking company or payment gateway or a courier service provider, as the case may be, fails to deduct tax at the time of making payment to a seller, or fails to pay the tax deducted as required under section 160, with respect to digitally ordered goods or rendering or providing of digitally delivered services using e-commerce platform.	Such person shall pay a penalty equal to hundred percent of the amount of tax involved.	153(2A)

182(1)(15)	182. Offences and penalties. – (1) <div> <div>Any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160</div> <div>Such person shall pay a penalty of 6 [forty] thousand rupees or the 10% of the amount of tax which-ever is higher</div> <div>Division II or Division III of Part V of Chapter X or Chapter XII</div> </div>	<div> <div>Any person who fails to collect or deduct tax as required under any provision of this Ordinance or fails to pay the tax collected or deducted as required under section 160</div> <div>Such person shall pay a penalty of 6 [forty] thousand rupees or the 10% of the amount of tax which-ever is higher</div> <div>Division II or Division III excluding sub-section (2A) of section 153 of Part V of Chapter X or Chapter XII</div> </div>
182(1)(15A)	Non-Existent	<p><i>Vendors supplying digitally ordered goods and digitally delivered services through online marketplace without registration are proposed to be penalized through this entry.</i></p> <div> <div>Any seller supplying digitally ordered goods and digitally delivered services through online marketplace who is required to registered under Sales Tax Act, 1990 and Income Tax Ordinance, 2001, fails to registered under the aforementioned statues.</div> <div>Such seller shall pay a penalty of five hundred thousand rupees for the first default and one million rupees for every subsequent default.</div> <div>181</div> </div>

207	<p>207. Income tax authorities. (1) There shall be the following Income Tax authorities for the purposes of this Ordinance and rules made thereunder, namely: –</p> <p>(a) Board; (b) Chief Commissioner Inland Revenue; (c) Commissioner Inland Revenue; (d) Commissioner Inland Revenue (Appeals); (e) Additional Commissioner Inland Revenue; (f) Deputy Commissioner Inland Revenue; (g) Assistant Commissioner Inland Revenue; (h) Special audit panel; (i) Inland Revenue Audit Officer; (ia) District Taxation Officer Inland Revenue; (ib) Assistant Director Audit. (j) Superintendent Inland Revenue; (k) Inspector Inland Revenue; and (l) Auditor Inland Revenue;</p>	<p><i>This amendment seeks to expand the scope of tax authorities for enforcement and compliance.</i></p> <p>207. Income tax authorities. (1) There shall be the following Income Tax authorities for the purposes of this Ordinance and rules made thereunder, namely: –</p> <p>(a) Board; (b) Chief Commissioner Inland Revenue; (c) Commissioner Inland Revenue; (d) Commissioner Inland Revenue (Appeals); (e) Additional Commissioner Inland Revenue; (f) Deputy Commissioner Inland Revenue; (g) Assistant Commissioner Inland Revenue; (h) Special audit panel; (i) Inland Revenue Audit Officer; (ia) District Taxation Officer Inland Revenue; (ib) Assistant Director Audit. (j) Superintendent Inland Revenue; (k) Inspector Inland Revenue; (l) Auditor Inland Revenue; and (m) auditor appointed under section 222</p>
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214A	<p>Non-Existent</p>	<p><i>The proposed section 214A allows the FBR to extend time limits for applications or actions under the Ordinance. This new proposed amendment limits such extensions to a maximum of two years in total. However, in cases of significant revenue loss, a Board-notified committee may allow further extension after hearing the concerned person.</i></p> <p>Provided further that regardless of anything stipulated in this section, or any provision of this Ordinance, or any other applicable law currently in force, and notwithstanding any decision, order or judgement issued by any forum, authority or court, the maximum period of extension under this section by the Board or the Commissioner, as the case may be, shall not exceed two years in aggregate:</p> <p>Provided also that where there are reasons to believe that significant loss to exchequer has been caused by an act of omission or commission by the person or by the Commissioner, a committee of members as notified by the Board may further condone the limitation specified for a period as it may deem fit, after providing a reasonable opportunity of being heard to the person concerned.</p>
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216(3)	<p>Non-Existent</p>	<p><i>New clauses under section 216(3) are proposed to be introduced to allow sharing of taxpayer information with contractual or third-party auditors assisting tax authorities. Further, also permits data sharing with the Tax Policy Office for research and policy purposes. Additionally, anonymized data may be shared with recognized universities and international donor agencies.</i></p> <p>(ba) to an auditor appointed on contractual basis or engaged through a third party including a payroll firm in the Federal Board of Revenue, after a non-disclosure agreement is made with such auditor as may be prescribed, to assist any authority mentioned in clauses (b) to (g) of sub-section (1) of section 207.</p> <p>(kd) to the Tax Policy Office for the purpose of processing and analyzing data for research and policy analysis;</p> <p>(ke) to the recognized universities and international donor agencies subject to the conditions that before sharing, the taxpayer's data shall be anonymized.</p>
218(2)(d)	<p>218. Service of notices and other documents. (2)(d) served on the individual electronically in the prescribed manner.</p>	<p>218. Service of notices and other documents. –(2)(d) served on the person electronically in the prescribed manner.</p>

222	<p>222. Appointment of expert. – The Commissioner may appoint any expert as the Commissioner considers necessary for the purposes of this Ordinance, including for the purposes of audit or valuation.</p>	<p><i>Amendment is proposed in section 222 to allow the FBR to appoint auditors on a contractual basis or through third-party arrangements. These auditors will assist in fulfilling the purposes of the Ordinance. However, their total number cannot exceed two thousand.</i></p> <p>(1) The Commissioner may appoint any expert as the Commissioner considers necessary for the purposes of this Ordinance, including for the purposes of audit or valuation.</p> <p>(2) The Board may also appoint as many auditors on contractual basis or through a third-party arrangement, as the case may be, as it deems fit for carrying out the purposes of this Ordinance:</p> <p>Provided that the total number of auditors appointed under this section shall not be more than two thousand.”;</p>
226	<p>226. Computation of limitation period. –</p> <p>(b)(ii) the period, if any, for which any proceeding for the tax year remained pending before any Court, Appellate Tribunal or any other authority.</p>	<p>(b)(ii) the period, if any, for which any proceeding for the tax year remained pending before any Court, Alternate Dispute Resolution Committee (ADRC) or any other authority.</p>
231AB	<p>231AB. Advance tax on cash withdrawal. –</p> <p>(1) Every banking company shall deduct advance adjustable tax at the rate of 0.6% of the cash withdrawal from a person whose name is not appearing in the active taxpayers’ list on the sum total of the payments for cash withdrawal in a day, exceeding fifty thousand rupees.</p>	<p><i>Section 231AB requires banks to deduct advance tax on cash withdrawals above Rs. 50,000 by non-active taxpayers. The tax rate is proposed to be increased from 0.6% to 0.8%. This means higher tax withholding on large cash withdrawals by inactive taxpayers.</i></p> <p>(1) Every banking company shall deduct advance adjustable tax at the rate of 0.8% of the cash withdrawal from a person whose name is not appearing in the active taxpayers’ list on the sum total of the payments for cash withdrawal in a day, exceeding fifty thousand rupees.</p>

THE FIRST SCHEDULE

PART-I **DIVISION I**

Rate of tax for salaried individuals has been proposed to be amended, and the table has been substituted as follows:

Where the income of an individual chargeable under the head "salary" exceeds seventy-five per cent of his taxable income, the rates of tax to be applied shall be as set out in the following table, namely:

S. No	Taxable Income	Rate of Tax Existing	Rate of Tax Proposed
(1)	(2)	(3)	(4)
1.	Where taxable income does not exceed Rs. 600,000/-	0%	0%
2.	Where taxable income exceeds Rs. 600,000 but does not exceed Rs. 1,200,000	5% of the amount exceeding Rs. 600,000	1% of amount exceeding the Rs. 600,000
3.	Where taxable income exceeds Rs. 1,200,000 but does not exceed Rs. 2,200,000	Rs. 30,000 + 15% of the amount exceeding Rs. 1,200,000	Rs. 6,000 + 11% of the amount exceeding Rs. 1,200,000
4.	Where taxable income exceeds Rs. 2,200,000 but does not exceed Rs. 3,200,000	Rs. 180,000 + 25% of the amount exceeding Rs. 2,200,000	Rs. 116,000 + 23% of the amount exceeding Rs. 2,200,000
5.	Where taxable income exceeds Rs. 3,200,000 but does not exceed Rs. 4,100,000	Rs. 430,000 + 30% of the amount exceeding Rs. 3,200,000	Rs. 346,000 + 30% of the amount exceeding Rs. 3,200,000
6.	Where taxable income exceeds Rs. 4,100,000	Rs. 700,000 + 35% of the amount exceeding Rs. 4,100,000	Rs. 616,000 + 35% of the amount exceeding Rs. 4,100,000

New Proviso has been introduced for tax on pension individuals.

"Provided that in case of an individual deriving income solely from pension, annuity, supplement to the pension or annuity and commutation of pension from former employer for tax year, the rate of tax on such annuity or pension income or commutation of pension shall be set out in the following table:

S. No.	Description	Rate of Tax
1.	Where the amount of pension received does not exceed rupees ten million	0% of the amount
2.	Where the amount of pension received exceeds rupees ten million	5% of the amount exceeding rupees ten million"

THE FIRST SCHEDULE
PART-I
DIVISION IIB
SUPER TAX ON HIGH EARNING PERSONS

The rates of tax under section 4C have been proposed to be amended as under:

S. No	Income Under Section 4C	Rate of Tax		
		For tax year 2022	For tax years 2023, 2024 and 2025	For tax year 2026 and onwards
(1)	(2)	(3)		(5)
1.	Where income does not exceed Rs. 150 million	0% of the Income	0% of the income	0% of the income
2.	Where income exceeds Rs. 150 million but does not exceed Rs. 200 million	1% of the income	1% of the income	1% of the income
3.	Where income exceeds Rs. 200 million but does not exceed Rs. 250 million	2% of the income	2% of the income	1.5% of the income
4.	Where income exceeds Rs. 250 million but does not exceed Rs. 300 million	3% of the income	3% of the income	2.5% of the income
5.	Where income exceeds Rs. 300 million but does not exceed Rs. 350 million	4% of the income	4% of the income	3.5% of the income
6.	Where income exceeds Rs. 350 million but does not exceed Rs. 400 million		6% of the income	5.5% of the income
7.	Where income exceeds Rs. 400 million but does not exceed Rs. 500 million		8% of the income	7.5% of the income
8.	Where income exceeds Rs. 500 million		10% of the income	10% of the income

THE FIRST SCHEDULE
PART-I
DIVISION III
RATE OF DIVIDEND TAX

The rate of tax on dividend proposed to be amended as under:

- (a) 7.5% in the case of dividends paid by Independent Power Producers where such dividend is a pass-through item under an Implementation Agreement or Power Purchase Agreement or Energy Purchase Agreement and is required to be re-imbursed by Central Power Purchasing (CPPA-G) or its predecessor or
- (b) *15% in the case of Real Estate Investment Trust and cases other than those mentioned in clauses (a), (ba), (c) and (d);*
- (ba) *25% and 15%, in case of mutual funds, contingent upon proportional income derived from average annual investments in debt securities and equities respectively;*
- (c) 0% in case of dividend received by a REIT scheme from Special Purpose Vehicle and 35% in case of dividend received by others from Special Purpose Vehicle as defined under the Real Estate Investment Trust Regulations, 2015.
- (d) 25% in case of a person receiving dividend from a company where no tax payable by such company, due to exemption of income or carry forward of business losses under Part VIII of Chapter III or claim of tax credits under Part X of Chapter III.

THE FIRST SCHEDULE
PART-I
DIVISION IIIA
RATE FOR PROFIT ON DEBT

The rate of tax under section 7B has been proposed to be amended as under:

The rate of tax for profit on debt imposed under section 7B shall be –

- a) 20% of the yield or profit paid by a banking company or financial institution on an account or deposit maintained with such company or institution; and*
- b) 15% of the yield or profit in cases other than those mentioned in clause (a).*

S.No.	Description	Tax Year (2024-25)	Tax year (2025-26)
		Existing	Proposed
01	Profit on Debt	15%	20%

DIVISION IVA
Rate of Tax on Payments for Digital Transactions in E-Commerce Platforms

New Section 6A of the Income Tax Ordinance, 2001 has been introduced.

The rate of tax imposed under section 6A on payment for digitally ordered goods or digitally delivered services through e-commerce platforms including websites shall be in case of payment through –

- (i) Digital Means or banking channels by payment intermediary:*

S. No	Description	Tax Rates
1.	Where the amount paid does not exceed rupees ten thousand	1% of the gross amount paid
2.	Where the amount paid exceeds rupees ten thousand but does not exceed rupees twenty thousand	2% of the gross amount paid
3.	Where the amount paid exceeds rupees twenty thousand	0.25% of the gross amount paid

- (ii) Cash on Delivery by courier service:*

S. No	Description	Tax Rates
1.	On supply of electronic and electrical goods	0.25% of the gross amount paid
2.	On supply of clothing articles, apparels, garments etc.	2% of the gross amount paid
3.	On supply of goods other than mentioned in S. No. 1 and 2 above	1% of the gross amount paid

THE FIRST SCHEDULE
PART-III
DIVISION IA
PROFIT ON DEBT

The rate of tax under section 151 proposed to be amended as follows:

(a) 20% of the yield or profit paid by a banking company or financial institution on an account or deposit maintained with such company or institution; and

(b) 15% of the yield or profit in cases other than those mentioned in clause (a)

S.No.	Description	Tax Year (2024-25)	Tax year (2025-26)
		Existing	Proposed
01	Profit on Debt	15%	20%
02	Other than banking profit	15%	15%

DIVISION IIIAA
Gain arising on Disposal of Certain Debt Securities

This is a new Division which is proposed to be inserted as follows:

The rate of tax to be deducted under section 151A shall be 15% of the gross amount of the capital gain.

DIVISION II
Payments to Non-Residents

The withholding rates have been proposed to be revised as follows:

(5)(i) 8% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section 2, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services, car rental services, building maintenance services, services rendered of Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited inspection and certification, testing and training services oilfield services;

Provided that the rate of tax shall be 4% in case of IT services and IT enabled services as defined in section 2.

5(ii) in case of rendering of or providing of services other than sub-paragraph (i) shall be 15% of the gross amount payable.

(6) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (2A) of section 152 shall be -

- (i) 15% of the gross amount payable in case of sportspersons;
- (ii) 8% of the gross amount payable.

DIVISION III **Payments for Goods or Services**

The withholding rates have been proposed to be revised as follows:

(2) (i) 6% of the gross amount payable, in the cases of transport services, freight forwarding services, air cargo services, courier services, manpower outsourcing services, hotel services, security guard services, software development services, IT services and IT enabled services as defined in section 2, tracking services, advertising services (other than by print or electronic media), share registrar services, engineering services including architectural services, warehousing services, services rendered by asset management companies, data services provided under license issued by the Pakistan Telecommunication Authority, telecommunication infrastructure (tower) services, car rental services, building maintenance services, services rendered by Pakistan Stock Exchange Limited and Pakistan Mercantile Exchange Limited, inspection, certification, testing and training services, oilfield services, telecommunication services, collateral management services, travel and tour services, REIT management services, services rendered by National Clearing Company of Pakistan Limited;

Provided that the rate of tax shall be 4% in case of IT services and IT enabled services as defined in section 2.

2 (ii) in case of rendering of or providing of services other than sub-paragraph (i) shall be 15% of the gross amount payable.

Provided that in respect of persons making payments to electronic and print media for advertising services the rate shall be 1.5% of the gross amount payable.

(3) The rate of tax to be deducted from a payment referred to in clause (c) of sub-section (1) of section 153 shall be:

- (i) 15% of the gross amount payable in case of sportspersons;
- (ii) in case of a company, 7.5% of the gross amount payable ; and
- (iii) in any other case, 8% of the gross amount payable

(3A) The rate of tax to be deducted from a payment referred to in sub-section (2A) of section 153 for digitally ordered goods or digitally delivered services through e-commerce platforms including websites shall be in case of payment through –

(i) Digital Means or banking channels by payment intermediary:

<i>S. No.</i>	<i>Description</i>	<i>Tax Rates</i>
<i>1.</i>	<i>Where the amount paid does not exceed rupees ten thousand</i>	<i>1% of the gross amount paid</i>
<i>2.</i>	<i>Where the amount paid exceeds rupees ten thousand but does not exceed rupees twenty thousand</i>	<i>2% of the gross amount paid</i>
<i>3.</i>	<i>Where the amount paid exceeds rupees twenty thousand</i>	<i>0.25% of the gross amount paid</i>

(ii) Cash on Delivery by courier service:

<i>S. No.</i>	<i>Description</i>	<i>Tax Rates</i>
<i>1.</i>	<i>On supply of electronic and electrical goods</i>	<i>0.25% of the gross amount paid</i>
<i>2.</i>	<i>On supply of clothing articles, apparels, garments etc.</i>	<i>2% of the gross amount paid</i>
<i>3.</i>	<i>On supply of goods other than mentioned in S. No. 1 and 2 above</i>	<i>1% of the gross amount paid</i>

THE FIRST SCHEDULE

PART-IV **DIVISION X**

Advance Tax on Sale or Transfer of Immovable Property

The rate of advance tax under section 236C of the Ordinance has been proposed to be amended as under:

S. No.	<i>Amount</i>	<i>Tax Rate</i>	<i>Tax Rate</i>
		<i>Existing</i>	<i>Proposed</i>
(1)	(2)	(3)	(4)
1.	<i>Where the gross amount of the consideration received does not exceed Rs. 50 million</i>	3%	4.5%
2.	<i>Where the gross amount of the consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million</i>	3.5%	5%
3.	<i>Where the gross amount of the consideration received exceeds Rs. 100 million</i>	4%	5.5%

DIVISION XVIII
Advance Tax on Purchase of Immovable Property

The rate of advance tax under section 236K of the Ordinance has been proposed to be amended as under:

<i>S. No</i>	<i>Amount</i>	<i>Tax Rate</i>	<i>Tax Rate</i>
		<i>Existing</i>	<i>Proposed</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
1.	<i>Where the fair market value does not exceed Rs. 50 million</i>	3%	1.5%
2.	<i>Where the fair market value exceeds Rs. 50 million but does not exceed Rs. 100 million</i>	3.5%	2%
3.	<i>Where the fair market value exceeds Rs. 100 million</i>	4%	2.5%

THE SECOND SCHEDULE
PART-I
EXEMPTIONS FROM TOTAL INCOME

Clause (8): Omitted
Clause (9): Omitted
Clause (12): Omitted

Clause (13) It has been proposed to amend this clause which now reads as follows:

Any income representing any payment received by way of gratuity"" by an employee on his retirement or, in the event of his death, by his heirs as does not exceed –

Clause (23A): Omitted
Clause (23C): Omitted

Clause (66): Through proposed amendment exemption from total income has been withdrawn in case of the following, newly proposed amended clause (66) is as under:

(66) Subject to the provisions of section 100C, any income derived by the following institution, foundations, societies, boards, trusts and funds, namely: –

TABLE

Sr. No.	Name
(1)	(2)
(i)	<i>International Islamic Trade Finance Corporation.</i>
(ii)	<i>Islamic Corporation for Development of Private Sector.</i>
(iii)	<i>National Memorial Bab-e-Pakistan Trust.</i>
(iv)	<i>Pakistan Agricultural Research Council.</i>
(v)	<i>The corporatized entities of Pakistan Water and Power Development Authority from the date of their creation upto the date of completion of the process of corporatization i.e. till the tariff is notified.</i>
(vi)	<i>The Prime Minister's Special Fund for victims of terrorism.</i>
(vii)	<i>Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP.</i>
(viii)	<i>The Institutions of the Agha Khan Development Network (Pakistan) as contained in Schedule 1 of the Accord and Protocol, dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and the Agha Khan Development Network.</i>
(ix)	<i>Pakistan Council of Scientific and Industrial Research.</i>
(x)	<i>The Pakistan Water and Power Development Authority established under the Pakistan Water and Power Development Authority Act, 1958 (W. P. Act XXXI of 1958).</i>
(xi)	<i>WAPDA First Sukuk Company Limited.</i>
(xii)	<i>Pension of a former President of Pakistan and his widow.</i>
(xiii)	<i>State Bank of Pakistan and State Bank of Pakistan Banking Services Corporation.</i>
(xiv)	<i>International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVIII of 1956) and provided in section 9 of Article VI of Articles of Agreement 1955 as amended through April 1993</i>
(xv)	<i>Pakistan Domestic Sukuk Company Ltd.</i>

(xvi)	<i>ECO Trade and Development Bank.</i>
(xvii)	<i>The Islamic Chamber of Commerce and Industry under the Organization of Islamic Conference (OIC).</i>
(xviii)	<i>Commission on Science and Technology for Sustainable Development in the South (COMSATS) formed under International Agreement signed on 5th October, 1994.</i>
(xix)	<i>WAPDA on issuance of twenty billion rupees TFC's/SUKUK certificates for consideration of Diamer Bhasha Dam Projects.</i>
(xx)	<i>Federal Board of Revenue Foundation.</i>
(xxi)	<i>WAPDA Second Sukuk Company Limited.</i>
(xxii)	<i>Pakistan International Sukuk Company Limited.</i>
(xxiii)	<i>Second Pakistan International Sukuk Company Limited.</i>
(xxiv)	<i>Third Pakistan International Sukuk Company Limited.</i>
(xxv)	<i>Asian Infrastructure Investment Bank and persons as provided in Article 51 of Chapter IX of the Articles of Agreement signed and ratified by Pakistan and entered into force on the 25th December, 2015.</i>
(xxvi)	<i>Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund.</i>
(xxvii)	<i>National Disaster Risk Management Fund</i>
(xxviii)	<i>Deposit Protection Corporation established under subsection (I) of section 3 of Deposit Protection Corporation Act, 2016 (XXXVII of 2016).</i>
(xxix)	<i>SAARC Energy Centre.</i>
(xxx)	<i>The Asian Development Bank established under the Asian Development Bank Ordinance, 1971 (IX of 1971).</i>
(xxxi)	<i>The Prime Minister's COVID-19 Pandemic Relief Fund-2020.</i>
(xxxii)	<i>Saarc Arbitration Council (SARCO).</i>
(xxxiii)	<i>International Parliamentarians' Congress.</i>
(xxxiv)	<i>Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT.</i>
(xxxv)	<i>Shaukat Khanum Memorial Trust.</i>
(xxxvi)	<i>National Endowment Scholarship for Talent (NEST).</i>
(xxxvii)	<i>Islamic Naya Pakistan Certificates Company Limited (INPCCL).</i>
(xxxviii)	<i>Abdul Sattar Edhi Foundation.</i>
(xxxix)	<i>Patient's Aid Foundation.</i>
(xl)	<i>Indus Hospital and Health Network.</i>
(xli)	<i>Securities and Exchange Commission of Pakistan.</i>
(xlii)	<i>Dawat-e-Hadiya, Karachi.</i>
(xliii)	<i>Privatisation Commission of Pakistan.</i>
(xliv)	<i>The Citizens Foundation.</i>
(xlv)	<i>Sundus Foundation.</i>
(xlvi)	<i>Ali Zaib Foundation</i>
(xlvii)	<i>Fauji Foundation.</i>
(xlviii)	<i>Make a Wish Foundation</i>
(xlix)	<i>Audit Oversight Board.</i>
(l)	<i>Supreme Court Water Conservation Account.</i>
(li)	<i>Layton Rahmatullah Benevolent Trust (LRBT).</i>
(lii)	<i>Baluchistan Education Endowment Fund (BEEF).</i>
(liii)	<i>Saylani Welfare International Trust.</i>
(liv)	<i>Chiniot Anjuman Islamia.</i>
(lv)	<i>Army Welfare Trust.</i>
(lvi)	<i>Pakistan Mortgage Refinance Company Limited.;</i>
(lvii)	<i>The Pakistan Global Sukuk Programme Company Limited.</i>
(lviii)	<i>Karandaaz Pakistan from tax year 2015 onwards</i>

(lix)	<i>Pakistan Sweet Homes Angels and Fairies Place.</i>
(lx)	<i>Public Private Partnership Authority for tax year 2022 and subsequent four tax years</i>
(lxi)	<i>Dawat-e-Islami Trust</i>
(lxii)	<i>Hamdard Laboratories (Waqf) Pakistan</i>
(lxiii)	<i>The Prime Minister's Relief Fund for Flood, Earthquake and Other Calamities with effect on and from the 5th August, 2022.</i>
(lxiv)	<i>Film and Drama Finance Fund</i>
(lxv)	<i>Export-Import Bank of Pakistan</i>
(lxvi)	<i>Shaheed Mohtarma Benazir Bhutto Institute of Trauma, Karachi</i>
(lxvii)	<i>Shaheed Zulfikar Ali Bhutto Institute of Science and Technology.</i>
(lxviii)	<i>Al-Shifa Trust</i>
(lxix)	<i>Bilquis Edhi Foundation.</i>
(lxx)	<i>Fatimid Foundation</i>
(lxxi)	<i>Pakistan Engineering Council.</i>
(lxxii)	<i>The Institution of Engineers.</i>
(lxxiii)	<i>Liaquat National Hospital Association.</i>
(lxxiv)	<i>Greenstar Social Marketing Pakistan (Guarantee) Limited.</i>
(lxxv)	<i>Gulab Devi Chest Hospital.</i>
(lxxvi)	<i>Pakistan Poverty Alleviation Fund</i>
(lxxvii)	<i>National Academy of Performing Arts.</i>
(lxxviii)	<i>National Rural Support Programme.</i>
(lxxix)	<i>Pakistan Bar Council.</i>
(lxxx)	<i>Pakistan Centre for Philanthropy.</i>
(lxxxii)	<i>Aziz Tabba Foundation.</i>
(lxxxiii)	<i>The Kidney Centre Post Graduate Training Institute.</i>
(lxxxiv)	<i>Pakistan Disabled Foundation</i>
(lxxxv)	<i>Forman Christian College.</i>
(lxxxvi)	<i>Habib University Foundation.</i>
(lxxxvii)	<i>Begum Akhtar Rukhsana Memorial Trust Hospital.</i>
(lxxxviii)	<i>Al- Khidmat Foundation.</i>
(lxxxix)	<i>Sardar Trust Eye Hospital, Lahore</i>
(lxxxix)	<i>Akhuwat.</i>
(xc)	<i>Al-Shifa Trust Eye Hospital.</i>
(xci)	<i>SARMAYA-E-PAKISTAN LIMITED.</i>
(xcii)	<i>Lahore University of Management Sciences, Lahore.</i>
(xciii)	<i>Ghulam Ishaq Khan Institute of Engineering Sciences and Technology.</i>
(xciv)	<i>Society for the Promotion of Engineering Sciences and Technology in Pakistan (SOPREST).</i>
(xcv)	<i>Businessmen Hospital Trust.</i>
(xcvi)	<i>Baitussalam Welfare Trust.</i>
(xcvii)	<i>Alamgir Welfare Trust International.</i>
(xcviii)	<i>Foundation University.</i>
(xcix)	<i>Burhani Qarzan Hasnan Trust</i>
(c)	<i>Saifee Hospital Karachi</i>
(ci)	<i>Saifiyah Girls Taalim Trust</i>
(cii)	<i>Balochistan Bar Council</i>
(ciii)	<i>Islamabad Bar Council</i>
(civ)	<i>Khyber Pakhtunkhwa Bar Council</i>
(cv)	<i>Punjab Bar Council</i>
(cvi)	<i>Sindh Bar Council</i>
(cvii)	<i>Shaheed Zulfikar Ali Bhutto Foundation (SZABF)</i>

(cviii)	Beaconhouse National University
(cix)	Federal Ziauddin University
(cx)	Army Officers Benevolent Fund/Benevolent Fund/Bereaved Family Scheme
(cxi)	Punjab Police Welfare Foundation Lahore”;

Clause (98A): Omitted

Clause (98AA): A new clause proposed to be inserted as follows:

Any income derived by ICC Business Corporation (IBC) or International Cricket Council (ICC) or employees, officials, agents and representatives of IBC and ICC, officials from ICC members, players, coaches, medical doctors and officials of member countries, IBC partners and media representatives, other than persons who are resident of Pakistan, from ICC champions Trophy, 2025 hosted in Pakistan.

Clause (126E): It has been proposed to amend this clause as follows:

*Income derived by a zone enterprise as defined in the Special Economic Zones Act, 2012 (XX of 2012) for a period of ten years starting from the date the developer certifies that the zone enterprise has commenced commercial operation **or up to the 30th day of June, 2035**, whichever is earlier and for a period of ten years to a developer of zone starting from the date of signing of the development agreement in the special economic zone as announced by the Federal Government.*

Clause (126EA): It has been proposed to amend sub-clause (b) of this clause as follows:

*(b) zone Enterprises as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority **or up the 30th day of June, 2035**, whichever is earlier;*

(145A): It has been proposed to make the following changes;

*(145A) Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Area forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, **2026** (both days inclusive).*

Clause (151): It has been proposed to add the following proviso to this clause:

Any income derived by a person from cinema operations for five years from the commencement of cinema operations;

Provided that the exemption under this clause shall be available to a person till 30th June, 2030 or five years from commencement of cinema operations whichever is earlier.

Clause (152): Omitted

THE SECOND SCHEDULE

PART-II

Reduction in Tax Rates

Clause (9AC): Omitted

Clause (24CA): Omitted

THE SECOND SCHEDULE

PART-III

Reduction in Tax Liability

Clause (3): Omitted

Clause (3A): A new clause proposed to be inserted is as follows:

(3A) The tax payable by a full-time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary: Provided that this clause shall not apply to teacher of medical profession who derive income from private medical practice or who receive share of consideration received from patients: Provided further that the provision of this clause shall be deemed to have been in force with effect from the first day of July, 2022 and shall cease to have effect after tax year 2025.

THE SECOND SCHEDULE

PART-IV

Exemption from Specific Provisions

Clause (12F): Omitted

Clause (12G): Omitted

Clause (12J): Omitted

Clause (56): A new sub-clause (xx) is proposed to be inserted after sub-clause (xix) as follows:

(xx) Import of Cystagon, Cysta drops and Trientine capsules.

Clause (105A): The following amendment has been proposed:

(105A) The provisions of section 177 and 214C for selection of a person for audit shall not apply whose income tax affairs have been selected for audit in any of the preceding three tax years

Clause (109A): The following amendment has been proposed:

(109A) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber

*Pakhtunkhwa and Baluchistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, **2026** (both days inclusive).*

Clause (110): It has been proposed to make the following amendment:

*(110) The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of person resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Baluchistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, **2026** (both days inclusive).*

THE SEVENTH SCHEDULE
Rules for the Computation of the Profits & Gains of a Banking Company and Tax
Payable Thereon

Rule (1): After clause (a), the following new clause (aa) proposed to be inserted, read as follows:

- (aa): Where a taxpayer incurs expenditure on leasehold improvements in respect of leased or rented property, the amount so incurred, as reflected in the audited accounts, shall be capitalized and amortized at the rate of ten percent (10%) per annum:*
- (i) amortization under this clause shall commence from the date on which the leasehold improvements are first put to use by the taxpayer; and*
 - (ii) in the event of termination of the lease prior to the completion of the amortization period, the unamortized balance of the capitalized leasehold improvements shall be allowed as a deduction in the tax year in which such termination occurs, after setting off any proceeds received from the disposal or transfer of such leasehold improvements.*

After clause (b), the following new clause (ba) proposed to be inserted, read as follows:

- (ba) Notwithstanding anything contained in any applicable financial reporting standard, including International Financial Reporting Standard (IFRS) 16, the depreciation on right-of-use assets and the finance cost relating thereto shall not be admissible as a deduction. In lieu thereof, the actual rent expense incurred during the tax year shall be allowed as an expense, subject to the condition that the banking company furnishes a certificate from its external auditor to the effect that such rent expense has been actually incurred during the tax year:*

Provided that, in view of the implementation of IFRS 16 with effect from the tax year 2020, where a banking company has claimed excess deductions on account of right-of-use asset depreciation and related finance costs in prior tax years, the differential amount, being the excess of such deductions over the actual rent expense incurred, shall be offered to tax in the tax year 2025;

Provided further that, where the deduction claimed in respect of right-of-use asset depreciation and related finance cost in the prior tax years is less than the actual rent expense incurred, the differential amount shall be allowed as an admissible expense in the tax year 2025:

Explanation. The adjustments specified in the foregoing provisos shall be duly certified by the external auditor of the banking company.

Rule (1): It has been proposed to make the following changes in clause (c) by insertion of a new proviso in the second proviso:

Provided further that if provisioning is less than 5% of advances for consumers and small and medium enterprises (SMEs) then actual provisioning for the year shall be allowed and this provisioning shall be allowable from the first day of July, 2010;

Provided also that the certificate from the external auditor shall be complete in all respects and shall on prescribed format containing following –

(i) the amount of provision, category-wise, allowed in accordance with the Prudential Regulations issued by the State Bank of Pakistan;

(ii) the amount of provision, category-wise, recognized under the International Financial Reporting Standard (IFRS) 9;

(iii) the amount of provision, category-wise, as disclosed in the annual accounts of the banking company; and

the amount of provision, category-wise, which is eligible for deduction under clauses (c), (d), (da), (e) and (f) of Rule 1 of this Schedule, and the certificate shall specifically identify and certify such amount, confirming its consistency with the applicable regulatory framework, the Seventh Schedule, and financial reporting standards.

Explanation- For removal of the doubt, it is further clarified that in case of non-filing of certificate or incomplete filing of certificate at the time of filing of return, the provisions under rule 1 (c) shall not be admissible and requirements specified herein, shall apply in respect of tax year 2025 and onwards.

Rule (1): *It has been proposed to make the following changes in clause (c) by inserting new serial numbers after serial number (iii):*

(iv) only such provisions in respect of non-performing advances as are classified as "loss", in accordance with and based upon the Prudential Regulations issued by the State Bank of Pakistan shall be admissible as an expense under clause (c) of Rule 1 of this Schedule; and

(v) any provision including general provision made otherwise than in accordance with the aforesaid Prudential Regulations shall not be admissible as a deduction in computing the taxable income of a banking company under this Schedule.

Rule (1): *It has been proposed to insert a new clause (fa) after clause (f):*

(fa) the auditor's certificate, as required under clause (c), shall be on the following format:

[On the Letterhead of the External Auditor-Chartered Accountant Firm]

CERTIFICATE UNDER RULE 1(C) OF THE SEVENTH SCHEDULE TO THE INCOME TAX ORDINANCE, 2001 FOR TAX YEAR 2025

To:

The Commissioner Inland Revenue, Zone-, Federal Board of Revenue, I, the undersigned statutory auditor of [Name of Banking Company], having conducted the audit of the annual financial statements for the year ended [insert date], in accordance with the applicable auditing standards and the requirements of the Prudential Regulations issued by the State Bank of Pakistan (SBP), the International Financial Reporting Standard (IFRS) 9, and the Seventh Schedule to the Income Tax Ordinance, 2001, hereby certify the following:

Table-1	Category wise Gross Provisions "In Rupees"			
Particulars	Allowed Under SBP Prudential Regulations:	Recognized Under IFRS 9:	Disclosed In Annual Accounts	Eligible For Deduction Under Rule 1 (c), 1(d) & 1(e)
<i>Substandard</i>	(xxxx)		(xxxx)	(xxxx)
<i>Doubtful</i>	(xxxx)		(xxxx)	(xxxx)
<i>Loss</i>	(xxxx)		(xxxx)	(xxxx)
<i>General Provision</i>	(xxxx)		(xxxx)	(xxxx)
<i>Specific</i>			(xxxx)	(xxxx)
<i>Stage 1</i>		(xxxx)	(xxxx)	(xxxx)
<i>Stage 2</i>		(xxxx)	(xxxx)	(xxxx)
<i>Stage 3</i>		(xxxx)	(xxxx)	(xxxx)
<i>Others (if any)</i>	(xxxx)	(xxxx)	(xxxx)	(xxxx)
Total	(xxxx)	(xxxx)	(xxxx)	(xxxx)

Table-2	Category wise Reversal against Provisions "In Rupees"			
Particulars	Under SBP Prudential Regulations:	Recognized Under IFRS 9:	Disclosed In Annual Accounts	Taxable Under Rule 1 (c), 1(d) & 1(e)
<i>Substandard</i>	(xxxx)		(xxxx)	(xxxx)
<i>Doubtful</i>	(xxxx)		(xxxx)	(xxxx)
<i>Loss</i>	(xxxx)		(xxxx)	(xxxx)
<i>General Provision</i>	(xxxx)		(xxxx)	(xxxx)
<i>Specific</i>			(xxxx)	(xxxx)
<i>Stage 1</i>		(xxxx)	(xxxx)	(xxxx)
<i>Stage 2</i>		(xxxx)	(xxxx)	(xxxx)
<i>Stage 3</i>		(xxxx)	(xxxx)	(xxxx)
<i>Others (if any)</i>	(xxxx)	(xxxx)	(xxxx)	(xxxx)
Total	(xxxx)	(xxxx)	(xxxx)	(xxxx)

We further certify that the above amounts have been derived from and are consistent with:

- (i) The relevant provisions of the Prudential Regulations of SBP;*
- (ii) IFRS 9 and applicable financial reporting frameworks;*
- (iii) The disclosures made in the audited financial statements of the banking company; and*
- (iv) The eligibility criteria specified in clause (c), (d) and (e) of Rule 1 of the Seventh Schedule to the Income Tax Ordinance, 2001.*

This certificate is issued specifically for the purpose of compliance with the proviso to Rule 1(c) of the Seventh Schedule to the Income Tax Ordinance, 2001, as applicable for the tax year 2025 and onwards.

For and on behalf of
[Name of Audit Firm and Signing Partner]
Chartered Accountants

Rule (1): *It has been proposed to amend clause (g) as follows:*

Subject to the aforesaid clauses of rule 1 of this Schedule adjustment made in the annual accounts, on account of the application of International Financial Reporting Standard IFRS-09 (Financial Instruments) or policy or any guidelines or instructions of State Bank of Pakistan in respect of IFRS -09 shall be excluded in arriving at taxable income.

Provided that the provisions of this clause, to the extent of the amendments made herein, shall apply in respect of the tax year 2025 and onwards.

[Explanation.— For removal of doubt, it is clarified that nothing in this clause shall be so construed as to allow a notional loss, or charge to tax any notional gain on any investment under any regulation or instruction unless all the events that determine such gain or loss have occurred and the gain or loss can be determined with reasonable accuracy.]

THE TENTH SCHEDULE

Rules for Persons not Appearing in the Active Taxpayers' List

The following changes have been proposed in the 2nd proviso of rule (1):

S.No.	Fair Market Value of Immovable Property	Tax Rate	Tax Rate
		2024 - 25	2025-26
(1)	(2)	(3)	(4)
1	Where the fair market value does not exceed Rs. 50 million	12%	10.5%
2	Where the fair market value exceeds Rs. 50 million but does not exceed Rs. 100 million	16%	14.5%
3	Where the fair market value exceeds Rs. 100 million	20%	18.5%

The following changes have been proposed in the 3rd proviso of rule (1):

S.No.	Section	Description	Tax Rate	Tax Rate
			2024-25	2025-26
(1)	(2)	(3)	(4)	(5)
1	Section 151	On yield or profit on debt	35%	Omitted
2	Section 236C	On the gross amount of consideration received on sale or transfer of immovable property	10%	11.5%
3	Section 236G	On the gross amount of sale to distributors, dealers or wholesalers other than sale of fertilizer.	2%	2%
4	Section 236H	On the gross amount of sale to retailers	2.5%	2.5%

The following changes have been proposed in clause (a) of rule (1A):

S.No.	Gross Amount of Consideration Received	Tax Rate	Tax Rate
		2024 - 25	2025-26
(1)	(2)	(3)	(4)
1	Where the gross amount of consideration received does not exceed Rs. 50 million	6%	7.5%
2	Where the gross amount of consideration received exceeds Rs. 50 million but does not exceed Rs. 100 million	7%	8.5%
3	Where the gross amount of consideration received exceeds Rs. 100 million	8%	9.5%

The following changes have been proposed in clause (b) of rule (1A):

<i>S.No.</i>	<i>Fair Market Value of Immovable Property</i>	<i>Tax Rate</i>	<i>Tax Rate</i>
		2024 - 25	2025-26
(1)	(2)	(3)	(4)
1	<i>Where the fair market value does not exceed Rs. 50 million</i>	6%	4.5%
2	<i>Where the fair market value exceeds Rs. 50 million but does not exceed Rs. 100 million</i>	7%	5.5%
3	<i>Where the fair market value exceeds Rs. 100 million</i>	8%	6.5%

SALES TAX ACT 1990

COMPARISON & COMMENTS

<u>SECTION</u>	<u>PRESENT POSITION</u>	<u>PROPOSED AMENDMENT THROUGH FINANCE BILL 2025</u>
2(1)	Insertion of Definition of " Abettor "	<p><i>Through proposed amendment the definition of "abettor" has been proposed to be inserted to include persons who abet tax fraud or offences under the Act, including misuse of credentials, false invoicing, use of bank accounts for fraud, and obtaining registration for fake transactions</i></p> <p>"abettor" means a person who 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,-</p> <p>(a) misuses other registered person's unique user identifier and password for filing returns or annexures or any other document or unauthorizedly makes change in tax e-profile of any registered person;</p> <p>(b) prepares, or cause to be prepared with or without authorization of the registered person, invoices for false claim of input tax adjustment;</p> <p>(c) 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; or</p> <p>(d) has obtained or cause to obtain sales tax registration number for the purpose of paper transactions, including issuance of invoices without involving any taxable activity.</p>

2(4A)	Insertion of definition of “Cargo Tracking System”	<p><i>A new definition of the “Cargo Tracking System” has been proposed to be introduced, which refers to a digital system notified by the Federal Board of Revenue (FBR). This system is designed for the electronic monitoring and tracking of goods transported within or across Pakistan.</i></p> <p>The said clause is reproduced as under:</p> <p><i>“Cargo Tracking System means a digital system notified by the Board for electronic monitoring and tracking of goods transported within or across the territory of Pakistan, for the purpose of tax enforcement, compliance and prevention of tax evasion.”</i></p>
5(AC)	Insertion of definition of “Courier”	<p><i>A new clause defines a “courier” as any entity involved in delivering goods and collecting cash on behalf of a seller. This includes logistics companies, ride-hailing services, food delivery platforms, and e-commerce delivery services, thereby expanding the scope of regulation to cover various modern delivery models.</i></p> <p>The said clause is reproduced as under:</p> <p><i>“Courier means any entity engaged in the delivery of goods and collection of cash on behalf of a seller including logistic services, ride-hailing services, food delivery platforms and ecommerce delivery services.”</i></p>

9(AC)	<p>Substitution definition of “E-Commerce”</p>	<p><i>A new clause defines “e-commerce” as the buying and selling of goods and services through computer networks, using digital ordering methods such as websites, mobile apps, online marketplaces, mobile phones, or automated systems designed for placing or receiving orders.</i></p> <p>The said clause is reproduced as under:</p> <p>“e-commerce means sale or purchase of goods and services 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.”</p>
18(A)	<p>Existing Clause 18 A:</p> <p>(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: –</p> <p>(a) by controlling the terms and conditions of the sale;</p> <p>(b) authorizing the charge to the customers in respect of the payment for the supply; or</p> <p>(c) ordering or delivering the goods.]</p>	<p><i>The revised definition 18A defines “online marketplace” as digital platforms that, for a fee, connect multiple buyers and sellers through digital orders, with or without owning the goods or services – broadening the scope beyond control or payment handling.</i></p> <p>The said clause is reproduced as under:</p> <p>“(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 and services, with or without the platform taking economic ownership of the goods or services that are being sold”</p>

2(21)	Insertion of definition of “payment intermediary”	<p><i>A new clause defines “payment intermediary” as any banks, financial institutions, foreign exchange companies, or payment gateways that help transfer funds or payment instructions between parties in a transaction, without being the payer or payee themselves.</i></p> <p>The said clause is reproduced as under:</p> <p>“(21) 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 in a financial transaction, without being the ultimate source or recipient of the payment”</p>
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2(27)	<p>Non-Existent</p>	<p><i>The amended clause on “retail price” introduces three new provisos:</i></p> <p><i>(i) limiting price reduction for aerated water, beverages, mineral water, and fruit juices to a maximum of 5% of the consumer price inclusive of sales tax and FED;</i></p> <p><i>(ii) allowing the FBR to fix retail prices of goods in the Third Schedule through official notification; and</i></p> <p><i>(iii) requiring that the retail price of imported goods in the Third Schedule be at least 130% of their customs value, including applicable duties and federal excise duty.</i></p> <p>Proviso proposed to be inserted:</p> <p>“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 and federal excise duty on which such goods are actually sold to the general body of consumers.</p> <p>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:</p> <p>Provided further 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”</p>
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2(37)	<p>Existing Clause 37</p> <p>(37) “tax fraud” means intentionally understating or underpaying the tax liability or overstating the entitlement to tax credit or tax refund in contravention of duties or obligations imposed under this Act by way of submission of false return, statements or false documents or withholding of correct information or documents to cause loss of tax and includes-</p> <p>(a) suppression of supplies that are chargeable to tax under this Act;</p> <p>(b) false claim of input tax credit;</p> <p>(c) making taxable supplies of goods without issuing any tax invoice, in violation of the provisions of this Act or the rules made thereunder;</p> <p>(d) issuance of any tax invoice without supply of goods leading to inadmissible claim of input tax credit or refund;</p> <p>(e) evasion of tax by availing undue input tax credit or obtaining inadmissible refund by any means or methods other than that covered under clauses (a) to (d);</p> <p>(f) collection of any amount as tax but failing to deposit the same in the prescribed manner beyond a period of three months from due date of payment of tax;</p> <p>(g) falsification or causing falsification of invoice or substitution of financial records or production of fake accounts or documents or furnishing of any false information through human, mechanical or electronic means with an intention to</p>	<p><i>The revised Clause 37 of the STA 1990 expands the scope of “tax fraud” by explicitly including actions done knowingly, intentionally, or dishonestly, and broadens the range of fraudulent activities. It adds new elements such as use of forged documents, fictitious transactions, manipulation of the FBR’s return filing system, and fake compliance with Section 73 through payment routing. It also now includes non-payment of withholding tax as a form of tax fraud. The clause retains the presumption of intent, placing the burden on the accused to prove lack of intent or knowledge.</i></p> <p>The said clause is reproduced as under:</p> <p>“(37) “tax fraud” means knowingly, intentionally or dishonestly doing any act or causing to do any act or omitting to take any action or causing the omission to take any action, to cause loss of tax or attempting to cause loss of tax under this Act, including-</p> <p>(a) using or preparing false, forged and fictitious documents including return, statements annexure and invoices;</p> <p>(b) suppression of supplies that are chargeable to tax under this Act;</p> <p>(c) false claim of input tax credit including based on fictitious transactions;</p> <p>(d) making taxable supplies of goods without issuing any tax invoice;</p> <p>(e) issuance of any tax invoice without supply of goods;</p> <p>(f) suppression and nonpayment of withholding tax in the prescribed manner beyond a period of three months from due date of payment of tax;</p> <p>(g) tampering with or destroying of any material evidence or documents required</p>
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<p>evade tax due or claim inadmissible refund;</p> <p>(h) tampering with or destroying of any material evidence or documents required to be maintained under this Act or the rules made thereunder through human or digital means;</p> <p>(i) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation under this Act or the rules made thereunder;</p> <p>(j) making of taxable supplies without getting registration under this Act; or</p> <p>(k) intentional doing of any act or causing to do an act or omitting to take any action or causing the omission to take any action to cause loss of tax under this Act.</p> <p>Explanation. Any act or omission mentioned in this clause shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing a tax fraud;</p>	<p>to be maintained under this Act or the rules made thereunder;</p> <p>(h) acquisition, possession, transportation, disposal or in any way removing, depositing, keeping, concealing, supplying, or purchasing or in any other manner dealing with, any goods in respect of which there are reasons to believe that these are liable to confiscation under this Act or the rules made thereunder;</p> <p>(i) making of taxable supplies without getting registration under this Act;</p> <p>(j) generating fake input through manipulation of return filing system of the Board and making fake entries in the sales tax returns or in the annexures; and</p> <p>(k) making fictitious compliance of section 73, including routing of payments back to the registered person, or for the benefit of the registered person, through a bank account held by a supplier or a purported supplier.</p> <p>Explanation. – Any act of commission mentioned in this clause shall be treated as intentional unless the person accused of tax fraud proves that he had no intention, motive, knowledge, or reason to believe that he was committing a tax fraud.”</p>
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3(3)(c)	<p>Non-Existent</p>	<p><i>A new sub-section (7A) is proposed to impose tax collection and payment liability on:</i></p> <ul style="list-style-type: none"> ▪ <i>Payment intermediaries (such as banks, financial institutions, exchange companies, and payment gateways) in case of digital payments, and</i> ▪ <i>Courier companies in case of Cash on Delivery (CoD) transactions for supplies made through online marketplaces, websites, or apps from within Pakistan.</i> <p><i>Applicable tax rates notified in the Eleventh Schedule.</i></p> <p>Sub-section inserted: <i>“(c) in the case of supply of digitally ordered goods by online market place, website and software application from within Pakistan during the course of e-commerce, the liability to collect and pay tax shall be of payment intermediary including a banking company, a financial institution, licensed exchange company or payment gateway in case the payment is made digitally and of the courier delivering the goods where those are supplied on Cash on Delivery (CoD) basis at the rates provided in the Eleventh Schedule.”</i></p>
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3(7A)	Non-Existent	<p><i>New sub-section proposed to be introduced – tax collected by intermediaries/couriers to be final discharge; no input adjustment allowed.</i></p> <p>Sub-section inserted: “(7A) Notwithstanding anything contained in this Act, the tax collected by the payment intermediary and courier in respect of the supplies related to digitally ordered goods from within Pakistan in the course of e-commerce shall be deemed as the final discharge of tax liability under this Act for online market place, vendors at online market place, websites, software application making those supplies to the extent of those supplies and no input adjustment shall be allowed in respect of these supplies.”</p>
3(9A)	Non-Existent	<p><i>Proviso proposed to be inserted to exclude sales covered under sub-section (7A) from the chargeability through integrated Tier-1 retailer real time system.</i></p> <p>Proviso inserted: “Provided that sales to the extent falling within the ambit of sub-section (7A) shall be excluded from the chargeability under this sub-section.”</p>

8B(4)	<p>Non-Existent</p>	<p><i>Automated risk management system may limit/defer input tax adjustment; right of appeal provided.</i></p> <p>Sub-section inserted: “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:</p> <p>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.”</p>
11D(5)	<p>Insertion under section 11D Best Judgement Assessment.</p>	<p><i>Enables tax authorities to estimate sales tax liability where return not filed, based on section 236G of ITO, 2001.</i></p> <p>Sub-section inserted:</p> <p>“(5)Notwithstanding anything contained in this section, in case of person who is liable to be registered under clause (25) of section 2 based on tax withheld under section 236G of Income Tax Ordinance, 2001 (XLIX of 2001) and does not furnish a return upon notice, an officer of inland revenue may assess sales tax liability on the value addition on any reasonable basis including information obtained from the purchase data under section 236G of Income Tax Ordinance, 2001 (XLIX of 2001)”.</p>

11E(1)	Section 11E(1) Assessment of tax and recovery of tax not levied or short levied or erroneously refunded empowers the officer to issue assessment orders in light of audit findings. Currently, all audit-related discrepancies, including those potentially prosecutable, can be assessed under this section.	<p><i>An exclusion has been introduced through a proviso stating that this section shall not apply to the extent of issues for which proceedings have been initiated under section 37A (Power to inquire and investigate offences warranting prosecution). This ensures a clear demarcation between civil audit assessments and criminal/prosecution-related inquiries.</i></p> <p>Proviso inserted: "Provided that this section shall not be applicable to the extent of proceedings initiated under section 37A of the Act."</p>
11G(2)	Assessment proceedings initiated under section 11E were required to be finalized within one hundred and twenty (120) days.	<i>The time limit is extended to one hundred and eighty (180) days, providing more time for finalizing assessments.</i>
14(1A)	Non-Existent	Inserted sub-section (1A): "Every person selling goods through online market place, website or software application from within Pakistan during the course of e-commerce shall be required to be registered under this Act."
14(1B)	Non-Existent	Inserted sub-section (1B): "Every online market place, website, software application or courier providing goods delivery services in respect of such supplies shall be required to be registered under this Act."
14(2A)	Non-Existent	<p><i>Enables Commissioner to compulsorily register unregistered persons.</i></p> <p>Inserted sub-section (2A): "(2A) If a person, who is required to be registered under the Act, does not apply for registration and the Commissioner Inland Revenue or any other officer, as may be authorized by the Board, after such inquiry as deemed appropriate, having reason to believe that a person is liable to register, he shall compulsorily register such person."</p>

14AC	<p>Non-Existent</p>	<p><i>New section allows bank account blocking for non-registered persons.</i></p> <p>Inserted sub-section (AC): “14AC. Bar on operations of bank accounts. -</p> <p>(1) Notwithstanding anything contained in this Act or any other law for the time being in force, the Commissioner shall have the powers to direct banking companies, scheduled banks and other financial institutions, through an order in writing, to bar operation of the bank account of any person who fails to get registered for the purposes of this Act.</p> <p>(2) Notwithstanding anything contained in sub-section (1) upon registration of such person, the Commissioner shall issue and convey order for removal of bar on operation of his bank accounts immediately.</p> <p>(3) Any person, aggrieved by any decision or order passed under sub-section (1), may within thirty days of the date of receipt of such decision or order prefer an appeal before the Chief Commissioner Inland Revenue.</p> <p>(4) The provisions of this section shall come into force on such date as the Board may by notification in the official Gazette appoint.</p>
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14AD	<p>Non-Existent</p>	<p><i>Bars unregistered persons from transferring immovable property.</i></p> <p>Inserted sub-section (AD): “14AD. Bar on transfer of Immoveable Property. – (1) Notwithstanding anything contained in this Act or any other law for the time being in force, the Commissioner shall have the powers to direct the property registering authority, through an order in writing, to bar transfer of immoveable property of any person who fails to get registered for the purposes of this Act.</p> <p>(2) Notwithstanding anything contained in sub-section (1), upon registration of such person, the Commissioner shall issue and convey order for removal of bar on transfer of immovable property immediately.</p> <p>(3) Any person, aggrieved by any decision or order passed under sub-section (1) may, within thirty days of the date of receipt of such decision or order prefer an appeal before the Chief Commissioner Inland Revenue.</p> <p>(4) The provisions of this section shall come into force on such date as notified by the Board.”</p>
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14AE	<p>Non-Existent</p>	<p><i>Authorizes sealing, seizure, or appointment of receiver for continued non-registration after due process.</i></p> <p>Inserted sub-section (AE): “14AE. Other coercive actions for non-registration.-</p> <p>(1) Notwithstanding anything contained in this Act or any other law for the time being in force, any person who fails to get himself registered for the purposes of this Act, the Chief Commissioner shall have the powers to: —</p> <p>(a) seal the business premises;</p> <p>(b) seize moveable property; or</p> <p>(c) appoint a receiver for the management of the taxable activity of a person.</p> <p>(2) Action under sub-section (1) shall not be carried out, unless —</p> <p>(a) a public notice is issued specifying the date from which the premises shall be sealed, or movable property is attached, or a receiver is appointed for the management of the taxable activity;</p> <p>(b) a committee comprising the Chief Commissioner, the Commissioner concerned, and a representative from the Chambers of Commerce or Trade Bodies, provides an opportunity of being heard to the person through an open court; and</p> <p>(c) such decision is made public by placement on the Board’s website and newspaper as well.</p> <p>(3) Notwithstanding anything contained in sub-section (1) upon registration, of such person the Chief Commissioner shall issue and convey order for removal of receiver appointed under sub-section (1) not later than two working days.</p>
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		<p>(4) Any person, aggrieved by any decision or order passed under sub-section (1), may within thirty days of the date of receipt of such decision or order prefer representation before the Board.</p> <p>(5) All or any of the provisions of this section shall come into force on such date as the Board may by notification in the official Gazette appoint."</p>
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21(2A)	<p>Non-Existent</p>	<p><i>Requires SCN within 15 days and decision within 30 days of suspension.</i></p> <p>Inserted sub-section (2A): “(2A) The Commissioner shall, within fifteen days of issuance of order of suspension, issue a show cause notice to the registered person. Upon receipt of the reply to the notice and after giving an opportunity of hearing to the registered person, if the Commissioner is satisfied, he may order for revoking of suspension of the registered person or issue an appealable speaking order for blacklisting of the registered person within thirty days of receipt of the reply to the notice.”</p>
21(5)	<p>Previously, power to revise and alter suspension / blacklisting order lies with chief commissioner</p> <p>Sub-section 21(5): (5) <i>Notwithstanding anything contained in this Act, the Chief Commissioner may, either of his own motion or on application made by the registered person call for and examine the record of proceedings and the order of suspension and blacklisting under sub-section (2) and after making such inquiry as is necessary, may modify the such order as he may deems fit:</i></p> <p><i>Provided that no order under this sub-section shall be passed unless an opportunity of being heard has been provided to the registered person.</i></p>	<p><i>Sub-section (5) proposed to be omitted.</i></p> <p><i>This removes the Chief Commissioner’s power to revise or modify suspension/blacklisting orders under section 21(2). However, an appeal can be file before Commissioner Inland Revenue under section 45B of the Sales Tax Act, 1990 against any adverse action.</i></p>

23(1)(g)	No requirement to link invoice with e-Bilty.	<p><i>Requires e-invoice to be linked with e-Bilty under section 40C (STA) on specified sectors i.e., Tobacco, Beverages, Sugar, Fertilizer, cement, Petroleum, Steel Sector, and Tiles and 83C (Customs).</i></p> <p>Proviso inserted: "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."</p>
23(5)-(6)	Non-Existent	<p><i>Mandatory real-time integration of invoices via licensed integrators.</i></p> <p>Inserted subsections: "(5) 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.</p> <p>(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:</p> <p>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."</p>

26(1)	<p>Non-Existent</p>	<p><i>Adds monthly filing requirements for online marketplaces, payment intermediaries, and couriers.</i></p> <p>Proviso inserted: “Provided further also that every online marketplace shall furnish not later than the due date a true, complete and correct monthly statement in the prescribed form, indicating the supplier-wise amount paid and tax due and such other information of the taxable supplies of digitally ordered goods irrespective of the economic ownership of the supplies from within Pakistan:</p> <p>Provided further also that every payment intermediary and courier shall furnish not later than the due date a true, complete and correct monthly statement in the prescribed form, indicating the supplier-wise amount paid and tax due and such other information for taxable supplies of digitally ordered goods from within Pakistan through an online market place, website and software application and delivering goods using its payment platform or courier service as the case may be.”</p>
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26(3)	<p>Contains a proviso allowing a taxpayer to revise a return within sixty days without approval, if either: (a) the tax payable is more than originally paid, or (b) the refund claimed is less than the amount originally claimed.</p> <p>Existing Proviso: "Provided that the approval under this sub-section shall not be required if revised return is filed within sixty days of filing of return and either the tax payable therein 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."</p>	<p><i>Proviso omitted.</i></p> <p><i>Now, approval will be required for all revised returns under sub-section (3), regardless of time elapsed or changes in tax/refund amounts.</i></p>
32B	<p>Non-Existent</p>	<p>Section inserted: "32B. Appointment of experts and auditors. – (1) The Board or the Commissioner may appoint as many experts as it or the Commissioner considers necessary for the purposes of this Act, including for the purposes of assistance in audit, investigation, litigation or valuation.</p> <p>(2) The Board may appoint as many auditors as it may deem fit but not more than two thousand auditors through direct engagement or through a third party including a pay roll firm for the purposes of this Act, and confer such powers as may be deemed necessary to assist the</p> <p>authorities mentioned in clauses (a) to (f) of sub-section (1) of section 30 of this Act and clauses (a) to (f) of sub-section (1) of section 29 of the Federal Excise Act, 2005, as per the terms, conditions, limitations and restrictions as may be prescribed."</p>

33(1A)	Non-Existent	<p>Offence: Where any online marketplace, payment intermediary or courier fails to furnish prescribed monthly statement within due date.</p> <p>Penalty: Such person shall be liable to pay: (i) Penalty of five lac rupees for first default; (ii) Penalty of one million rupees for each subsequent default.</p>
33(1B)	Non-Existent	<p>Offence: Where any online marketplace or courier allows use of its services in the course of e-commerce by unregistered persons.</p> <p>Penalty: Such person shall be liable to pay: (i) Penalty of five lac rupees for first default; (ii) Penalty of one million rupees for each subsequent default.</p>
33(13A)	Non-Existent	<p>Offence: Any person who abets or connives in committing tax fraud as defined in section 2(37) or any offence warranting prosecution under the Act.</p> <p>Penalty: Such person shall be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to ten years or with fine which may extend to ten million rupees, or with both.</p>
33(25B)	Non-Existent	<p>Offence: 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.</p> <p>Penalty: Such person shall be liable to a penalty of fifty thousand rupees and recovery of any tax evaded through such contravention.</p>

37(4)	<p>Non-Existent</p>	<p><i>A new sub-section (4) has been added to Section 37 of the Sales Tax Act, 1990, granting Inland Revenue officers civil court powers during inquiries. These include summoning individuals for testimony under oath, enforcing their attendance, and requiring the production of documents or affidavit-based evidence.</i></p> <p>The said subsection is reproduced below:</p> <p>“(4) For the purpose of an inquiry under this Act, the officer of Inland Revenue shall have the powers of a civil court trying a suit under the Code of Civil Procedure, 1908 (Act No. V of 1908), in respect of the following matters, namely:</p> <p>—</p> <p>(a) summoning and enforcing the attendance of any person and examining him on oath; and</p> <p>(b) requiring the discovery and production of documents and receiving evidence on affidavits.”</p>
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37A	<p>Existing section 37A:</p> <p>37A. Power to arrest and prosecute. –</p> <p>(1) An officer of [Inland Revenue not below the rank of an Assistant Commissioner of Inland Revenue] or any other officer of equal rank authorised by the [Board] in this behalf, who on the basis of material evidence has reason to believe that any person has committed a tax fraud [or any offence warranting prosecution under this Act] [...], [may cause arrest of such person.]</p> <p>(2) All arrests made under this Act shall be carried out in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (Act V of 1898).</p> <p>[(3) ***]</p> <p>(4) Notwithstanding anything contained in sub-section (1) to subsection (3) or any other provision of this Act, where any person has committed a tax fraud [or any offence warranting prosecution under this Act], the [Commissioner] may, either before or after the institution of any proceedings for recovery of tax, compound the offence if such person pays the amount of tax evaded or sought to be evaded along with default surcharge and penalty as provided under this Act.</p> <p>(5) Where the person suspected of tax fraud [or any offence warranting prosecution under this Act] is a company, every director or officer of that company whom the authorised officer has reason to believe is personally responsible for actions of the company contributing the tax fraud [or any offence warranting prosecution under</p>	<p><i>Notwithstanding proceedings under section 11E of the Sales Tax Act, 1990, the amended Section 37A empowers an Inland Revenue officer (not below Assistant Commissioner) to initiate an inquiry into tax fraud or prosecutable offences, with prior approval from the Commissioner. The officer conducts the inquiry using powers under various sections of the Act and, after giving the accused a chance to respond, submits findings to the Commissioner for approval to proceed with investigation. If approved, the officer formally records the offence and may then investigate with powers similar to those of a police officer under the Code of Criminal Procedure, 1898, while remaining subject to the provisions of the Sales Tax Act.</i></p> <p>The said section is reproduced below:</p> <p><i>“37A. Power to inquire and investigate offences warranting prosecution under this Act.–</i></p> <p><i>(1) Notwithstanding anything contained in section 11E of this Act, an officer of Inland Revenue, not below the rank of Assistant Commissioner or any other officer authorized by the Board in this behalf on the basis of material evidence pointing to the commission of tax fraud or an offence warranting prosecution under this Act may initiate an inquiry upon approval by the Commissioner.</i></p> <p><i>(2) The inquiry officer shall complete the inquiry while exercising the powers under the provisions of section 37, 38, 38A, 38B, 40 or any other section the Act, wherever required.</i></p> <p><i>(3) On completion of the inquiry, the inquiry officer may give an opportunity of being heard to the person whose actions may have caused or attempted to cause tax fraud or any other offence warranting prosecution under this Act, confronting the person the details of tax fraud</i></p>
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<p>this Act] shall be liable to arrest; provided that any arrest under this sub-section shall not absolve the company from the liabilities of payment of tax, [default surcharge] and penalty imposed under this Act.</p>	<p><i>committed or caused to be committed or attempted to be committed by such person.</i></p> <p><i>(4) The inquiry officer, either on non-compliance by the person accused of tax fraud under sub-section (3) or unsatisfactory submission by the accused under said sub-section, and having reason to believe on the basis of evidence acquired during inquiry under this Act that actions of the person may have caused or attempted to cause tax fraud or any other offence warranting prosecution under this Act, shall submit facts and findings of the inquiry including the loss of tax caused or attempted to cause, calculated as a result of such inquiry to the Commissioner to obtain prior approval for investigation.</i></p> <p><i>(5) The Commissioner, on the basis of facts and findings under sub-section (4) and after recording reasons in writing, shall-</i></p> <p><i>(a) approve initiation of investigation, or</i></p> <p><i>(b) require the officer of Inland Revenue to submit such further information or documents as he may direct for his decision; or</i></p> <p><i>(c) reject the request of the officer.</i></p> <p><i>(6) Upon approval of investigation under sub-section (5), the inquiry officer shall enter the substance of the offence in writing in the form as may be prescribed by the Board.</i></p> <p><i>(7) While holding investigation, an officer of Inland Revenue not below the rank of Assistant Commissioner shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure,1898 (Act V of 1898), but such officer shall exercise such powers subject to the provisions of this Act."</i></p>
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37(AA)	<p>Non-Existent</p>	<p><i>A new section 37AA empowers Inland Revenue officers to arrest persons suspected of tax fraud or offences under the Act with prior approval of the Commissioner. In urgent situations, arrests may be made without prior approval but must be promptly reported and justified. The Commissioner can order release if the arrest lacks sufficient grounds or appears mala fide and may initiate an inquiry. Company officials such as directors or CFOs may also be arrested, without affecting the company's tax liabilities. All arrests must comply with the Code of Criminal Procedure, and abettors may also be arrested with approval.</i></p> <p>The said section is reproduced below:</p> <p>“37AA. Power to arrest. -</p> <p>(1) The officer of Inland Revenue, during the investigation, having reason to believe on the basis of evidence that actions of any person may have caused or attempted to cause tax fraud or any other offence warranting prosecution under this Act, may cause arrest of such person with prior approval of the Commissioner.</p> <p>(2) Where an officer of Inland Revenue is of the opinion that delay in arrest may enable the accused to evade the process of law or circumstances exist in which obtaining prior approval of the Commissioner under sub-section (1) is not practicable, he may arrest accused without prior approval of the Commissioner and immediately report the arrest of the accused to the Commissioner. Such report shall contain a summary of all material facts liable to be entered in the register of arrests and detentions and shall be accompanied with a copy of the grounds of arrest of such person.</p> <p>(3) The Commissioner may, if he believes that there was no sufficient evidence or reasonable ground for arrest of a person without approval in terms of sub-section (2) or the arrest was made with mala fide intent, direct the officer of Inland Revenue to release forthwith the accused so arrested.</p>
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		<p>(4) The Commissioner shall then refer the matter to the Chief Commissioner for fact finding inquiry if he believes that the arrest made under sub-section (2) was without sufficient evidence or reasonable ground or made with mala fide intention.</p> <p>(5) Where the person suspected of tax fraud or any offence warranting prosecution under this Act is a company, every director, chief executive officer or the chief financial officer or by whatever name he may be called, of that company whom the officer of Inland Revenue has reason to believe is personally responsible for actions of the company committing the tax fraud or any offence warranting prosecution under this Act shall be liable to arrest:</p> <p>Provided that any arrest under this sub-section shall not absolve the company from the liabilities of tax sought to be evaded, default surcharge and penalty under this Act.</p> <p>(6) All arrests made under this Act shall be carried out, unless inconsistent with the provisions of this Act, in accordance with the relevant provisions of the Code of Criminal Procedure, 1898 (Act V of 1898).</p> <p>(7) Notwithstanding anything contained in sub-section (1) to (5) of section 37A of the Act, an officer of Inland Revenue, not below the rank of Assistant Commissioner or any other officer authorized by the Board in this behalf, who on the basis of material evidence has reason to believe that any person is an abettor of tax fraud or any offence warranting prosecution under the Act, may cause arrest of such person on approval regarding investigation and arrest by the Commissioner."</p>
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37B	<p>Existing section 37B:</p> <p>37B. Procedure to be followed on arrest of a person. –</p> <p>(1) When [an officer of Inland Revenue] authorized in this behalf arrests a person under Section 37A, he shall immediately intimate the fact of the arrest of that person to the Special Judge who may direct such Officer to produce that person at considers such time and place and on such date as the Special Judge considers expedient and such Officer shall act accordingly.</p> <p>(2) Notwithstanding anything contained in the sub-section (1), any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.</p> <p>(3) When any person is produced under sub-section (2) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit: Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation necessary, but before passing such order he shall afford such</p>	<p><i>The revised Section 37B sets out the procedure for arrest under the Sales Tax Act, requiring production before a Special Judge or Magistrate within 24 hours. Bail, detention, or remand (up to 14 days) may be granted. If no evidence is found, the person may be released on bond, and a report submitted. A register of arrests must be maintained, and investigation reports, including tax loss, are to be filed. The Board may authorize other officers to act under this section.</i></p> <p>The said section is reproduced below:</p> <p>“37B. Procedure to be followed on arrest of a person.-</p> <p>(1) Any person arrested under this Act shall be produced before the Special Judge or, if there is no Special Judge within a reasonable distance, to the nearest Judicial Magistrate, within twenty-four hours of such arrest, excluding the time necessary for the journey from the place of arrest to the Court of the Special Judge or, as the case may be, of such Magistrate.</p> <p>(2) When any person is produced under sub-section (1) before the Special Judge, he may, on the request of such person, after perusing the record, if any and after giving the prosecution an opportunity of being heard, admit him to bail on his executing a bond, with or without sureties, or refuse to admit him to bail and direct his detention at such place as he deems fit:</p> <p>Provided that nothing herein contained shall preclude the Special Judge from cancelling the bail of any such person at a subsequent stage if, for any reason, he considers such cancellation is necessary, but before passing such order he shall afford such person an opportunity of being heard.</p>
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<p>person an opportunity of being heard, unless for reasons to be recorded he considered that the affording of such opportunity shall defeat the purposes of this Act.</p> <p>(4) When such person is produced under sub-section (2) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.</p> <p>(5) Nothing in sub-section (3) or sub-section (4) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of [an officer of Inland Revenue] holding inquiry against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of inquiry or investigation it is necessary to make such order: Provided that in no case the period of such custody shall exceed fourteen days.</p> <p>(6) When any person is arrested under this Act, [an officer of Inland Revenue] shall record the fact of arrest and other relevant particulars in the register specified in sub-section (10) and shall immediately proceed to inquire into the charge against such person and if he completes the inquiry within twenty-four hours of his arrest, excluding the</p>	<p>(3) When such person is produced under sub-section (1) before a Judicial Magistrate, such Magistrate may, after authorising his detention in such custody at such place and for such period as he considers necessary or proper for facilitating his earliest production before the Special Judge, direct his production before the Special Judge on a date and time to be fixed by him or direct such person to be forthwith taken to, and produced before, the Special Judge and he shall be so taken.</p> <p>(4) Nothing in sub-section (2) or sub-section (3) shall preclude the Special Judge or the Judicial Magistrate from remanding any such person to the custody of an officer of Inland Revenue carrying out investigation against that person if such officer makes a request in writing to that effect, and the Special Judge or the Judicial Magistrate may, after perusing the record, if any, and hearing such person, is of the opinion that for the completion of investigation it is necessary to make such order. Upon expiry of a period of remand further remand, as aforesaid may be granted on good cause being shown:</p> <p>Provided that in no case the aggregate period of such custody shall exceed fourteen days.</p> <p>(5) If an officer of Inland Revenue, after holding an investigation as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he may release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a</p>
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<p>time necessary for journey as aforesaid, he may, after producing such person before the Special Judge or the nearest Judicial Magistrate, make a request for his further detention in his custody.</p> <p>(7) While holding an inquiry under sub-section (6), [an officer of Inland Revenue] shall exercise the same powers as are exercisable by an officer in charge of a police station under the Code of Criminal Procedure, 1898 (Act V of 1898), but such officer shall exercise such powers subject to the foregoing provisions of this section while holding an inquiry under this Act.</p> <p>(8) If [an officer of Inland Revenue], after holding an inquiry as aforesaid, is of the opinion that there is no sufficient evidence or reasonable ground for suspicion against such person, he shall release him on his executing a bond, with or without sureties, and shall direct such person to appear, as and when required, before the Special Judge, and make a report to the Special Judge for the discharge of such person and shall make a full report of the case to his immediate superior.</p> <p>(9) The Special Judge to whom a report has been made under subsection, (8) may, after the perusal of record of the inquiry, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.</p> <p>(10) [An officer of Inland Revenue] empowered to hold inquiry under this section shall maintain a register to be</p>	<p>full report of the case to the Commissioner.</p> <p>(6) The Special Judge to whom a report has been made under sub-section (5) may, after perusal of the record, and hearing the prosecution, agree with such report and discharge the accused or, if he is of the opinion that there is sufficient ground for proceedings against such person, proceed with his trial and direct the prosecution to produce evidence.</p> <p>(7) An officer of Inland Revenue empowered to carry out investigation under this Act shall maintain a register of arrests and detentions in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the investigation has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such officer is so directed by him.</p> <p>(8) After completing the investigation, an officer of Inland Revenue shall, as early as possible, submit to Special Judge a report through the Commissioner in the same form and manner in which the officer-in-charge of a police station submits a report, before a court, including the total amount of loss of tax caused or attempted to be caused by the accused.</p> <p>(9) Magistrate of the first class may record any statement or confession during investigation under this Act, in</p>
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<p>called "Register of Arrests and Detentions" in the prescribed form in which he shall enter the name and other particulars of every person arrested under this Act, together with the time and date of arrest, the details of the information received, the details of things, goods or documents, recovered from his custody, the name of the witnesses and the explanation, if any, given by him and the manner in which the inquiry has been conducted from day to day; and, such register or authenticated copies of its aforesaid entries shall be produced before the Special Judge, whenever such Officer is so directed by him.</p> <p>(11) After completing the inquiry, [an officer of Inland Revenue] shall, as early as possible, submit to Special Judge a complaint in the same form and manner in which the officer incharge of a police station submits a report, before a court.</p> <p>(12) Magistrate of the first class may record any statement or confession during inquiry under this Act, in accordance with the provisions of Section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).</p> <p>(13) Without prejudice to the foregoing provisions of this section, [Board, with the approval of the Federal Minister-in-charge,] may, by notification in the official Gazette, authorize any other officer working under the [Board] to exercise the powers and perform the functions of [an officer of Inland Revenue] under this section, subject to such conditions, if any, that it may deem fit to impose.]</p>	<p>accordance with the provisions of section 164 of the Code of Criminal Procedure, 1898 (Act V of 1898).</p> <p>(10) Without prejudice to the foregoing provisions of this section, the Board, with the approval of the Federal Minister-in-charge, may, by notification in the official Gazette, authorize any other officer working under the Board to exercise the powers and perform the functions of an officer of Inland Revenue under this section, subject to such conditions, if any, that it may deem fit to impose."</p>
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37BB	<p>Non-Existent</p>	<p><i>A new section 37BB is added to the Act which allows the Commissioner to compound tax fraud or prosecutable offences – excluding offences under section 33(13A) – if the accused pays the tax due, along with penalty and default surcharge. Compounding does not stop investigation or prosecution of others who abetted the offence. Once compounded, the accused is deemed acquitted, but if already convicted and an appeal is pending before the High Court, compounding requires the High Court's permission.</i></p> <p>Section 37BB inserted as follows: "37BB. Compounding of offences.- (1) Notwithstanding anything contained in this Act, where any person accused of tax fraud or any other offence warranting prosecution under this Act, except the offence under clause (13A) of section 33, wishes to deposit the amount of tax calculated as a result of inquiry or investigation along-with penalty and default surcharge under sections 33 and 34, the Commissioner may compound such offence.</p> <p>(2) The compounding of offence under sub-section (1) shall not abate the investigation and prosecution proceedings in the case of registered persons, individuals and entities who abet or connive in tax fraud or any other offence warranting prosecution under this Act.</p> <p>(3) The compounding of an offence under sub-section (1) shall have an effect of an acquittal of the accused with whom the offense has been compounded.</p> <p>Provided that where the accused has been convicted and appeal is pending before the High Court under section 37I, no compounding shall be allowed without the leave of the High Court."</p>
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38B (5)	<p>Non-Existent</p>	<p><i>A new subsection (5) of section 38B authorizes the Commissioner to require Internet Service Providers, telecom companies, and the Pakistan Telecommunication Authority to provide subscriber IP-related information for any inquiry or investigation related to tax fraud, overriding any other existing law.</i></p> <p>Subsection 38B (5) inserted:</p> <p>“(5) Notwithstanding anything contained in any other law for the time being in force, the Commissioner may, by notice in writing, require only Internet Service Providers, Telecommunication Companies and Pakistan Telecommunication Authority, to furnish subscriber's information pertaining to the Internet Protocols in connection with any inquiry or investigation in cases of tax fraud, as may be specified in such notice.”.</p>
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43(A)	<p>43A. Pecuniary jurisdiction in appeals.</p> <p>(1) Subject to other provisions of this Act,</p> <p>(a) an appeal to the Commissioner (Appeals) shall lie where the value of assessment of tax or, as the case may be, refund of tax does not exceed ten million rupees; or</p> <p>(b) an appeal to the Appellate Tribunal Inland Revenue shall lie where the value of assessment of tax or, as the case may be, refund of tax exceeds ten million rupees.</p> <p>(2) A person or, as the case may be, officer of Inland Revenue aggrieved by an order of the Commissioner (Appeals) in cases under clause (a) of sub-section (1) may file a reference before the High Court in accordance with section 133 of the Income Tax Ordinance, 2001(XLIX of 2001).</p> <p>(3) A person or, as the case may be, officer of Inland Revenue aggrieved by an order of the Appellate Tribunal in cases under clause (b) of sub-section (1) may file a reference before the High Court in accordance with section 133 of the Income Tax Ordinance, 2001 (XLIX of 2001).</p> <p>(4) The cases pending before the Commissioner (Appeals) having the value of assessment of tax or, as the case may be, refund of tax exceeding ten million rupees shall on and from the [31st day of December, 2024] stand transferred to the Appellate Tribunal Inland Revenue.</p> <p>(5) All cases transferred from the Commissioner (Appeals) to the Appellate Tribunal under sub-section (4) shall be decided by the Appellate Tribunal within the period provided for under section 132 of the Income Tax Ordinance, 2001 (XLIX of 2001) which period shall commence from the 16th day of June, 2024.]</p>	<p>Section Omitted.</p> <p><i>Pecuniary jurisdiction of Commissioner (Appeals) has been withdrawn. Hence, appeal against orders can directly be filed without any pecuniary limit.</i></p>
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45B(1)	<p>Existing subsection (1) of section 45B:</p> <p>45B. Appeals. –</p> <p>[(1) Any person, other than the Sales Tax Department, aggrieved by any decision or order passed under sections 10, 11, 25, 36, or 66, by an officer of Inland Revenue may, within thirty days of the date of receipt of such decision or order, [if the value of the assessment [of tax] or, as the case may be, refund of the tax does not exceed ten million rupees] prefer appeal to the Commissioner Inland Revenue (Appeals):</p> <p>Provided that an appeal preferred after the expiry of thirty days may be admitted by the Commissioner Inland Revenue (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within the specified period [.]</p>	<p><i>The revised subsection (1) of section 45B allows any person, aggrieved by certain decisions or orders under specified sections of the Act, to file an appeal before the Commissioner Inland Revenue (Appeals) within thirty days. Additionally, a registered person may opt to file an appeal directly with the Appellate Tribunal Inland Revenue, bypassing the Commissioner (Appeals).</i></p> <p>Subsection 45B(1) inserted: “(1) Any person, other than an State Owned Enterprises (SOE), aggrieved by any decision or order passed under sections 10,11A,11D, 11E, 11F ,21,33, 34 and 66 of this Act, by an officer of Inland Revenue may, within thirty days of the date of receipt of such decision or order prefer appeal to the Commissioner Inland Revenue (Appeals): Provided that an appeal preferred after the expiry of thirty days may be admitted by the Commissioner Inland Revenue (Appeals) if he is satisfied that the appellant has sufficient cause for not preferring the appeal within the specified period:</p> <p>Provided that registered person shall have an option to directly file an appeal before Appellate Tribunal Inland Revenue without availing right of Appeal under this section.”</p>
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46(1)	<p>Existing subsection 1 of section 46:</p> <p>Appeals to Appellate Tribunal. –</p> <p>(1) Subject to section 43A, any person, other than an SOE, aggrieved by any order, 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.</p>	<p><i>The new subsection (1) allows any person, including an Inland Revenue officer not below the rank of Additional Commissioner, to appeal to the Appellate Tribunal against an order of the Commissioner (Appeals). Additionally, persons may appeal orders of officers of Inland Revenue when the second proviso to section 45B applies. Appeals must be filed within 30 days of receiving the order.</i></p> <p>Subsection 46(1) inserted: “(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:</p> <p>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.”</p>
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47(1)	<p>Existing subsection 1 of section 47:</p> <p>47. Reference to the High Court. -</p> <p>(1) Within thirty days of the communication of the order of the Appellate Tribunal or, as the case may be, Commissioner (Appeals), the aggrieved person or the Commissioner may prefer an application in the prescribed form along with a statement of the case and complete record of the Appellate Tribunal or, as the case may be, Commissioner (Appeals) to the High Court, stating any question of law or a mixed question of law and fact arising out of such order.</p>	<p><i>The new subsection (1) of section 47 of the Sales Tax Act, 1990 extends the time limit for filing a reference to the High Court from thirty to sixty days and restricts such reference to orders passed only by the Appellate Tribunal, removing the earlier inclusion of orders by the Commissioner (Appeals).</i></p> <p>Subsection 47(1) inserted: “(1) Within sixty days of the order of the Appellate Tribunal, the aggrieved person or the Commissioner may submit a reference in the prescribed form along with a statement of the case and complete record of the Appellate Tribunal to the High Court, stating any question of law arising out of such order.”</p>
58C	<p>Non-Existent</p>	<p><i>The new section empowers the Chief Commissioner Inland Revenue to refer an audit firm to the Audit Oversight Board for inspection – if, with FBR's approval, it is believed that a registered person's audited accounts under the Companies Act, 2017 do not fairly reflect sales, purchases, or sales tax liability.</i></p> <p>Section 58C inserted:</p> <p>“Where in case of a registered person, whose accounts are subject to audit under the Companies Act, 2017 (XIX of 2017), Chief Commissioner Inland Revenue has reason to believe that the audited accounts do not reflect the true and fair view of sales and purchases and related sales tax liability, he or she may with the approval of the Board, refer the audit firm, who has issued audit certificate to that registered person, for inspection to Audit Oversight Board.”</p>

73(4)	<p>Existing subsection (4) of section 73:</p> <p>A registered [person] shall not be entitled to deduct input tax (credit adjustment or deduction of input tax) which is attributable to such taxable supplies exceeding, in aggregate, one hundred million rupees in financial year or ten million rupees in a tax period as are made to certain person who is not a registered person under this Act.</p>	<p><i>The updated provision empowers the Federal Board of Revenue (FBR), with the approval of the Federal Minister-in-Charge, to prescribe the threshold for input tax adjustment on supplies made to unregistered persons, replacing the fixed monetary limits previously set at one hundred million rupees annually or ten million rupees per tax period.</i></p> <p>Revised sub-section 73(4):</p> <p><i>“A registered [person] shall not be entitled to deduct input tax (credit adjustment or deduction of input tax) which is attributable to such taxable supplies exceeding, in aggregate, “the amount in a financial year or in a tax period, as may be prescribed by the Board, with the approval of the Federal Minister-in-charge”, as are made to certain person who is not a registered person under this Act.</i></p>
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74	<p>Non-Existent</p>	<p><i>A new proviso limits the total extension period under this section to a maximum of two years by the Board or Commissioner, overriding any conflicting laws or decisions. However, if a significant loss to the exchequer is suspected due to actions by a registered person or tax authority, a Board-notified committee may further extend the limitation period after giving the person a fair hearing.</i></p> <p>Proviso inserted: “Provided further that regardless of anything stipulated in this section, or any provision of this Act, or any other applicable law currently in force, and notwithstanding any decision, order or judgement issued by any forum, authority or court, the maximum period of extension under this section by the Board or the Commissioner, as the case may be, shall not exceed two years in aggregate:</p> <p>Provided also that where there are reasons to believe that significant loss to exchequer has been caused by an act of omission or commission by the registered person or by any authority mentioned in section 30, a committee of members as notified by the Board may further condone the limitation specified for a period as it may deem fit, after providing a reasonable opportunity of being heard to the registered person concerned.”</p>
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CUSTOMS ACT 1969

COMPARISON & COMMENTS

<u>SECTION</u>	<u>PRESENT POSITION</u>	<u>PROPOSED AMENDMENT THROUGH FINANCE BILL 2025</u>
2(eb)	Non-Existent	<i>Through this proposed amendment the new subclauses have been added which reads as under:</i> “(eb) "cargo tracking system" means a digital system notified by the Board for electronic monitoring and tracking of import, export, transit and transshipment goods transported within or across the territory of Pakistan for the purposes of enforcement, compliance and prevention of smuggling.”
2(kkaa)	Non-Existent	<i>Through this proposed amendment the new subclauses have been added which reads as under:</i> “(kkaa) "e-bilty" means the digital document generated through cargo tracking system to be accompanied with the transport carrying import, export, transit and transshipment goods transported within or across the territory of Pakistan as per the format prescribed under the rules by the Board.”

3A	<p>3A. Directorate General of Intelligence and Investigation, Customs.-</p> <p>The Directorate General of Intelligence and Investigation 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.</p>	<p><i>Through this proposed amendment the Section 3A has been substituted which reads as under:</i></p> <p>“3A. Directorate General of Intelligence and Risk Management, Customs.-</p> <p>(1) The Directorate General of Intelligence and Risk Management, Customs 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.</p> <p>(2) The Directorate General of Intelligence and Risk Management-Customs shall also have powers assigned under the Anti-Money Laundering Act, 2010 (VII of 2010) and rules or regulations made thereunder to the defunct Directorate General of Intelligence and Investigation, Customs.”</p>
3B	<p>3B. Directorate General of Internal Audit.-</p> <p>The Directorate General of Internal Audit 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.]</p>	<p><i>Through this proposed amendment the Section 3B has been substituted which reads as under:</i></p> <p>“3B. Directorate General of Customs Auction.-</p> <p>The Directorate General of Customs Auction 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.”</p>
19(5)	<p>Provided further that all notifications issued on or after the first day of July, 2016, and placed before the National Assembly as required under sub-section (4) shall continue to be in force till thirtieth day of June, 2025, if not earlier rescinded by the Federal Government or the National Assembly.</p>	<p><i>Through this proposed amendment in section 19, in sub-section (5), in the second proviso, for the figure “2025”, the figure “2026” has been substituted.</i></p>

19C	<p>19C. Minimal duties not to be demanded. –</p> <p>Where the value of imported goods does not exceed five thousand rupees, no duties and taxes shall be demanded, subject to conditions and restrictions as may be prescribed by the Board under the rules.]</p>	<p><i>Through this proposed amendment in section 19C, for the words “does not exceed five thousand”, the words “<u>through post or courier does not exceed five hundred</u>” has been substituted;</i></p>
27A	<p>27A. Allowing mutilation or scrapping of goods.-</p> <p>At the request of the owner [to be made before the filing of goods declaration] the mutilation or scrapping of goods as are notified by the Board, may be allowed, in the manner as prescribed by the rules and where such goods are so mutilated or scrapped they shall be chargeable to duty at such rates as may be applicable to the goods as if they had been imported in the mutilated form or as scrapped]:</p> <p>[Provided that the goods imported in new condition shall not be allowed scrapping and mutilation and shall be classified and chargeable to leviable duty and taxes as new goods.]</p>	<p><i>Through this proposed amendment a new proviso has been inserted whereby scrapping and mutilation has been restricted for quantity exceeding ten percent, proviso reads as under;</i></p> <p>“Provided further that scrapping and mutilation shall not be allowed for quantity exceeding ten percent of the imported goods.”</p>
32(3A)	<p>(3A)Notwithstanding anything contained in sub-section (3), where any duty, taxes or charge has not been levied or has been short-levied or has been erroneously refunded and this is discovered as a result of an audit or examination of an importer’s [or exporter’s] accounts or by any means other than an examination of the documents provided by the importer [or exporter] at the time the goods were imported 128[or exported], the person liable to pay any amount on that account shall be served with a notice within [five] years of the relevant date requiring him to show cause why he should not pay the amount specified in the notice.</p> <p>Provided that if the recoverable amount in a case is less than [twenty thousand] rupees, the Customs authorities shall not initiate the aforesaid action.</p>	<p><i>Through this proposed amendment under the proviso words “twenty thousand”, have been substituted by “one hundred thousand” and after the word “action”, the words “if he deposits the recoverable amount” have been inserted;</i></p>

79(1)(b)	Non-Existent	<p><i>Through this proposed amendment in section 79(1)(b) in the following new proviso shall be added, namely:</i></p> <p>“Provided that, from such date as notified by the Board, in respect of goods declaration filed prior to berthing of the vessel or cross-over event of vehicle, he shall have the option to pay his liability of duty, taxes and other charges on completion of assessment.”</p>
80(6)	Non-Existent	<p><i>Through this proposed amendment the following new sub-section has been added namely;</i></p> <p>“(6) Subject to such conditions, limitations or restrictions, the Board may by a special order constitute Centralized Assessment Unit and Centralized Examination Unit at such places as it may deem appropriate:</p> <p>Provided that-</p> <p>(a) import, export and transit consignments at any customs port, inland customs station, border customs station or airport may be assessed and examined through Centralized Assessment Unit and Centralized Examination Unit;</p> <p>(b) Centralized Assessment Unit shall be restricted areas accessible only to the designated customs officers or such other officers authorized by the Chief Collector;</p> <p>(c) digitalized assessment may be made through customs computerized system on the basis of artificial intelligence tools;</p> <p>(d) the Board may prescribe any manner or conditions for assessment or examination of goods through Centralized Assessment Unit and Centralized Examination Unit; and</p> <p>(e) the Centralized Assessment Unit and Centralized Examination Unit already constituted shall be deemed to have always been constituted under this section.”</p>

82	<p>82. Procedure in case of goods not cleared or warehoused or transshipped or exported or removed from the port within [fifteen days] after unloading or filing of declaration.-</p> <p>If any goods are not cleared for home-consumption or warehoused or transshipped or are not loaded on the conveyance for export or removed from the port area within [fifteen days] of their arrival at a customs station or within such extended period not exceeding [five] days, an officer not below the rank of Assistant Collector may allow, and such goods may, after the due notice given to the owner if his address could be ascertained, or after due notice to the carrier, shipping or customs agent, custodian of the goods, as the case may be, if his address could not be ascertained, may be sold in auction or taken into custody by Customs and removed from the port to a Customs warehouse for auction under the order of the Assistant Collector notwithstanding the fact that adjudication of the case under section 179, or an appeal under section 193, or 196, or a proceeding in any court is pending.</p>	<p><i>Through this proposed amendment Section 82 has been substituted whereby the procedure in case of goods not cleared or warehoused or transshipped or exported or removed from the port after unloading or filing of declaration has been provided in detail, which reads as under:</i></p> <p>“82. Procedure in case of goods not cleared or warehoused or transshipped or exported or removed from the port after unloading or filing of declaration. - (1) The owner of the goods shall be liable to such penalties as may be notified by the Federal Government in the following cases, namely: -</p> <ul style="list-style-type: none"> (a) goods declaration is not filed for home-consumption or warehousing or transshipment within ten days of the arrival of goods at a customs station; (b) for the goods declaration filed prior to berthing of the vessel, the goods are not removed from the customs station after payment of leviable duty and taxes, within three days of completion of assessment and berthing of the vessel; (c) for the goods declaration filed after berthing of vessel, the goods are not removed from the customs station for home-consumption or warehousing or transshipment within three days of the clearance of the goods declaration; and (d) the goods are not loaded on the conveyance for export within fifteen days of the entry in the port. <p>(2) Such goods may, after due notice to the owner, if his address could be ascertained, or after due notice to the carrier, shipping or customs agent, custodian of the goods, as the case may be, be sold in auction or taken into custody by Customs and removed from the port to a Customs warehouse for auction under the order of the Assistant Collector of Customs notwithstanding the fact that adjudication of the case under section 179, or an appeal or special customs reference application under section 193, 194 or 196 as the case may be, or a proceeding is pending in any court:</p> <p>Provided that the goods shall be liable to confiscation if a goods declaration for home-consumption or warehousing or transshipment is not filed within thirty days of arrival of the goods at the customs station or the goods are not loaded on the conveyance for export or not removed from</p>
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		<p>the port area within thirty days of assessment of the goods declaration:</p> <p>Provided further that-</p> <p>(a) animals and perishable and hazardous goods may, with the permission of the appropriate officer, be sold or destroyed at any time;</p> <p>(b) arms, ammunition or military stores may be sold or otherwise disposed of at such time and place and in such manner as the Board may, with the approval of the Federal Government, direct; and</p> <p>(c) in case where goods are sold pending adjudication, appeal or decision of the court, the proceeds of sale shall be kept in deposit and if on such adjudication, or as the case may be, in such appeal or the decision of the court, the goods sold are found not to have been liable to confiscation, the entire sale proceeds, after necessary deduction of duties, taxes transportation and other charges or duties as provided in section 201, shall be handed over to the owner:</p> <p>Provided also that Collector of Customs may direct the importer or in case importer is not traceable, the shipping line to re-export out of Pakistan any goods, banned or restricted through a notification issue by the Federal Government, if the same are not cleared or auctioned within sixty days of the date of their arrival:</p> <p>Provided also that where Customs removes such goods from the premises of the custodian for disposal, the charges due to the custodian shall be paid subsequently from the sale proceeds of the goods in the manner as provided under section 201:</p> <p>Provided also that nothing in this section shall authorize removal for home consumption of any dutiable goods without payment of customs duties thereon."</p>
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83C	<p>Non-Existent</p>	<p><i>Through this proposed amendment after section 83B, the following new section has been inserted providing mechanism of Cargo Tracking System and e-Bilty, Proposed sections read as under:</i></p> <p>“83C. Cargo Tracking System and e-Bilty Mechanism.-(1) Any person being a consignor, transporter, shipping agent, freight forwarder, consignee, supplier or recipient of goods and causing movement of goods from and to a seaport, land border station, inland dry-port or inland movement, shall be required to electronically generate, carry, display or validate an e-bilty through the Cargo Tracking System.</p> <p>(2) The Board may prescribe the manner and procedure to implement e-bilty mechanism and employ any technological means for tracking, identifying en route and digital record keeping of any kind of goods as part of its cargo tracking system and may charge fee or charges for maintenance and operation of the tracking system.</p> <p>(3) In case of any violation, the goods, conveyance, owner of goods and master of conveyance, as the case may be, shall be liable to fine, penalty, detention, seizure and confiscation under the provisions of this Act.</p> <p>(4) Notwithstanding anything contained in the aforementioned provisions, no e-bilty is required to be generated, as prescribed by the Board where–</p> <p>(a)the value of the goods or the travel distance is less than the prescribed limit; or</p> <p>(b)the goods being transported are specifically exempted from the purview of e-bilty mechanism.”</p>
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144	<p>144. Label or declaration in respect of goods imported or exported by post to be treated as entry.-</p> <p>In the case of goods imported or exported by post, any label or declaration which contains the description, quantity and value thereof shall be deemed to be an entry for import or export, as the case may be, for the purposes of this Act.</p>	<p><i>Through this proposed amendment the words (wherever occur) "by post" shall be followed by the words "or by courier".</i></p>
156	<p>156. Punishment for offences.-</p> <p>64. If any person contravenes any rule or condition relating to section 128 or section 129, or makes an untrue declaration relating to transit goods or illegally removes or conceals any transit goods</p>	<p><i>Through this proposed amendment under Section 156 S. No. 64 Section 127 & 129A has been brought into the ambit. The amendment reads as under:</i></p> <p><i>"(i) in column (1), for the expression "section 128 or section 129", the expression "section 127 or section 128 or section 129 or section 129A" shall be substituted; and</i></p> <p><i>(ii) in column (3), for the expression "128 & 129", the expression "127, 128, 129 and 129A" shall substituted."</i></p>
156	<p>Serial No. 105</p> <p>(i) If any person makes or attempts to make unauthorised access to information, data or personal details of registered user of Pakistan Single Window system or systems connected or ancillary thereto.</p>	<p><i>Through this proposed amendment a new serial no (ix) has been inserted, (this penal provision is related to newly inserted Section 83C) namely:</i></p> <p><i>"If any person who—</i></p> <p><i>(i) fails to generate, carry, display or validate an e-bilty and any tracking devices ancillary thereto for inland movement of goods; or</i></p> <p><i>(ii) intentionally avoids to generate, carry, display or validate an e-bilty and any tracking devices ancillary thereto; or</i></p> <p><i>(iii) tampers with the e-bilty or any tracking devices ancillary thereto or affixes tracking device issued for one conveyance on another."</i></p>

157 (2)	<p>Provided that, where a conveyance liable to confiscation has been seized by an officer of customs, the appropriate officer may, in such circumstances as may be prescribed by rules, order its release, pending the adjudication of the case involving its confiscation if the owner of the conveyance furnishes him with a sufficient guarantee from a scheduled bank for the due production of the conveyance at any time and place it is required by the appropriate officer to be produced</p>	<p><i>Through this amendment the proviso of Sub-Section 2 of Section 157 has been proposed to be omitted.</i></p>
169	<p>169. Things seized how dealt with.-</p>	<p><i>Through this proposed amendment the following new sub-section (6) has been inserted after sub-section (5) of section 169, namely:-</i></p> <p><i>“(6) No court shall stay the auction proceedings unless the person obtaining stay order furnish pay order or bank guarantee not less than fifty per cent of the reserve price of the goods before the nazir of the court.”</i></p>
187A	<p>Non-Existent</p>	<p><i>Through this proposed amendment the following new section has been inserted after section 187, the new section reads as under:</i></p> <p><i>“187A Presumption as to legal character of vehicle.- Where any vehicle is detained or seized under this Act or the rules made thereunder and such vehicle upon forensic examination is found to be having a tampered chassis number or cut and weld chassis or chassis number filled with welding material or re-stamped or body changed, such vehicle shall be presumed to be smuggled, even if registered with any Motor Registration Authority, and shall be liable to confiscation.”</i></p>

193	<p>193 Appeals to Collector (Appeals).-</p>	<p><i>Through this proposed amendment the following new proviso shall be inserted after section 193 whereby filling of appeal has been restricted subject to appearance before the authority i.e., Collectorate of Customs, the proviso reads as under: -</i></p> <p><i>“Provided further that no appeal shall be preferred against an order passed if the aggrieved person did not appear before the adjudicating authority despite sufficient opportunity of hearing.”</i></p> <p><i>However, the person may approach Board or Chief Collector or Collector of Customs to file review petition under Section 195 of the Customs Act, 1969.</i></p>
194A(2)	<p>194A. Appeals to the Appellate Tribunal.-</p> <p>(2) Every appeal in the prescribed form and accompanied by the prescribed fee so specified in sub section (3) under this section shall be filed, within thirty days from the date on which the decision or order sought to be appealed against is communicated to the Board or the Collector of Customs, or as the case may be, the other party preferring the appeal.</p>	<p><i>Through this proposed amendment the time of filling of appeal before Appellate Tribunal has been increased from thirty days to forty-five days. The amendment reads as under:</i></p> <p><i>“In sub-section (2), the words “thirty days”, the words “forty-five days” shall be substituted;”</i></p>
194A(5)	<p>194A. Appeals to the Appellate Tribunal.-</p> <p>(5) Notwithstanding that an appeal has been filed under this section, the assessed or adjudged amount of duty and taxes shall be payable, unless recovery thereof has been stayed by the Appellate Tribunal:</p>	<p><i>Through this proposed amendment the following new proviso shall be added after the proviso of sub-section 5, namely: -</i></p> <p><i>“Provided further that such stay order shall be subject to furnishing of pay order or bank guarantee not less than fifty per cent of the recoverable amount by the aggrieved person before the registrar of the Tribunal.”</i></p>

194A(6)	<p>194A. Appeals to the Appellate Tribunal.-</p> <p>(6) Notwithstanding anything in this Act, where any reference or appeal was preferred with the approval of Collector of Customs by the officer of lower rank than that of the Collector and the reference or appeal is pending before an appellate forum or the Court, such reference or appeal shall be deemed to have been so filed by the Collector and for removal of doubt it is hereby declared the pending appeals shall not abate solely on this ground.</p>	<p><i>Through this proposed amendment the following new proviso shall be added after the proviso of sub-section 6, namely: -</i></p> <p>“Provided further that no appeal shall be preferred against an order passed if the aggrieved person did not appear before the adjudicating authority despite sufficient opportunity of hearing.”</p>
195	<p>195. Powers of Board or Chief Collector or Collector to pass certain orders,-</p>	<p><i>Through this proposed amendment whereby the word Chief Collector or Director General the word Collector of Customs or Director wherever occurring shall be inserted. Further under subsection 1A the word proceeding includes adjudication process, the amended sub-section reads as under:</i></p> <p>“(a) in sub-section (1), after the words “Chief Collector”, the words “or Director General” and after the words “Collector of Customs”, the words “or Director” wherever occurring, shall be inserted; and</p> <p>(b) in sub-section (1A), after the word “proceeding”, the words “including adjudication proceedings” shall be inserted”</p>
196	<p>196. Reference to High Court. -</p> <p>(1) Within thirty days of the order of the Appellate Tribunal under sub-section (3) of section 194B, the aggrieved person or any officer of Customs not below the rank of Deputy Collector or Deputy Director, authorized by the Collector or Director in writing, may file a reference, in the prescribed form, along with a statement of the case, before the High Court, stating any question of law or a mixed question of law and fact arising out of such order.</p>	<p><i>Through this proposed amendment the condition of filling of appeal has been changed to “the receipt of impugned order” before it was restricted to the filling of appeal within thirty days of the issuance of impugned order; the amendment reads as under:</i></p> <p>“(i) after the words “thirty days of the”, the words “date of receipt of” shall be inserted; and</p> <p>(ii) the expression “under sub-section (3) of section 194B” shall be omitted; and”</p>

196(6)	(6) Where recovery of duty has been stayed by the High Court by an order, 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 reference is decided, or such order is withdrawn by the High Court earlier.	<p><i>Through this proposed amendment the following proviso shall be inserted after sub-section 6, namely:</i></p> <p>“Provided that such stay order shall be subject to furnishing of pay order or bank guarantee not less than fifty per cent of the recoverable amount by the aggrieved person before the nazir of the court.”</p>
201(4)	Non-Existent	<p><i>Through this proposed amendment a new sub-section (4) has been inserted shall be added, namely:</i></p> <p>“(4) No court shall stay the auction proceedings unless the person obtaining stay order furnish pay order or bank guarantee not less than fifty per cent of the reserve price of the goods before the nazir of the court.”</p>
225	Non-Existent	<p><i>Through this proposed amendment new section 225 has been inserted which reads as under:</i></p> <p>“225. Establishment of Customs Command Fund (CCF).-</p> <p>(1) There shall be established a fund to be called the Customs Command Fund.</p> <p>(2) Allocation for the Customs Command Fund shall be made by the Federal Government from the sale proceeds of auction of smuggled goods, for supporting anti-smuggling activities, as per the share notified by the Board with the concurrence of the Finance Division.</p> <p>(3) The Board may prescribe the manner for utilization of the funds received in the Customs Command Fund and impose any conditions, limitations or restrictions as it may deems necessary.”</p>

226	Non-Existent	<p><i>Through this proposed amendment new section 226 has been inserted which reads as under:</i></p> <p>“226. Digital Enforcement Station(s).-</p> <p>(1) The Board may, by a notification in the official Gazette, declare places to be Digital Enforcement Stations at such locations as deemed appropriate for the prevention of smuggling and illicit trade. The Board may notify any existing customs check-post as Digital Enforcement Station.</p> <p>(2) The Board may by notification in the official Gazette, make rules for staffing, operations and technological enablement of Digital Enforcement Station.</p> <p>(3) The Board may subject to rules hire retired junior-commissioned officers and soldiers of the armed forces against the available posts of customs on contract for the purpose of this section.”</p>
	The First Schedule to the Customs Act, 1969	<p><i>The amendments set out in the First Schedule to this Finance Bill 2025 shall be made in the First Schedule to the Customs Act, 1969 (IV of 1969);</i></p>
	The Fifth Schedule to the Customs Act, 1969	<p><i>The Fifth Schedule to the Customs Act, 1969 (IV of 1969), shall be substituted in the manner provided for in the Second Schedule to the Finance Bill 2025.</i></p>

THE NEW ENERGY VEHICLES ADOPTION LEVY ACT, 2025

A new Act has been proposed to be enacted, namely - New Energy Vehicles Adoption Levy Act, 2025.

- (1) A levy to be collected and paid to the Federal Government by:
- (a) every manufacturer on every internal combustion engine motor vehicle manufactured or, as the case may be, assembled and supplied by him; and
 - (b) every person on every internal combustion engine motor vehicle imported by him into Pakistan.
- (2) The levy shall be paid at a rate and by such persons as is mentioned in the First Schedule as under:

<u>S No.</u>	<u>Motor vehicle category</u>	<u>Levy to be paid by</u>	<u>Rate of levy</u>
(1)	(2)	(3)	(4)
1	All internal combustion engine motor vehicles assembled or manufactured in Pakistan with engine capacity less than thirteen hundred cubic centimeter	Manufacturer	One per centum <i>ad valorem</i> of invoice price inclusive of duties and taxes
2	All internal combustion engine motor vehicles imported in Pakistan with engine capacity less than thirteen hundred cubic centimeters	Person importing internal combustion engine motor vehicle	One per centum <i>ad valorem</i> of assessed value inclusive of duties and taxes
3	All internal combustion engine motor vehicles assembled or manufactured in Pakistan with engine capacity from thirteen hundred cubic centimeters to eighteen hundred cubic centimeters	Manufacturer	Two per centum <i>ad valorem</i> of invoice price inclusive of duties and taxes
5	All internal combustion engine motor vehicles assembled or manufactured in Pakistan with engine capacity of more than eighteen hundred cubic centimeters	Manufacturer	Three per centum <i>ad valorem</i> of invoice price inclusive of duties and taxes
6	All internal combustion engine motor vehicles imported in Pakistan with engine capacity of more	Person importing internal combustion engine motor vehicle	Three per centum <i>ad valorem</i> of assessed value inclusive of duties and taxes

	than eighteen hundred cubic centimeter		
7	A bus and truck with an internal combustion engine assembled or manufactured in Pakistan	Manufacturer	One per centum <i>ad valorem</i> of invoice price inclusive of duties and taxes
8	A bus and truck with an internal combustion engine imported in Pakistan	Person importing internal combustion engine motor vehicle	One per centum <i>ad valorem</i> of assessed value inclusive of duties and taxes

THE DIGITAL PRESENCE PROCEEDS TAX ACT, 2025

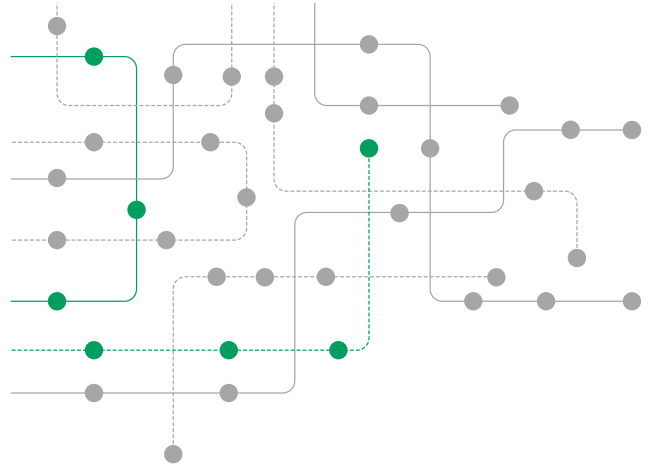
A new Act has been proposed to be enacted, namely - Digital Presence Proceeds Tax Act, 2025.

- Every Foreign vendor having significant digital presence in Pakistan shall be charged to Digital Presence Proceeds Tax on proceeds of every supply made from outside Pakistan of digitally ordered services or goods irrespective of whether delivered digitally or physically.
- Every payment intermediary including a banking company, financial institution, licensed exchange company or payment gateway responsible for making a payment in whole or part remitting outside Pakistan shall collect the tax.
- The tax rate for collection for cross-border transactions of digitally ordered goods and services shall be as under:

S. No.	Description	Rate of Tax
1	Services	5% of the payment including of advertisement on social media platforms
2	Goods	5% of the payment made to foreign provider

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