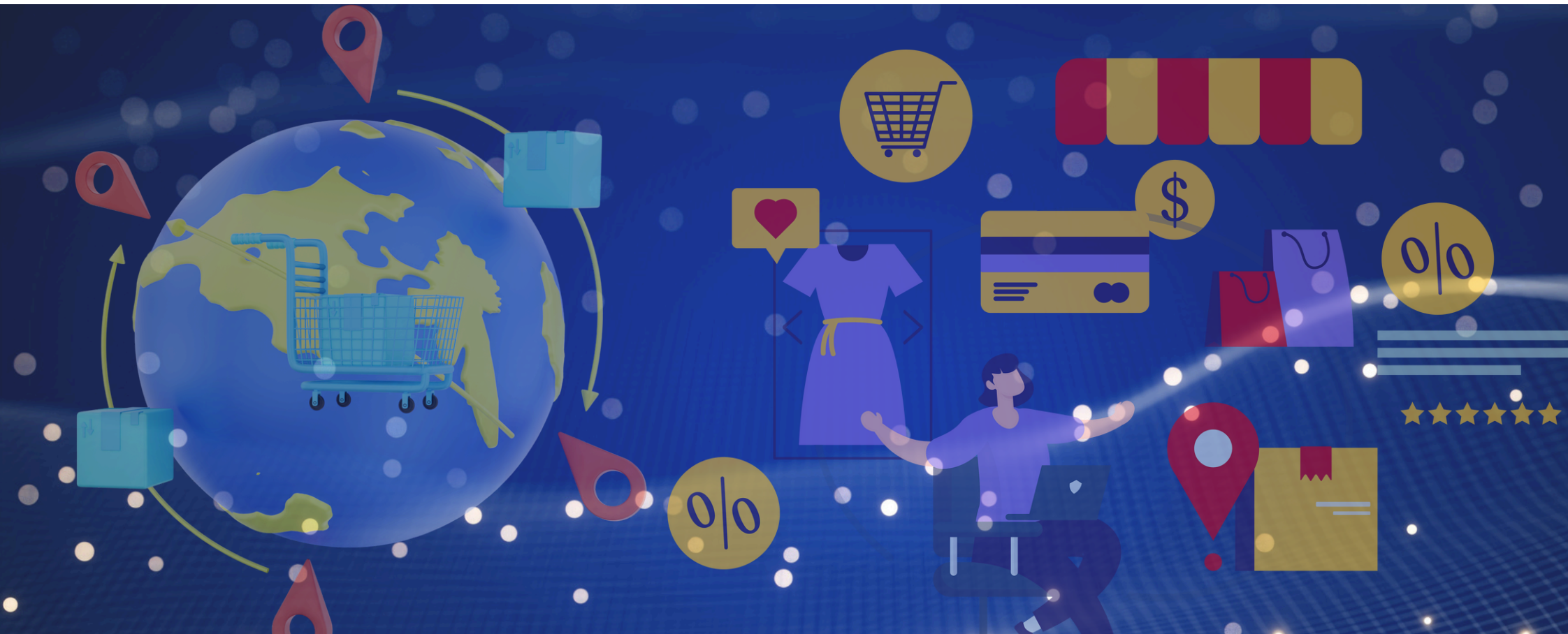


REANDA HAROON ZAKARIA ASSOCIATES

LEGAL & LITIGATION | TAX & CORPORATE LEGAL CONSULTANTS | TRANSACTION & FINANCIAL ADVISORY

HOW THE **FINANCE ACT 2025** AFFECTS E-COMMERCE AND ONLINE PLATFORMS

1st July 2025





FINANCE ACT 2025 | KEY IMPLICATIONS FOR E-COMMERCE AND DIGITAL PLATFORMS

This document provides a high-level summary of the key tax and regulatory implications introduced by the Finance Act 2025 (FA 2025) in relation to E-Commerce and Digital Platforms. The contents herein are based on the Finance Act 2025 as passed by the National Assembly of Pakistan.

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FOR REANDA HAROON ZAKARIA ASSOCIATES

1st July 2025

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FINANCE ACT 2025 | KEY IMPLICATIONS FOR E-COMMERCE AND DIGITAL PLATFORMS

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IMPACT OF FINANCE ACT 2025 ON E-COMMERCE / DIGITAL PLATFORMS [DOMESTIC]

#	Amendments through FA2025 and Related Impact	Income Tax Rate	Sales Tax Rate
1	<p><u>INCOME TAX:</u></p> <p>a) FA 2025 has added the definition of “e-commerce”. The definition is re-produced as below:</p> <p><i>“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.</i></p> <p>b) Through FA 2025, the 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. The definition is re-produced as below:</p> <p><i>“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.</i></p> <p>Tax on payments for digital transactions on e-commerce platforms has been introduced <u>on every person who receives 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.</u></p>	<p>The rate of tax imposed for digitally ordered goods or digitally delivered services through e-commerce platforms including websites shall be in case of payment through:</p> <p>(i) Digital Means or banking channels by payment intermediary at the rate of <u>1% of the gross amount paid or payable.</u> [if not on ATL then this will be 2%]</p> <p>(ii) Cash on Delivery by courier service at the rate of <u>2% of the gross amount paid or payable.</u> [if not on ATL then this will be 4%]</p> <p>The withholding/tax collection agents <u>will be the payment intermediaries</u> in case of digital payments and courier companies in case of COD.</p> <p>Courier services include: (a) logistics services; (b) ride-hailing services; (c) food delivery platforms; and (d) e-commerce services.</p>	-

	<p><u>SALES TAX:</u></p> <p>a) Definition of courier has been added through FA 2025 as follows:</p> <p><i>“courier” means any entity engaged in the delivery of goods and collection of cash on behalf of a seller including logistic and ride-hailing services.</i></p> <p>b) Definition of e-commerce has been added through FA 2025 as follows:</p> <p><i>“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.</i></p> <p>c) Definition of online marketplace has been amended through FA 2025 as follows:</p> <p><i>“online marketplace” means online interfaces that facilitate, for a fee, the direct interaction between multiple buyers and multiple sellers via digital orders for <u>supply of goods</u>, with or without the platform taking economic ownership of the goods or services that are being sold.</i></p> <p>d) Now every person including a non-resident person (except who is running a cottage industry and the retailers who are required to pay sales tax through electricity bills), selling digitally ordered goods from within Pakistan through online marketplace, website or software application are required to be registered under sales tax.</p> <p>e) Payment intermediaries and couriers in respect of digitally ordered goods from within Pakistan are withholding agents for sales tax.</p>	-	<p><u>2% of gross value of supplies on account sales tax has to be collected by payment intermediaries and couriers</u> from persons supplying digitally ordered goods from within Pakistan through online market place, website, software applications</p>
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2	<p><u>INCOME TAX ENHANCED DOCUMENTATION & COMPLIANCE:</u></p> <p>a) FA 2025 introduces mandatory documentation requirements for every payment intermediary and courier service to:</p> <ol style="list-style-type: none"> 1. Maintain seller records; 2. Ensure income tax registration of vendors; and 3. Furnish quarterly statements to FBR detailing transactions facilitated through the platform. Information will include: <ol style="list-style-type: none"> i. name, identification number (NTN/CNIC) and address of the seller. ii. transaction date, unique identifier (invoice number) and total transaction value. iii. the total amount of tax deducted at the time of payments to the seller. <p>b) Every online marketplace is required to 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>c) Failure to comply with the above will lead to penal consequences. However, there will be no penal consequences if an online marketplace allows an unregistered vendor (which is required to obtain registrations under sales tax and income tax) to operate on its platform.</p>	N/A	N/A
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	<p><u>SALES TAX ENHANCED DOCUMENTATION & COMPLIANCE:</u></p> <p>a) Now every online marketplace or a courier, involved in e-commerce by supplying digitally ordered goods from within Pakistan shall not allow any person to use their services to carry out e-commerce transactions unless it holds income tax and sales tax registration.</p> <p>b) Now every online marketplace, payment intermediary and courier shall furnish a monthly statement indicating supplier-wise amount paid and tax due.</p> <p>c) Penal provisions have been introduced if any online marketplace, payment intermediary or courier fails to furnish prescribed monthly statement OR where any online marketplace or courier allows use of its services in the course of e-commerce by unregistered persons.</p>	N/A	N/A
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IMPACT OF FINANCE ACT 2025 ON E-COMMERCE / DIGITAL PLATFORMS [FOREIGN]

Amendments through FA2025 and Related Impact	Tax Rate
<p>a) A tax has been imposed on foreign vendors with significant digital presence in Pakistan on proceeds from digitally ordered goods and services supplied from outside Pakistan (irrespective of whether delivered digitally or physically).</p> <p>b) For this purpose, a new Act has been proposed to be enacted namely – the <u>Digital Presence Proceeds Tax Act, 2025</u> with the core objective to address the significant tax base erosion from cross-border digital transactions.</p> <p>c) A foreign vendor shall have significant digital presence in Pakistan, where the foreign vendor supplies digitally ordered services and goods from outside Pakistan to any user in Pakistan, if the aggregate amount exceeds 01 (one) million rupees in a financial year along with one of the following additional factors:</p> <ol style="list-style-type: none"> existence of a user base and the associated data input; billing or collection in local currency or with a local form of payment; responsibility for the final delivery of goods and services to Pakistani consumers; responsibility for the provision by the foreign vendors of other support services (aftersales services, repairs and maintenance); and continued marketing and sales promotion activities, online or not, to attract customers. 	<p>a) <u>For goods, 5% of the payment made</u> to foreign providers.</p> <p>b) <u>For services, 5% of the payment</u> including of advertisement on social media platforms.</p> <p><u>The tax has to be collected/deducted by:</u></p> <p>a) <u>Digital Presence Proceeds Tax:</u> 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.</p> <p>b) <u>Digital presence proceeds tax on advertisement at social media platform:</u> Every foreign vendor having digital presence in Pakistan making any payment to social medial platforms or any other online platform for online advertisement in Pakistan.</p> <p><u>Timeline to deposit with FBR:</u> By the 7th of the month following the month in which the deduction was made</p> <p><u>Filing Requirements:</u> Quarterly statement to be filed, in the manner as prescribed providing client-wise information, by every payment intermediary & every social media and online platform having digital presence in Pakistan</p> <p>Failure to do so will attract penal provisions.</p>

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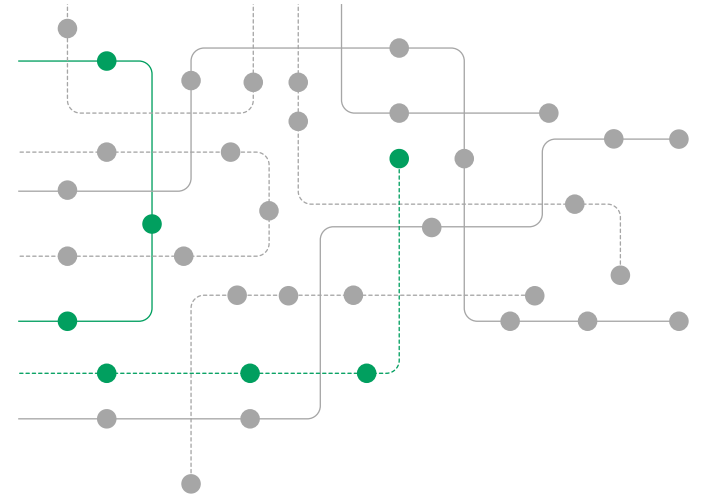
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