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

AMENDMENTS INTRODUCED THROUGH THE FINANCE ACT 2026 | A COMPARISON

1st July 2026



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FINANCE ACT 2026 | COMPARISON & COMMENTS

This document has been prepared on the basis of the Finance Act 2026 ("FA 2026"), as passed by the National Assembly on 26th June 2026, and is intended for general information and guidance only. It does not constitute advice on any specific matter, and no person should act, or refrain from acting, on the basis of its contents without first obtaining appropriate professional advice. Unless otherwise specified, the amendments introduced through FA 2026 take effect from **1 July 2026**.

This document sets out a comparative analysis of the amendments enacted through FA 2026 against those originally proposed under the Finance Bill 2026 ("FB 2026"). It has been prepared exclusively for the information of our clients and team and may not be reproduced, circulated, or published, in whole or in part, without the Firm's prior written consent.

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FOR: REANDA HAROON ZAKARIA ASSOCIATES

1ST JULY 2026



FINANCE ACT 2026

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INCOME TAX ORDINANCE 2001**COMPARISON & COMMENTS | VIDE FINANCE ACT 2026**

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FINANCE ACT 2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND/OR UNDERLINED]
2(1AA)	"Algorithmic Settlement Mechanism" Non-Existent	The new clause proposed to be inserted defining "Algorithmic Settlement Mechanism" as the mechanism provided under proposed section 134B. Comprehensive definitional update providing the statutory foundation for the digital tax administration framework. A new digital system will allow FBR to offer settlement options for tax disputes based on compliance history and discrepancy nature. The proposed definition reads as follows: <i>"(1AA) "algorithmic settlement mechanism" means algorithmic settlement mechanism provided under section 134B of this Ordinance;"</i>	Unchanged, the proposed amendments have been adopted.
2(5)	"assessment" includes [provisional assessment,] re-assessment and amended assessment and the cognate expressions shall be construed accordingly;]	Definition proposed to be expanded to include "Faceless Assessment". <i>"assessment" includes [provisional assessment,] re-assessment, amended assessment, and faceless Assessment and the cognate expressions shall be construed accordingly;]</i>	Unchanged, the proposed amendments have been adopted.

2(6A)	“Authorized Shipping Agent.” Non-Existent	New definition proposed to be inserted specifying responsibilities and liabilities of an authorized shipping agent acting on behalf of a non-resident ship owner or charterer. The 'authorised shipping agent' definition is particularly significant, creating joint and several tax liability for a locally-present agent in non-resident shipping transactions. <i>“(6A) “authorised shipping agent” means a person in Pakistan who is authorised, expressly or impliedly, by a nonresident ship owner, charterer or operator to act on its behalf in respect of a vessel, and who in relation to such vessel or voyage –</i> <i>(a) is responsible for the receipt, collection, control or accounting of total freight and any related amounts, and undertakes or is responsible for documentation, manifest filing, or reporting of cargo or total freight, including having, directly or indirectly, the control, custody or disposal of any freight or related receipts attributable to such vessel or voyage; and</i> <i>(b) furnishes the return under section 143 of this Ordinance, in respect of such vessel or voyage and such person shall, for the purposes of this Ordinance –</i> <i>(i) be treated as the representative of the nonresident under section 172;</i> <i>(ii) be jointly and severally liable for payment of tax and all obligations, proceedings,</i>	The words 'expressly or impliedly' were omitted from the proposed definition of 'authorised shipping agent', thereby confining the scope of the definition. <i>“(6A) —authorised shipping agent means a person in Pakistan who is authorised, by a non-resident ship owner, charterer or operator to act on its behalf in respect of a vessel, and who in relation to such vessel or voyage – ”</i>
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		<i>assessments and recovery in respect of such vessel or voyage; and</i> <i>(iii) be treated as such, and the provisions of sub-section (3) of section 172 shall apply accordingly;"</i>	
2 (19DA)	"Electronically Readable Format" Non-Existent	New definition proposed to be inserted covering CSV, XLSX, XML, XBRL, JSON and similar machine-readable formats while excluding PDF and scanned documents. The proposed definition reads as follows: "(19DA) "electronically readable format" means any digital format in which data is structured so that it can be automatically read, extracted, validated and processed by computer systems without human intervention, including spreadsheet formats (such as CSV or XLSX), XML, XBRL, JSON, and other structured or semi-structured data formats but excluding formats primarily designed for human readability, such as PDF, scanned images or photographs;"	The insertion of the words 'including but not limited to' broadens the definition of electronically readable formats, ensuring that future technological developments are also covered without requiring further legislative amendment. (19DA) "electronically readable format" means any digital format in which data is structured so that it can be automatically read, extracted, validated and processed by computer systems without human intervention, including but not limited to spreadsheet formats (such as CSV or XLSX), XML, XBRL, JSON, and other structured or semi-structured data formats but excluding formats primarily designed for human readability, such as PDF, scanned images or photographs;"
2 (22A)	Definition existed in the Ordinance. "fast moving consumer goods" means consumer goods which are supplied in retail marketing as per daily demand of a consumer⁴ [excluding durable goods].	Clause proposed to be omitted.	Unchanged, the proposed amendments have been adopted.

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2(30A)	Integration required through approved fiscal electronic device and software. "integrated enterprise" means a person integrated with the <u>Board through approved fiscal electronic device and software</u> , and who fulfills obligations and requirements for integration as may be prescribed;	Expression replaced with integration through Board's computerized system via a licensed integrator. <i>in clause (30A), for the expression "Board through approved fiscal electronic device and software", the expression "<u>Board's computerized system through a licensed integrator</u>" shall be substituted;</i>	Unchanged, the proposed amendments have been adopted.
2(30D)	"Licensed integrator" Non-Existent	New definition inserted with reference to Sales Tax Act, 1990. After clause (30C), the following new clause shall be inserted, namely: <i>"(30D) "Licensed integrator" shall have the same meaning as defined under clause (15A) of section 2 of the Sales Tax Act, 1990 (VII of 1990);</i>	Unchanged, the proposed amendments have been adopted.
2(35)(1A)	National faceless center Non-Existent	New definition inserted. <i>(35)(1A) "National faceless center" means National faceless center as defined in section 227D of this Ordinance;"</i>	Unchanged, the proposed amendments have been adopted.
2(42AA)	"PRAL" Non-Existent	New definition proposed to be inserted recognizing Pakistan Revenue Automation (Pvt.) Limited (PRAL) The proposed definition reads as follows: <i>(42AA) "PRAL" means Pakistan Revenue Automation (Pvt) Limited, a State-Owned Enterprise which has been assigned functions related to software development and maintenance of the Board's IT infrastructure;" and</i>	Unchanged, the proposed amendments have been adopted.

2(60)	Definition existed in the Ordinance. “Special Purpose Vehicle” means a Special Purpose Vehicle as defined in the Asset Backed Securitization Rules, 1999;	<i>Clause proposed to be omitted.</i>	Unchanged, the proposed amendments have been adopted.
4AB	Surcharge at 9% of income tax where taxable income exceeded Rs. 10 million. (4AB) 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: Provided that in case of an individual deriving income chargeable under the head “Salary”, a surcharge shall be payable at the rate of nine percent of the income tax imposed under Division I of Part I of the First Schedule where the taxable income exceeds rupees ten million in a tax year.	<i>Surcharge proposed to be abolished by substituting the proviso with "no surcharge shall be payable" for salaried individual.</i> <i>(4AB) 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:</i> <i>Provided that in case of an individual deriving income chargeable under the head “Salary”, <u>no surcharge shall be payable.</u></i>	Unchanged, the proposed amendments have been adopted.

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6A	Tax on digital transactions generally treated under existing provisions. Non-Existence of Sub-Section 3 of Section 6(A)	New sub-section (3) proposed to be inserted, whereas tax under section 6A to become adjustable where annual turnover of a person in a tax year exceeds Rs. 200 million. <i>(3) Notwithstanding the provisions of section 8, the tax imposed under this section on a person, whose turnover in a tax year exceeds two hundred million rupees, shall be adjustable.</i>	Same provision retained plus proviso allowing taxpayers with turnover up to Rs. 200 million to opt out of Final Tax Regime from TY 2027 and onwards. <i>(3) Notwithstanding the provisions of section 8, the tax imposed under this section on a person, whose turnover in a tax year exceeds two hundred million rupees, shall be adjustable:</i> <u>Provided that a person having turnover up to two hundred million rupees may opt out of the final tax regime at the time of filing of return for the tax year 2027 and onwards.</u>
7E	Tax on deemed income from capital assets was chargeable under section 7E.	Section 7E is proposed to be omitted in its entirety in line with the recent order of the Federal Constitutional Court of Pakistan (FCCP) declaring 7E as ultra vires. However, no amendment has been proposed for a refund mechanism.	Unchanged, the proposed amendments have been adopted.

7G	Non-Existent	New tax proposed on payouts, maturity proceeds, surrender value and benefits received from life insurance policies and family takaful arrangements, subject to specified exemptions. Key design features: 1. Net basis taxation (gross minus premiums paid) is equitable, only the investment gain is taxed. 2. Seven-Year threshold: Policies held for 7+ years are completely exempt, creates strong incentive for genuine long-term insurance/protection products. 3. Death/Disability exemptions: Protect genuine protection products from adverse tax treatment. <u>Insurance industry impact:</u> Significant compliance burden, insurers must now track policyholder premium history, calculate net gain at payout, and deduct tax. Policy administration systems will require major upgrades. The proposed section reads as follows: <i>“7G. Tax on certain payments by life insurance business.</i> <i>(1) For tax year, 2026 and onwards, a tax shall be imposed, at the rate specified in Division IC of Part III of the First Schedule on every individual who receives any payout, benefit, surrender value, maturity proceeds or similar payment (hereinafter referred to as</i>	The exemption period for life insurance and family takaful payouts proposed in the Finance Bill as seven years is reduced to four years. Accordingly, the relevant sub-section reads as under: <i>(3) The provisions of sub-section (1) shall not apply where the payout or benefit is made –</i> <i>(a) on account of death of the insured or participant;</i> <i>(b) on account of disability of the insured or participant; or</i> <i>(c) after completion of four years from the date of issuance of the policy, certificate or plan.</i>
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		<i>payout) from a life insurance business on account of insurance policy, family takaful certificate, plan or any similar arrangement.</i> <i>(2) For the purposes of sub-section (1), the amount liable to tax shall be the gross amount of payout reduced by aggregate amount of premiums or contributions paid by the policy holder or participant.”;</i> <i>(3) The provisions of sub-section (1) shall not apply where the payout or benefit is made –</i> <i>(a) on account of death of the insured or participant;</i> <i>(b) on account of disability of the insured or participant; or</i> <i>(c) after completion of seven years from the date of issuance of the policy, certificate or plan.</i> <i>(4) Tax deducted under this section shall be treated as final tax on the income arising from such payout or benefit.”;</i>	
8	Referred to taxes imposed under sections including section 7E.	References to section 7E replaced with section 7G.	Unchanged, the proposed amendments have been adopted.

21(r)	Existing disallowance provision relating to integration requirements.	Up to 5% of expenditure proposed to be disallowed where a person fails to install electronic resources or comply with integration requirements. The proposed 5% expenditure disallowance works in tandem with the 10% tax credit for digital integration (section 64D): integrated enterprises earn a 10% credit on investment; non-integrated enterprises lose 5% of their expense deductions. Combined, this creates a ~15% financial incentive gap between integrated and non-integrated businesses. <i>(r) up to five percent of the expenditure claimed by any person, who fails to install electronic resource or to act as an integrated enterprise as required by law, subject to the method, manner, and procedure as may be prescribed;</i>	The proposed disallowance of up to 5% of expenditure for non-integration with FBR's computerized system has been reduced and fixed to 3%. <i>(r) <u>three</u> percent of the expenditure claimed by any person, who fails to install electronic resource or to act as an integrated enterprise as required by law, subject to the method, manner, and procedure as may be prescribed;</i>
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53A	No such provision existed.	Federal Government is proposed to be empowered to reduce the rate of any of the withholding taxes (being minimum taxes) up to 1% based on economic viability. The provision reads as under: <i>53A. Rationalization of rates of withholding taxes in the nature of minimum tax. –</i> <i>(1) The Federal Government may reduce the rate of any of the withholding taxes in the nature of minimum tax as given in First Schedule of this Ordinance, other than minimum tax chargeable under section 113 of this Ordinance, up to 1% on the basis of economic viability in cases of persons or class of persons, subject to such restrictions and limitations as the Federal Government may specify.</i> <i>(2) The Federal Government shall place before the National Assembly all amendments made in rates of withholding taxes in the First Schedule, in a financial year under this section.</i>	The final enactment clarifies that withholding tax rates may be reduced by one percent and introduces the concept of 'economic viability', requiring certification by a Category-A Chartered Accountant firm. This amendment establishes objective criteria for granting relief and minimizes arbitrary exercise of discretion. <i>53A. Rationalization of rates of withholding taxes in the nature of minimum tax. –</i> <i>(1) The Federal Government may reduce the rate of any of the withholding taxes in the nature of minimum tax as given in First Schedule of this Ordinance, other than minimum tax chargeable under section 113 of this Ordinance, by 1% on the basis of economic viability in cases of persons or class of persons, subject to such restrictions and limitations as the Federal Government may specify.</i> <i>(2) The Federal Government shall place before the National Assembly all amendments made in rates of withholding taxes in the First Schedule, in a financial year under this section.</i> <i>(3) In this section, the term 'economic viability' includes an anticipated net loss of business income due to tax burden either directly or indirectly due to non-availability of resources to maintain or increase efficiency of the business as certified by a chartered accountant firm listed as Category A, as per rating issued by the State Bank of Pakistan.</i>
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64D	Tax credit available for Point-of-Sale Machines.	Entire section substituted with Tax Credit for Integration, allowing credit equal to 10% of investment in electronic integration resources. Qualifying investments include: production monitoring systems, e-invoicing hardware/software, video analytics, RFID systems — any technology used for FBR integration. The proposed section reads as follows: <i>“64D. Tax credit for integration. — (1) Any person required, under this Ordinance, the Sales Tax Act, 1990 or the Federal Excise Act, 2005, to integrate with the computerized system of the Board for realtime production monitoring, or for the recording or reporting of sales or receipts, shall be entitled to a tax credit in respect of expenditure incurred exclusively on the purchase, acquisition, installation or implementation of such equipment, hardware, software or other electronic components as are directly and exclusively utilized for the purposes of such integration:</i> <i>Provided that the Board may prescribe limitations, conditions, and restrictions for availing the tax credit under this section.</i> <i>(2) The amount of tax credit allowed under subsection (1) for a tax year in which electronic resource is installed, integrated and configured with the Board's computerized system shall be ten percent of the amount actually invested in the electronic resource.</i>	Unchanged, the proposed amendments have been adopted.
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		(3) <i>Such tax credit shall not be allowable against operation and maintenance expenses related to such electronic resource.</i> (4) <i>This tax credit shall be available only against normal tax payable under Division I or Division II of Part I of the First Schedule.”;</i>	
76(8A)	No specific provision for inherited immovable property cost. Non-Existent	Cost of inherited immovable property proposed to be the fair market value on date of death of original owner. The FMV-at-death basis is fair and eliminates a major source of dispute between taxpayers and FBR on inherited property disposals. <i>“(8A) Where an immovable property is acquired by an individual through inheritance, the cost of such property in the hands of that individual shall be the fair market value of the property as provided under subsection (5) of section 68 of this Ordinance on the day of the death of the original owner.”</i>	The basis for determining the cost of inherited immovable property proposed in Finance Bill is revised. Instead of considering the fair market value on the date of death, the final law adopts the fair market value determined at the time of transfer to the beneficiary. <i>“(8A) Where an immovable property is acquired by an individual through inheritance, the cost of such property in the hands of that individual shall be the fair market value of the property as provided under subsection (5) of section 68 of this Ordinance <u>on transfer of such property to the beneficiary.</u>”</i>

79	Non-recognition rules applied to inheritance and transmission. No Clarification regarding the family settlement existed	Further clarification has been proposed in clause b of sub-section (1) of section 79 that family settlement after death also qualifies as transmission of property. This prevents FBR from treating such settlements as commercial disposals triggering capital gains. Important for estate planning and succession arrangements in Pakistan's predominantly family-owned business environment. The proposed explanation reads as follows: <i>“Explanation: For the removal of doubt it is clarified that transmission of an asset, in the nature of immovable property, to a beneficiary on the death of a person shall also include the transmission of assets by reason of family settlement amongst the family members consequent upon death of the person.”</i>	The amendment simplifies the language by referring directly to 'immovable property' instead of 'an asset in the nature of immovable property'. The change is merely clarificatory and does not alter the substantive legal position. <i>Explanation: For the removal of doubt it is clarified that transmission ~~of an asset, in the nature~~ of immovable property, to a beneficiary on the death of a person shall also include the transmission of assets by reason of family settlement amongst the family members consequent upon death of the person.</i>
80	LLP not specifically included in definition of person. (a) “association of persons” includes a firm, a Hindu undivided family, any artificial juridical person and anybody of persons formed under a foreign law, but does not include a company;	Limited Liability Partnership (LLP) proposed to be added in definition. LLPs are now formally recognized as 'persons' for income tax purposes. This is overdue, LLPs were created under company law but their tax status was implicitly covered; the explicit mention removes any definitional ambiguity. <i>(a) “association of persons, limited liability partnership” includes a firm, a Hindu undivided family, any artificial juridical person and anybody of persons formed under a foreign law, but does not include a company;</i>	Unchanged, the proposed amendments have been adopted.

92(1)	In sub section (1), the explanation was given as follows: Explanation.– For removal of doubt it is clarified that if the income of association of persons is exempt and no tax is payable under the Ordinance due to this exemption, the share received in the capacity as member out of the income of the association shall remain exempt	<i>Explanation is proposed to be omitted.</i>	Unchanged, the proposed amendments have been adopted.
92(4A)	Non-Existent	<i>It is proposed that where an LLP's income is itself exempt (e.g., through a specific tax exemption), members cannot also claim the distributed income as exempt. Income must be taxed at one level – if not at LLP level, then at member level. New proposed sub-section (4A) is as follows:</i> <i>“(4A) Where the income of a limited liability partnership is exempt from tax, the amount received by a member of a limited liability partnership in the capacity as a member of such partnership shall be taxable in the hands of the member of such partnership.”;</i>	<i>The amended provision reads as follow;</i> <i>“(4A) Where the income of a limited liability partnership is exempt from tax, any amount received by a member as share from profits earned by such limited liability partnership shall be included in the income of that member”</i>

99B	Special procedure for small traders and shopkeepers. [99B. Special procedure for small traders and shopkeepers:- Notwithstanding anything contained in this Ordinance the 2 [Board with the approval of the Ministerin-charge] may, by notification in the official Gazette, prescribe special procedure for scope and payment of tax, filing of return and assessment in respect of such small traders and shopkeepers, in such cities or territories, as may be specified therein.]	In Section 99B, the scope of the special procedure is proposed to be expanded by substituting the phrase "and payment of tax, filing of return" with ", rate and payment of tax including fixed tax, filing of return, audit". This proposed amendment broadens FBR's powers to design a comprehensive simplified regime for small traders, explicitly including: (i) the ability to set a fixed/lump-sum tax rate; and (ii) audit procedures. This enables a truly simplified flat-rate tax regime for small traders. <i>[99B. Special procedure for small traders and shopkeepers:- Notwithstanding anything contained in this Ordinance the 2 [Board with the approval of the Minister-in-charge] may, by notification in the official Gazette, prescribe special procedure for scope rate and payment of tax including fixed tax, filing of return, audit and assessment in respect of such small traders and shopkeepers, in such cities or territories, as may be specified therein.]</i>	Unchanged, the proposed amendments have been adopted.
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100B(2)	The Existent Section reads as follows: (2) The provisions of sub-section (1) shall not apply to the following persons or class of persons, namely:- (a) a mutual fund; (b) banking company, a non-banking finance company and an insurance company subject to tax under the Fourth Schedule; (c) a modaraba; (d) a company, in respect of debt securities only; and (e) any other person or class of persons notified by the Board.	Certain clauses omitted and new sub-section inserted regarding computation of capital gains for banking companies, insurance companies and mutual funds. <i>(2) The provisions of sub-section (1) shall not apply to the following persons or class of persons, namely:-</i> <i>(a) a mutual fund;</i> <i>(b) banking company and an insurance company subject to tax under the Fourth Schedule; and</i> <i>(c) omitted</i> <i>(d) omitted</i> <i>(e) any other person or class of persons notified by the Board.</i> New sub-section (3) is proposed to be added, which read as follows: <i>“(3) NCCPL, in case of banking company, insurance company and mutual funds shall compute and determine the capital gain as per the mechanism prescribed under section 37A, however, these entities shall continue to deposit tax on amount of capital gain as per the applicable provisions of this Ordinance.”;</i>	Unchanged, the proposed amendments have been adopted.
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114(2A)	The Existing provision reads as follows: [(2A) A return of income filed electronically on the web or any magnetic media or any other computer readable media as may be specified by the Board shall also be deemed to be a return for the purpose of sub-section (1); and the Board may, by notification in the official Gazette, make rules for determining eligibility of the data of such returns and e-intermediaries who will digitise the data of such returns and transmit the same electronically to the Income Tax Department under their digital signatures¹⁰[and other matters relating to electronic filing of returns, statements or documents, etc.	Machine-readable financial statements applicable to all companies from TY2026, is a transformative data infrastructure measure. FBR will be able to algorithmically process, cross-match and analyze financial data at scale, enabling intelligent risk-based audit selection. The sub-section (2A) has been proposed to be substituted as follows: <i>(2A) A return of income shall be filed electronically on IRIS as may be prescribed by the Board for the purpose of subsection (1) and sub-section (1A) of this section and the Board may, by notification in the official Gazette, make rules for such filing and determine the process of verification, digital signatures and other matters relating to electronic filing of returns, statements or documents, etc.:</i> <i>Provided that in case of companies for tax year, 2026 and onwards the financial statements accompanying the return shall only be filed in electronically readable file format.”;</i>	Unchanged, the proposed amendments have been adopted.
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114(6)	The Existing provision reads as follows: [(6) Subject to sub-section (6A), any person who, having furnished a return, discovers any omission or wrong statement therein, may file revised return subject to the following conditions, namely:-	The proposed amendment includes settlements made through the algorithmic settlement mechanism within the ambit of subsection (6), making them subject to the same treatment as other settlements under the law. <i>(6) Subject to sub-section (6A), any person who, having furnished a return, discovers any omission or wrong statement therein, or avails a settlement offered by algorithmic settlement mechanism, may file revised return subject to the following conditions, namely:-</i>	Unchanged, the proposed amendments have been adopted.
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114(6B)	Non-Existent	This new proposed sub-section introduces an algorithmic settlement mechanism allowing taxpayers to file a revised return without prior approval of the Commissioner. The taxpayer is required to pay only the tax determined by the system, with exemption from penalty and default surcharge, and the return will be treated as a revised return subject to prescribed documentation. The proposed sub-section reads as follows: <i>Notwithstanding anything contained in sub-sections (6) and (6A) of this section, if a taxpayer avails a settlement offered by the algorithmic settlement mechanism, he may file a revised return, and the -</i> (a) <i>approval of Commissioner shall not be required to file the revised return;</i> (b) <i>taxpayer shall pay the amount of tax determined by the mechanism and no separate penalty or default surcharge shall be payable; and</i> (c) <i>return so filed shall be accompanied by such documents as required under sub-section (6) and shall be treated as revised return under this section."</i>	Unchanged, the proposed amendments have been adopted.
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122E	Faceless Audit and Assessment Non-Existent	The proposed section 122E introduces faceless audit and assessment to be conducted electronically for specified cases as notified by FBR. Hearings will be held through e-hearing, and the officer's identity will remain confidential. The aim is to ensure a transparent and automated tax assessment system. Due process concerns: (1) Confidentiality of officer identity makes it procedurally difficult to challenge erroneous assessments based on officer conduct; (2) E-hearing quality must match in-person hearings for complex cases; (3) Algorithmic case selection must be transparent enough to challenge on judicial review grounds. The physical verification provision (sub-section 4 of section 209B) acknowledges that not all compliance issues can be resolved remotely. The proposed section reads as follows: <i>"122E. Faceless audit and assessment. –</i> <i>(1) Notwithstanding anything to the contrary contained in any other provision of this Ordinance, any audit under sections 177 or 214C, any order made under section 111, any assessment under this Part and rectification under section 221, with respect to the cases referred to in sub-section (2), may be made in a faceless manner as may be prescribed by the Board.</i> <i>(2) The faceless assessment under sub-section (1) shall be made in respect of such persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by the Board.</i>	Unchanged, the proposed amendments have been adopted.
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		(3) <i>The provisions of section 177 shall apply to the audit conducted in faceless manner under this section:</i> <i>Provided that where opportunity of being heard is to be provided to the taxpayer during the course of this audit or a statement under oath is required to be obtained from a taxpayer or any other person under section 176 of this Ordinance, the same shall be done through E-hearing under section 227E of this Ordinance:</i> <i>Provided further that the identity of the officer, including facial and voice identity, conducting such E-hearing shall be kept confidential.”;</i>	
129A	Faceless Appeals Non-Existent	The proposed section 129A introduces faceless appeals, allowing appeals under section 127 to be processed through a National Faceless Centre as prescribed by FBR. This aims to ensure a centralized, digital, and transparent appellate mechanism. The proposed section read as follows: <i>“129A. Faceless appeals. (1) Notwithstanding anything contained in this Ordinance, any appeal filed under section 127 may be processed through the National faceless center as may be prescribed by the Board.</i> <i>(2) The provisions of sections 127, 128, and 129 of this Ordinance, shall apply to faceless appeals accordingly.”</i>	Unchanged, the proposed amendments have been adopted.

133A	Non-Existent	This newly proposed section addresses a persistent grievance among taxpayers: the advancement of departmental cases of insufficient evidentiary weight into appeal or litigation, thereby dissipating both private and court resources. The introduction of an independent review layer ought, in principle, to suppress the pursuit of unmeritorious departmental appeals. Nevertheless, the practical effectiveness of such a mechanism remains contingent upon the committee's genuine operational independence and its institutional capacity to serve as a credible instrument of litigation quality assurance. <i>“133A. Independent case scrutiny committee</i> <i>(1) A reference under section 133 of this Ordinance before the High Court, or an appeal or review before the Federal Constitutional Court or the Supreme Court of Pakistan shall only be filed by the Commissioner Inland Revenue after the same has been approved by an independent case scrutiny committee as constituted by the Board.</i> <i>(2) The Board may constitute one or more such committees and assign them cases or classes of cases decided by the Appellate Tribunal Inland Revenue or the High Court, as the case may be.</i> <i>(3) The Committee shall comprise of the following Members as nominated by the Board –</i>	In addition to the proposed amendment in Finance Bill, the following additional provisions have been introduced through Finance Act, 2026: 1. insertion of proviso in sub-section (3): <i>(3) The Committee shall comprise of the following Members as nominated by the Board –</i> <i>(a) a retired judge of the Supreme Court of Pakistan, the Federal Constitutional Court, or any of the High Courts of Pakistan who shall also act as Chairman of the Committee;</i> <i>(b) an Advocate having not less than fifteen years of experience in tax and commercial litigation before the High Court or Supreme Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and</i> <i>(c) a senior serving or retired officer of the FBR (BS 20 or above).</i> <u>Provided that the committee may co-opt a chartered accountant as a non-voting member, whenever required.</u> 2. insertion of sub-section (8) <u>(8) Notwithstanding anything contained in this Ordinance or the Limitation Act, 1908 (IX of 1908), for purposes of determining whether a matter referred to in sub-section (1) has been filed within time, the period from the date</u>
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	(a) a retired judge of the Supreme Court of Pakistan, the Federal Constitutional Court, or any of the High Courts of Pakistan who shall also act as Chairman of the Committee; (b) an Advocate having not less than fifteen years of experience in tax and commercial litigation before the High Court or Supreme Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and (c) a senior serving or retired officer of the FBR (BS 20 or above). (4) The powers, functions, and procedure of the committee along with remuneration of its Members shall be governed as may be prescribed by the Board. (5) Recommendations of the committee shall be binding upon the Commissioner Inland Revenue having jurisdiction over the case. (6) Notwithstanding anything contained in any other law for the time being in force, no suit, prosecution, or other legal proceedings shall lie against the Members of the committee and the Commissioner Inland Revenue having jurisdiction over the case, in relation to the decisions made under this section. (7) The Committee constituted under this subsection shall exercise its powers and functions with effect from the date of its constitution as notified by the Board."	<u>from which time begins to run to the date on which the committee gives it approval, which period shall in each case be certified by the chairman, shall stand excluded:</u> <u>Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act, 2026 comes into force.</u>
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134A	Alternative Dispute Resolution Sub-section (10A) – Non-existent (11) Subject to sub-section (11A), 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.	Through this proposed insertion, the order of Alternative Dispute Resolution Committee (ADR) can be rectified similar to rectification of orders under section 221 of the Income Tax Ordinance, 2001, namely: <i>“(10A) Notwithstanding the dissolution of the committee, the committee may, by an order in writing, rectify any mistake apparent from the record on its own motion or any mistake brought to its notice by the taxpayer or the Commissioner, within thirty days of the receipt of decision of the committee by the taxpayer or the Commissioner, as the case may be.”; and</i> <i>In sub-section (11), the following three new provisos have been proposed to be added to enhance and improve the functionality of the ADR and ensure disposal of the case within adequate timelines:</i> <i>“Provided further that where, at any stage of the proceedings, any member of the committee becomes unavailable or is unable to perform his functions for any reason whatsoever, the Chairman of the Board shall, within fifteen days of the occurrence of such vacancy, appoint another person in accordance with the provisions of sub-section (3) of this section to fill such vacancy, and the committee so reconstituted shall continue to function subject to the same terms, conditions and limitations as were applicable to the original committee:</i>	Unchanged, the proposed amendments have been adopted.
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		<i>Provided also that upon such reconstitution, the committee shall be allowed a further period of sixty days to conclude the proceedings and perform its functions under this section:</i> <i>Provided also that the total period available to the committee, including the period already consumed prior to such reconstitution, shall in no case be less than ninety days from the date of its original constitution."</i>	
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134B	Algorithmic Settlement Mechanism (ASM) Non-Existent	The newly proposed section articulates a computerized dispute-resolution mechanism whereby taxpayers will be offered an option to go for settlement of notices at any stage before assessment by revising their return of income. The scheme appears promising in reducing litigation and easing tension between the taxpayers and the authorities. However, there are concerns relating to: (1) algorithmic transparency, taxpayers must be able to understand and challenge offer calculations; (2) 10-day window is very short for complex multi-year cases; (3) the ITO-STA integration for algorithmic cross-matching must be operationally robust before this can be meaningfully deployed at scale. <i>"134B. Algorithmic Settlement Mechanism</i> <i>"(1) Notwithstanding anything contained in this Ordinance, the Board may establish digitally operated algorithmic settlement mechanism (hereinafter referred to as "the mechanism") for settlement of tax proceedings at any stage before any assessment or amendment of assessment order under sections 121, 122 or 122E of this Ordinance through revision of return under sub-section (6) of section 114 in certain cases.</i> <i>(2) In case, the mechanism calculates and presents to the taxpayer a settlement offer for voluntary revision of return as per the criteria provided under</i>	Unchanged, the proposed amendments have been adopted.
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		<i>sub-section (3), the taxpayer may avail the offer as provided in sub-section (4).</i> <i>(3) The system generated settlement offer shall be calculated on the basis including but not limited to</i> <i>(a) the stage of proceedings at which settlement is offered;</i> <i>(b) the taxpayer's compliance history, as maintained in FBR's data;</i> <i>(c) the nature and character of the discrepancy, including whether it involves a valuation or legal interpretation dispute, unexplained income or assets, or concealment; and</i> <i>(d) any other basis the Board may consider relevant to ensure revenue adequacy and equitable treatment of taxpayers.</i> <i>(4) A taxpayer who opts to avail this mechanism shall within ten days from the date of settlement offer to</i> <i>(a) accept the settlement offer on IRIS;</i> <i>(b) deposit the settlement offer amount along with revised return; and</i> <i>(c) revise the relevant return of income to incorporate the settled amount.</i> <i>(5) The issues confronted to the taxpayer through notice of selection of audit, a notice under section 111, an audit report under sub section (6) of section 177, a notice under sub-section (9) of section 122,</i>	
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		<i>as the case may be, shall stand abated, if the taxpayer revises the return by accepting the offer as provided in sub-section (4).</i> <i>(6) Revision of return consequent upon acceptance of offer under sub-section (4) of this section shall not preclude proceedings in respect of any other issue or discrepancy not covered by the settlement offer, nor shall it affect proceedings for any other tax year."</i>	
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143	Non-resident ship owner or charterer (1) Before the departure of a ship owned or chartered by a non-resident person from any port in Pakistan, the master of the ship shall furnish to the Commissioner a return showing the gross amount specified in sub-section (1) of section 7 in respect of the ship. (2) Where the master of a ship has furnished a return under sub-section (1), the Commissioner shall 1 [, after calling for such particulars, accounts or documents as he may require,] determine the amount of tax due under section 7 in respect of the ship and, as soon as possible, notify the master, in writing, of the amount payable. (3) The master of a ship shall be liable for the tax notified under subsection (2) and the provisions of this Ordinance shall apply to such tax as if it were tax due under an assessment order. (4) Where the Commissioner is satisfied that the master of a ship or nonresident owner or charterer of the ship is unable to furnish the return required under sub-section (1) before the departure of the ship from a port in Pakistan, the Commissioner	Through this proposed amendment, the authorised shipping agent is also made responsible for the duties which were previously the responsibility of the master of the ship. Authorised Shipping Agent is proposed to be included throughout section. In sub-section (1), after the word “ship”, occurring for the second time, the expression “, or the authorised shipping agent as defined in clause (b) (6A) of section 2,” is proposed to be inserted as follows: <i>“(1) Before the departure of a ship owned or chartered by a non-resident person from any port in Pakistan, the master of the ship or the authorised shipping agent as defined in clause (b) (6A) of section 2 shall furnish to the Commissioner a return showing the gross amount specified in sub-section (1) of section 7 in respect of the ship.”</i> The following new sub-sections (1A) and (1B) are proposed to be inserted after sub section (1) of section 143, namely: <i>“(1A) Notwithstanding anything contained in this Ordinance, only one return shall be furnished for each vessel or voyage, and such return shall cover the total freight and all related amounts attributable to the ship.</i> <i>(1B) The master of ship or the authorised shipping agent responsible for manifest filing and freight handling in respect of a vessel shall furnish the</i>	Unchanged, the proposed amendments have been adopted.
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may allow the return to be furnished within thirty days of departure of the ship provided the non-resident owner or charterer has made satisfactory arrangements for the payment of the tax due under section 7 in respect of the ship. (5) The Collector of Customs or other authorised officer shall not grant a port clearance for a ship owned or chartered by a non-resident person until the Collector or officer is satisfied that any tax due under section 7 in respect of the ship has been paid or that arrangements for its payment have been made to the satisfaction of the Commissioner. (6) This section shall not relieve the non-resident owner or charterer of the ship from liability to pay any tax due under this section that is not paid by the master of the ship.	<i>return under this section, and no other person shall furnish such return for that vessel or voyage."</i> In sub-section (2) after the word "ship", occurring for the first time, the expression "or authorised shipping agent" is proposed to be inserted; and after the word "master", the words "or authorised shipping agent" is proposed to be inserted. <i>"(2) Where the master of a ship or authorised shipping agent has furnished a return under sub-section (1), the Commissioner shall, after calling for such particulars, accounts or documents as he may require, determine the amount of tax due under section 7 in respect of the ship and, as soon as possible, notify the master or authorised shipping agent, in writing, of the amount payable."</i> In sub-section (3) for the words "shall be", the words "or authorized shipping agent shall be jointly and severally" is proposed to be substituted. <i>"(3) The master of a ship or authorized shipping agent shall be jointly and severally liable for the tax notified under subsection (2) and the provisions of this Ordinance shall apply to such tax as if it were tax due under an assessment order."</i> In sub-section (4) after the word "ship" occurring for the second time, the words "or authorised shipping agent" is proposed to be inserted and after the word "charterer",	
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		occurring for the second time, the expression “or authorised shipping agent” is proposed to be inserted. <i>“(4) Where the Commissioner is satisfied that the master of a ship or non-resident owner or charterer of the ship or authorised shipping agent is unable to furnish the return required under sub-section (1) before the departure of the ship from a port in Pakistan, the Commissioner may allow the return to be furnished within thirty days of departure of the ship provided the non-resident owner or charterer or authorised shipping agent has made satisfactory arrangements for the payment of the tax due under section 7 in respect of the ship.”</i> In sub-section (5) after the word “Commissioner”, occurring at the end, the words “and electronic confirmation of filing of return and payment of tax under this section has been received in the prescribed manner” is proposed to be inserted. <i>“(5) The Collector of Customs or other authorised officer shall not grant a port clearance for a ship owned or chartered by a non-resident person until the Collector or officer is satisfied that any tax due under section 7 in respect of the ship has been paid or that arrangements for its payment have been made to the satisfaction of the Commissioner and electronic confirmation of filing of return and</i>	
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		<i>payment of tax under this section has been received in the prescribed manner."</i> In sub-section (6) after the word "ship", occurring for the second time, the words "or authorised shipping agent" is proposed to be inserted. <i>"(6) This section shall not relieve the non-resident owner or charterer of the ship from liability to pay any tax due under this section that is not paid by the master of the ship or authorised shipping agent."</i>	
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147(6C)	Advance Tax paid by the taxpayer (6C) Notwithstanding anything contained in this Ordinance, the persons specified in sub-sections (1), (3), (3A), (3B) and (3C) of section 154 shall, at the time of realization of foreign exchange proceeds, or realization of the proceeds on account of sale of goods, or export of goods, or at the time of making payment to an indirect exporter, or clearing of goods exported, respectively, deduct or collect, as the case may be, advance income tax under this section at the rate of one percent of such foreign exchange proceeds, or export proceeds, or exports, or payment, in addition to tax collectable or deductible under section 154 of this Ordinance.	Through this amendment sub section (6C) of Section 147 has been proposed to be omitted. This sub-section, introduced through Finance Act, 2024, pertains to adjustable advance tax on export proceeds in addition to withholding under section 154 of the Income Tax Ordinance, 2001.	Unchanged, the proposed amendments have been adopted.
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151B	151B. Certain payments by life insurance companies and takaful operators. Non-Existent	A new section 151B is proposed to be added whereby life insurance companies, family takaful operators and window takaful operators shall be required to deduct withholding tax on payouts, benefits, surrender values, maturity proceeds and similar payments made to individuals. The withholding tax under this section is in relation to income made chargeable to tax under the newly proposed section 7G of the Income Tax Ordinance, 2001. <i>“(1) Every life insurance company, including a family takaful operator or a window takaful operator, making any payout, benefit, surrender value, maturity proceeds or similar payment to an individual under a life insurance policy, family takaful certificate, plan or arrangement shall, at the time of making such payment, deduct tax at the rate specified in Division IC of Part III of the First Schedule.</i> <i>(2) For the purposes of sub-section (1), the amount liable to tax deduction shall be the gross amount of payout or benefit reduced by the aggregate amount of premiums or contributions paid by the policyholder or participant.</i> <i>(3) The provisions of sub-section (1) shall not apply where the payout or benefit –</i> <i>(a) is made on account of death of the insured or participant;</i>	The exemption period for life insurance and family takaful payouts proposed in the Finance Bill as seven years is reduced to four years. Accordingly, the relevant sub-section (3) reads as under: <i>(3) The provisions of sub-section (1) shall not apply where the payout or benefit –</i> <i>(a) is made on account of death of the insured or participant;</i>
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		<i>(b) is made on account of disability of the insured or participant; or</i> <i>(c) is made after completion of seven years from the date of issuance of the policy, certificate or plan.</i> <i>(4) Tax deducted under this section shall be treated as final. tax on the income arising from such payout or benefit.”;</i>	<i>(b) is made on account of disability of the insured or participant; or</i> <i>(c) is made after completion of four years from the date of issuance of the policy, certificate or plan.</i>
152(1DA)	152. Payments to non-residents. – (1DA) “Every banking company maintaining a Foreign Currency Value Account (FCVA) or a non-resident Pakistani Rupee Value Account (NRVA) of a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) shall deduct tax from capital gain arising on the disposal of debt instruments and government securities and certificates (including Shariah compliant variant) invested through aforesaid accounts at the rate specified in Division II of Part III of the First Schedule.”	Sub-section (1DA) is proposed to be substituted which replaces the requirement of non-resident person holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerised National ID Card (CNIC) to having certain specified types of foreign currency bank accounts. “(1DA) Every banking company maintaining a Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value Account (NRBVA) shall deduct tax from capital gain arising on the disposal of debt instruments and Government securities and certificates (including Shariah compliant variant) invested through aforesaid accounts at the rate specified in Division II of Part III of the First Schedule.”;	Unchanged, the proposed amendments have been adopted.

154B	154B. Withholding tax on revenues Received from social media platforms. Non-Existent	It is proposed to insert a new Section 154B whereby every banking and non-banking financial institution shall be required to deduct withholding tax on amounts credited or received in the account of a person representing revenues derived from social media platforms. The tax withheld in case of resident persons appearing on ATL is proposed to be minimum tax whereas tax withheld from non-resident persons not having permanent establishment in Pakistan is proposed to be final tax. <i>“(1) Every banking and non-banking financial institution shall, at the time of credit or receipt of any amount in an account of a person, deduct tax at the rate specified in Division IIIAB of Part III of the First Schedule, where such amount represents revenues received from social media platforms.</i> <i>(2) For the purposes of this section –</i> <i>(a) “digital content creator” or “social media influencer” means any individual or entity deriving income from creation, publication, or monetization of content on digital platforms including but not limited to YouTube, Facebook, Instagram, Tik Tok or such others similar platforms; and</i> <i>(b) “payment” includes any inward remittance, transfer, or credit received through banking channels, including through intermediaries such</i>	Unchanged, the proposed amendments have been adopted.
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		<i>as online payment service providers or digital financial platforms.</i> <i>(3) The tax deducted under this section shall be –</i> <i>(a) minimum in the case of a resident person; and</i> <i>(b) final tax in the case of a non-resident person not having a permanent establishment in Pakistan.</i> <i>(4) The Board may, by notification in the official Gazette, prescribe rules for implementation, including identification and reporting mechanisms.”</i>	
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159	159. Exemption or lower rate certificate. (1C) Non-Existent (1D) - Non-Existent	Through this sub-section, mutual funds having distributed 90% of their income, in accordance with clause (99) of Part I of the Second Schedule for the last three years, are made eligible for exemption certificate for subsequent whole tax year. <i>“(1C) Where a person has distributed ninety percent or more of its accounting income amongst the unit or certificate holders or shareholders, as the case may be, in accordance with the provisions of clause (99) of Part I of the Second Schedule for the last three years, the person shall be eligible for issuance of exemption certificate under subsection (1) and the certificate shall be issued for the subsequent whole tax year.”</i> Through this sub-section, non-profit organisations having approval under section 2(36) of the Income Tax Ordinance, 2001 are made eligible for issuance of certificate for exemption from withholding. <i>“(1D) Where a person has been issued approval under the provision of sub-clause (c) of clause (36) of section 2 of this Ordinance for a tax year, the person shall be eligible for issuance of exemption certificate under sub-section (1) and the certificate shall be issued for the said whole tax year.”</i>	Through Finance Bill, 2026, mutual funds having distributed 90% of their income in last three years were proposed to be eligible for issuance of exemption certificate. Through Finance Act 2026, the condition has been relaxed to the year immediately preceding the last tax year, instead of each of the three preceding tax years. Further, the same relaxation is extended to private equity and venture capital funds qualifying under clause (99C) of Part I of Second Schedule. Moreover, entities starting their business for the first time may avail the benefit of exemption certificate based on undertaking. <i>“(1C) Where a person has distributed ninety percent or more of its accounting income amongst the unit or certificate holders or shareholders, as the case may be, in accordance with the provisions of clauses (99) and (99C) of Part I of the Second Schedule for the year immediately preceding the last tax year, the person shall be eligible for issuance of exemption certificate under sub-section (1) and the certificate shall be issued for the subsequent whole tax year.”</i> <u>“Provided that in the case of a person who has started business for the first time, the certificate under sub-section (1) shall be issued on the basis of an undertaking furnished to the Commissioner that the person shall distribute ninety percent of his</u>
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			<u>accounting income to the unit or shareholders for the tax year"</u> Proposed insertion of sub-section (1D) is unchanged.
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165AB	Reporting of financial transaction data by banking companies and financial institutions. Non-Existent	A new section 165AB is proposed to be inserted introducing the mechanism for reporting of financial transactions by banking companies and financial institutions particularly with respect to account holders having deposits or withdrawals exceeding one hundred million rupees during a reporting period. <i>“(1) Notwithstanding anything contained in the Banking Companies Ordinance, 1962 (LVII of 1962), the State Bank of Pakistan Act, 1956 (XXXIII of 1956), the Protection of Economic Reforms Act, 1992 (XII of 1992), or any other law for the time being in force, every banking company and Electronic Money Institutions (EMIs) shall electronically upload the information, as mentioned in subsection (2), to the Central Data Hub, for algorithmic cross-matching of tax and bank information.</i> <i>(2) Information in respect of an account holders having deposits or withdrawals exceeding one hundred million Rupees during a reporting period in any or all of the bank accounts maintained by the account holder, specifying particulars of deposits or withdrawals, including opening and closing balances, peak credits, and total credits during the reporting period.</i> <i>(3) This information as shared above shall be digitally processed and shall not be visible to any of</i>	Unchanged, the proposed amendments have been adopted.
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	<i>the Income Tax Authorities during this cross-matching process.</i> <i>(4) In case of gross mismatch in the information in respect of an account holder, the digital system of the Board shall feed the information so required into the Compliance Risk Management (CRM) system of the Board and further proceedings shall be conducted by the National faceless center as provided in this Ordinance.</i> <i>(6) The Board shall ensure that such information, shared by the banks, remains strictly confidential and in no case is disclosed or misused in a manner to disregard the confidentiality measures provided in the statutes and rules governing commercial banking, save as provided in this section.</i> <i>(7) In this section –</i> <i>(a) “reporting period” means, in respect of a Financial Year, a period of six months, starting from:</i> <i>(i) 1st day of July and ending on 31st day of December; and</i> <i>(ii) 1st day of January and ending on 30th day of June,;</i> <i>(b) “specified date” means the–</i> <i>(i) 31st day of January in case of reporting period ending on 31st day of December; and</i>	
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		(ii) 31st day of July in case of reporting period ending on 30th day of June; (c) "accounts" means bank accounts maintained by a person including current deposits, call deposits, saving deposits, fix deposits, term deposits, or any other such deposits by whatever name called; (d) "peak credits" means the highest credit balance in all the bank accounts of the account holder on any given date during the reporting period; (e) "Central Data Hub" means a virtual repository of data and information maintained by the Board through PRAL; and (f) "compliance risk management (CRM)" means a computer programme for identification and communication of compliance risks, including understatement of sales, overstatement of expenses, non-reporting or under-reporting of incomes, assets, and transactions."	
169	Tax collected or deducted as a final tax. - (1) This section shall apply where – (b) the tax required to be deducted is a final tax under subsection (1E) of section 152, 152A, sub-section (2) of section 154A sub-section (3) of section 156, subsection (2) or section 156A or sub-section (7) of section 236Z on the income from which it was deductible.	Necessary amendment to give effect as final tax to deducted under section 154B in case of non-resident." (b) the 4 tax required to be deducted is a final tax under 5 subsection (1E) of section 152, 152A, sub-section (2) of section 154A, <u>clause (b) of sub-section (3) of section 154B</u>, sub-section (3) of section 156, subsection (2) or 11section 156A or 12sub-section (7) of section 236Z on the income from which it 15 was deductible."	Unchanged, the proposed amendments have been adopted.

174	174. Records. (5) The Commissioner may require any person to install and use an Electronic Tax Register of such type and description as may be prescribed for the purpose of storing and accessing information regarding any transaction that has a bearing on the tax liability of such person	Through this proposed amendment the Board is empowered to require certain persons to install and use electronic resource in prescribed manner. <i>“(5) The Board may require any person or class of persons to install and use an electronic resource of such type and description as may be prescribed, or to act as an integrated enterprise through a notification in the official Gazette for the purpose of receiving, storing, matching and accessing information regarding any transaction that has a bearing on the tax liability of such person.”</i>	Unchanged, the proposed amendments have been adopted.
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175AA	Exchange of banking and tax information related to high-risk persons. (a) the Board may share information obtained from the tax declarations with scheduled banks in Pakistan, in respect of persons or classes of persons, for the purpose of cross-matching with the bank data through the data-based algorithms, as may be prescribed; and (b) the Scheduled banks shall provide to the Board the final results where the banking data is at variance with the algorithms provided under clause (a) of this sub-section. (c) Non-Existent	Certain amendments are proposed as under: <i>“(a) the Board may share information obtained from the tax declarations with <u>“the State Bank of Pakistan and”</u> scheduled banks in Pakistan, in respect of persons or classes of persons, for the purpose of cross-matching with the <u>“State Bank’s Central Data Repository (by any name) and”</u> bank data through the data-based algorithms, as may be prescribed; ~~and~~</i> <i>(b) the Scheduled banks shall provide to the <u>“State Bank of Pakistan, Microfinance banks, and Electronic Money Institutions (EMIs) and”</u> Board the final results where the banking data is at variance with the algorithms provided under clause (a) of this sub-section; ~~and~~</i> <i>(c) the State Bank of Pakistan may establish, operate and maintain a secure centralized virtual repository of banking data, comprising such information, records, and financial transactions of persons maintained by Scheduled banks on the basis of unique identifiers, as may be prescribed by the Board and collect and provide data and results as per clauses (a) and (b) of this sub-section.”;</i>	Proposed changes through Finance Bill 2026 in clauses (a) and (b) of sub-section (1) of section 175 have not been enacted, therefore they remain same as the position prior to the Finance Act, 2026. The proposed changes in clause (c) of sub-section (1) of section 175 have been enacted as proposed.
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177(6B)	Audit (6B) Non-Existent	A new sub-section is proposed to be introduced empowering the Commissioner, to require a re-audit of accounts, re-valuation of inventory, or actuarial review where accounts are complex or their accuracy is doubtful. The review shall be conducted by professionals nominated by the tax authorities from an approved panel rather than by the taxpayer. This measure is aimed at strengthening tax compliance and protecting tax revenue, although it may increase compliance costs and administrative burden for taxpayers. <i>“(6B) If, at any stage of the proceedings before him, if the Commissioner is of the opinion that having regard to, --</i> <i>(a) the nature and complexity of the accounts; or</i> <i>(b) volume of the accounts; or (c) doubts about the correctness of the accounts; or (d) multiplicity of transactions in the accounts; or (e) specialized nature of business activity of the taxpayer; and interests of the revenue, is of the opinion that it is necessary so to do, he may, after giving the taxpayer a reasonable opportunity of being heard, and with the previous approval of the Chief Commissioner, direct the taxpayer to get either or all of the following to get the</i> <i>(i) accounts re-audited by an accountant, and to furnish a report of such audit duly signed and verified by such accountant including answers to the specific queries as the Commissioner may require;</i>	In addition to the proposed sub-section, a new proviso has also been inserted after explanation empowering the taxpayer to challenge the appointment of the particular accountant or cost accountant within fifteen days. It is an important procedural safeguard by allowing a registered person to object to the nomination of a particular accountant or cost accountant appointed by the Commissioner. Under the amended provision, the registered person may file objections within fifteen days of the first nomination. Where the Commissioner is satisfied that the objections are justified, the nominated accountant or cost accountant may be replaced with another professional. This amendment strengthens the principles of transparency, impartiality, and procedural fairness in tax administration. The proviso reads as under: <i>“Provided that after the first nomination, if the registered person objects to the nomination of a particular accountant or cost accountant within fifteen days of such nomination, the Commissioner, if agreed with objections, may change the said accountant or cost accountant with another accountant or cost accountant.”</i>
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		(ii) inventory re-valued by a cost accountant, and to furnish a report of such inventory valuation duly signed and verified by such cost accountant including answers to the specific queries as the Commissioner may require; and (iii) actuarial values in the accounts determined by an actuary and to furnish a report of such valuation duly signed and verified by such actuary including answers to the specific queries as the Commissioner may require; <u>Explanation:</u> The accountant, the cost accountant, or actuary as referred to in sub-section (6B) shall be nominated by the Commissioner for the purposes of this subsection from amongst the panel of such accountants, valuers, or actuaries nominated by the Board.”;	
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182(1)	182. Offences and penalties. – (1) (1)			Through this proposed amendment major enhancements are proposed to be made, the penalty amount is being linked to higher of tax payable or the highest tax payable by person in last three years:			Through the Finance Bill, 2026 an explanation was proposed to be inserted explaining the term “tax payable” as higher of the tax chargeable or the highest of tax payable in the last three tax years. The Finance Act, 2026 has eased the latter condition from the highest of tax payable of the last three tax years to the tax payable of immediately preceding tax year for which a return of income was duly filed.		
	Where any person fails to furnish a return of income as required under section 114 within the due date.	Such person shall pay a penalty equal to higher of – (a) 0.1% of the tax payable in respect of that tax year for each day of default; or (b) rupees one thousand for each day of default: Provided that minimum penalty shall be (i) rupees ten thousand in case of individual having seventy-five percent or more income from salary; or (ii) rupees fifty thousand in	114 and 118	Where any person fails to furnish a return of income as required under section 114 within the due date.	Such person shall pay a penalty equal to higher of (a) 0.1% of the tax payable in respect of that tax year for each day of default; or (b) rupees one thousand for each day of default: Provided that minimum penalty shall be (i) rupees ten thousand in case of individual having seventy-five percent or more income from salary; or (ii) rupees fifty thousand in all other cases: Provided further that maximum penalty shall not exceed two	114 and 118	Where any person fails to furnish a return of income as required under section 114 within the due date.	Such person shall pay a penalty equal to higher of (a) 0.1% of the tax payable in respect of that tax year for each day of default; or (b) rupees one thousand for each day of default: Provided that minimum penalty shall be (i) rupees ten thousand in case of individual having seventy-five percent or more income from salary; or (ii) rupees fifty	114 and 118

		all other cases: Provided further that maximum penalty shall not exceed two hundred percent of tax payable by the person in a tax year: Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law; Explanation For the purposes of this entry, it is declared that the		hundred percent of tax payable by the person in a tax year: Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law; Explanation for the purposes of this entry, it is declared that the expression "tax payable" means higher of - (1) tax chargeable on the taxable income on the basis of assessment made or treated to have been made under sections 120,				thousand in all other cases: Provided further that maximum penalty shall not exceed two hundred percent of tax payable by the person in a tax year: Provided also that the amount of penalty shall be reduced by 75%, 50% and 25% if the return is filed within one, two and three months respectively after the due date or extended due date of filing of return as prescribed under the law; Explanation for the purposes of this entry, it is declared that the expression "tax payable" means higher of - (1) tax chargeable on	
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	expression "tax payable" means tax chargeable on the taxable income on the basis of assessment made or treated to have been made under section 120, 121, 122 or 122D;		121, 122, 122D, or 122E; or (ii) the highest tax payable by the person in any of the three immediately preceding tax years for which returns of income were duly filed.";				the taxable income on the basis of assessment made or treated to have been made under sections 120, 121, 122, 122D, or 122E; or (ii) the tax payable for the immediately preceding tax year for which a return of income was duly filed.	
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182(1)(2A)

182. Offences and penalties. – (1) (2A)

Non-Existent

Where any person, having been required by the Board under sub-section (5) of section 174 to install and use an electronic resource of the type and description prescribed for the purpose of storing and accessing information regarding any transaction that has a bearing on the tax liability of such person, fails to install such electronic resource

One million rupees for the first default, and two million rupees for each subsequent default.

174(5)

Where any person, having been required by the Board under sub-section (5) of section 174 to install and use an electronic resource of the type and description prescribed for the purpose of storing and accessing information regarding any transaction that has a bearing on the tax liability of such person, fails to install such electronic

1% of the turnover or one million rupees for the first default whichever is higher and two million rupees for every subsequent quarterly default.

174(5)

The penalty amount has been further enhanced through Finance Act, 2026 through introduction of threshold of 1% of the turnover or Rs. 1 million, whichever is higher, for the first default, and Rs. 2 million for every subsequent quarterly default.

		<i>within the time specified, or having installed it, fails to use, maintain, or operate it in the prescribed manner, or tampers with, disables, or circumvents such electronic resource.</i>			<i>resource within the time specified, or having installed it, fails to use, maintain, or operate it in the prescribed manner, or tampers with, disables, or circumvents such electronic resource.</i>		
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182(1)(2B)	182. Offences and penalties. – (1) (2B) Non-Existent	The new entry proposed to be inserted shall strengthen the data-sharing framework by imposing penalties on senior officials of integrated organizations under section 175A that fail to connect their IT systems, provide required data, or comply with requirements.			The new penalty entry relating to section 175A has been enacted and forms part of the Finance Act, 2026. The proposed definition of principal officer under this entry has not been enacted; rather the existing definition under section 2(44A) has been adopted. Further, personnel in case of companies, association of persons and individuals are also prescribed.		
		Where any agency, authority, institution, or organization that is an integrated organization within the meaning of section 175A, or has been notified as such by the Board, fails without reasonable cause to (a) integrate its IT platform such data interface as notified by the Board within the time specified; or (b) share data of the categories and in the manner required under section 175A or the rules made thereunder; or (c) provide complete, accurate, and	A penalty of five hundred thousand rupees for the first default and one million rupees for each subsequent default shall be imposed on the principal officer of the integrated organization. "Principal officer" for this purpose, means the person who, at the time of the default or during the period of continuing default, holds overall executive responsibility for the administration and functioning of the integrated organization, by whatever title or designation that person may be referred to under this ordinance, rules, or instrument constituting	175A;	Where any agency, authority, institution, or organization that is an integrated organization within the meaning of section 175A, or has been notified as such by the Board, fails without reasonable cause to (a) integrate its IT platform such data interface as notified by the Board within the time specified; or (b) share data of the categories and in the manner required under section 175A or	A penalty of five hundred thousand rupees for the first default and one million rupees for every subsequent default shall be imposed on the principal officer as defined in clause (44A) of section 2 of this Act or the chief executive officer of the company or member in case of an association of persons and individual in case of sole proprietorship	175A;

		timely data as required; or (d) designate a focal person as required; or (e) remedy a deficiency or noncompliance within thirty days of a written notice by the Board identifying the deficiency.	or governing that organization, including but not limited to the Governor, Chairman, Chief Executive Officer, Director General, Managing Director, Secretary, or Principal Accounting Officer, as the case may be; where executive responsibility is shared between two or more persons by virtue of a collegiate body or board structure, the "principal officer" shall be the person who, within that body, holds specific responsibility for regulatory compliance, data governance, or information technology; and the absence of a formal designation, or a vacancy in the office, shall not relieve the person actually exercising the functions of the principal officer from liability under this section.		the rules made thereunder; or (c) provide complete, accurate, and timely data as required; or (d) designate a focal person as required; or (e) remedy a deficiency or noncompliance within thirty days of a written notice by the Board identifying the deficiency.			
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182(1)(8)	182. Offences and penalties. – (1) (8)			In this clause, penalty for non-compliance are increased to one hundred thousand, two hundred thousand and three hundred thousand for respective defaults to produce records or documents required during an audit under section 177.			Unchanged, the proposed amendments have been adopted.		
	Where a taxpayer who, without any reasonable cause, in noncompliance with provisions of section 177 (a) fails to produce the record of documents on receipt of first notice		177	Where a taxpayer who, without any reasonable cause, in noncompliance with provisions of section 177 –		177			
	(b) fails to produce the record or documents on receipt of second notice; and	Such person shall pay a penalty of twenty-five thousand rupees;		(a) fails to produce the record of documents on receipt of first notice					
	(c) Fails to produce the record or documents on receipt of third notice.	such person shall pay a penalty of fifty thousand rupees; and such person shall pay a penalty of one hundred thousand rupees.		(b) fails to produce the record or documents on receipt of second notice; and	Such person shall pay a penalty of one hundred thousand rupees;				
			(c) Fails to produce the record or documents on receipt of third notice.			such person shall pay a penalty of two hundred thousand rupees; and			
						such person shall pay a penalty of three hundred thousand rupees.			

182(1)(10)	182. Offences and penalties. – (1) (10)			Amendment is proposed in penalties for taxpayers who provide false, misleading, or incomplete information to tax authorities in returns, statements, declarations, accounts, or other documents submitted under the Ordinance.			Unchanged, the proposed amendments have been adopted.
	Any person who (a) makes a false or misleading statement to an Inland Revenue Authority either in writing or orally or electronically including a statement in an application, certificate, declaration, notification, return, objection or other document including books of accounts made, prepared, given, filed or furnished under this Ordinance; (b)furnishes or files a false or misleading information or document or statement to an Income Tax Authority either in writing or orally or electronically;	Such person shall pay a penalty of twenty five thousand rupees or 5 [50%] of the amount of tax shortfall whichever is higher: Provided that in case of an assessment order deemed under section 120, no penalty shall be imposed to the extent of the tax shortfall occurring as a result of the taxpayer taking a reasonably arguable position on the application of this Ordinance to the taxpayers position	114, 116, 174, 176, 177, 118	<i>Any person who (a) makes a false or misleading statement to an Inland Revenue Authority either in writing or orally or electronically including a statement in an application, certificate, declaration, notification, return, objection or other document including books of accounts made, prepared, given, filed or furnished under this Ordinance; (b)furnishes or files a false or misleading information or document or statement to an Income Tax Authority either in</i>	<i>Such person shall pay a penalty of five hundred thousand rupees or 5 100% of the amount of tax shortfall whichever is higher: Provided that in case of an assessment order deemed under section 120, no penalty shall be imposed to the extent of the tax shortfall occurring as a result of the taxpayer taking a reasonably arguable position on the</i>	114, 116, 174, 176, 177, 118	

				writing or orally or electronically; (c) omits from a statement made or information furnished to an Income Tax Authority any matter or thing without which the statement or the information is false or misleading in a material particular.	application of this Ordinance to the taxpayers' position				
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182(1)(12)	182. Offences and penalties. – (1) (12)			This amendment enhances penalties for tax evasion by imposing a penalty of Rs. 1 million or the amount of tax sought to be evaded, whichever is higher, where income is concealed or inaccurate particulars are furnished.			The Finance Bill, 2026 proposed to enhance the penalty for concealment of income and furnishing inaccurate particulars by increasing the minimum penalty to Rs. 1 million or an amount equal to the tax sought to be evaded, whichever is higher. However, this proposal was not enacted through the Finance Act, 2026. Accordingly, the existing provisions continue to apply without any change. The penalty for concealment of income or furnishing inaccurate particulars remains as prescribed under the law prior to the Finance Act, 2026.
	Where a person has concealed income or furnished inaccurate particulars of such income, including but not limited to the suppression of any income or amount chargeable to tax, the claiming of any deduction for any expenditure not actually incurred or any act referred to in subsection	Such person shall pay a penalty of one hundred thousand rupees or an amount equal to the tax which the person sought to evade whichever is higher. However, no penalty shall be payable on mere disallowance of a claim of exemption from tax of any income or amount declared by a person or mere disallowance of any expenditure declared by a person to be deductible,	20, 111 and General	Where a person has concealed income or furnished inaccurate particulars of such income, including but not limited to the suppression of any income or amount chargeable to tax, the claiming of any deduction for any expenditure not actually incurred or any act referred to in subsection	Such person shall pay a penalty of one million rupees or an amount equal to the tax which the person sought to evade whichever is higher. However, no penalty shall be payable on mere disallowance of a claim of exemption from tax of any income or amount declared by a person or mere disallowance of any expenditure declared by	20, 111 and General	

	proceeding under this Ordinance before any Income Tax authority or the appellate tribunal	unless it is proved that the person made the claim knowing it to be wrong.		<i>proceeding under this Ordinance before any Income Tax authority or the appellate tribunal</i>	<i>a person to be deductible, unless it is proved that the person made the claim knowing it to be wrong.</i>		
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182(1)(15)	182. Offences and penalties. – (1) (15)			This amendment strengthens withholding tax enforcement by imposing a penalty of Rs. 500,000 or 10% of the tax not collected, deducted, or deposited, whichever is higher. Further, in the case of a company, the Principal Officer may also be held personally liable for an additional penalty of Rs. 500,000, enhancing accountability for tax withholding obligations.			The Finance Bill, 2026 proposed to enhance the penalty for failure to collect or deduct tax, or to deposit tax collected or deducted under section 160, by increasing the minimum penalty to Rs. 500,000 or 10% of the amount of tax, whichever is higher. The Bill also proposed to impose an additional personal penalty of Rs. 500,000 on the Principal Officer of a defaulting company. However, these proposals were not enacted through the Finance Act, 2026. Consequently, the existing provisions continue to apply without any change, and the penalty remains as prescribed under section 182 prior to the Finance Act, 2026.
	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.	Such person shall pay a penalty of forty thousand rupees or the 10% of the amount of tax which-ever is higher.	Division II or Division III, excluding subsection (2A) of section 153,] of Part V of Chapter X or Chapter XII]	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.	Such person shall pay a penalty of five hundred thousand rupees or the 10% of the amount of tax which-ever is higher: Provided that where the defaulter in such case is a company, its Principal Officer shall be personally liable to pay an additional penalty of five hundred thousand rupees for such offense.	Division II or Division III, excluding subsection (2A) of section 153, of Part V of Chapter X or Chapter XII	

182(1)(35)	182. Offences and penalties. – (1) (35)			This amendment increases the scope of penal provision from company to all taxpayers who submit incomplete returns, blank annexures, irrelevant information, or inaccessible supporting documents. Further Audited financial statements filed in illegible, scanned, image-only, or password-protected formats that cannot be accessed by the tax authorities will be treated as incomplete submissions.	Unchanged. It expands the penalty scope and tightens compliance requirements for filing complete and accessible returns and annexures.
	Any company and an association of persons who – (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer; (b) furnishes any annexure, statement or document specified in the return of income as blank or with incomplete or irrelevant particulars; or (c) attaches blank or incomplete annexures, statements or documents	Such company, including a banking company and an association of persons shall pay a penalty of Rs.500,000 or 10% of the tax chargeable on the taxable income, whichever is higher."	114(2)]		
		<i>Any person, including a company and an association of persons who – (a) fails to fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer;</i> <i>(b) furnishes any annexure, statement or document specified in the return of income as blank or with incomplete or irrelevant particulars; or</i>	<i>Such company, including a banking company and an association of persons shall pay a penalty of Rs.500,000 or 10% of the tax chargeable on the taxable income, whichever is higher."</i>	114(2)]	

	where such annexures, statements or records were required to be filed.			(c) attaches blank or incomplete annexures, statements or documents where such annexures, statements or records were required to be filed. Explanation. For the purposes of this entry, audited financial statements furnished in the form of image files, scanned documents, or password-protected files that are illegible or otherwise inaccessible to the concerned Inland Revenue authority shall be deemed to have been furnished as blank or incomplete documents."				
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182(1)(36)	182. Offences and penalties. — (1) (36) Non- Existent	This new provision penalizes taxpayers who claim excess tax credit for withholding tax beyond the amount actually deducted and deposited by the withholding agent as verified through the tax system. Such wrongful claims will attract a penalty equal to the amount of the excess credit claimed, ensuring strict alignment between claimed and verified tax deductions.	Unchanged, the proposed amendments have been adopted.
	<table><tr><td>Where a person claims a credit in respect of tax withheld at source under any provision of this Ordinance in excess of the amount verifiably deducted and deposited by the withholding agent, as confirmed through the Board's computerized system or otherwise.</td><td>Such person shall pay a penalty equal to the amount of excess credit claimed</td><td>168</td></tr></table>	Where a person claims a credit in respect of tax withheld at source under any provision of this Ordinance in excess of the amount verifiably deducted and deposited by the withholding agent, as confirmed through the Board's computerized system or otherwise.	
Where a person claims a credit in respect of tax withheld at source under any provision of this Ordinance in excess of the amount verifiably deducted and deposited by the withholding agent, as confirmed through the Board's computerized system or otherwise.	Such person shall pay a penalty equal to the amount of excess credit claimed	168	

182A(1)(a)	(a) not be included in the active taxpayers' list for the year for which return was not filed within the due date Provided that without prejudice to any other liability under this Ordinance, the person shall be included in the active taxpayer ' list on filing return after the due date, if the person pays surcharge at Rupees- (i) twenty thousand in case of a company (ii) ten thousand in case of an association of persons (iii) one thousand in case of an individual.	The amount of surcharge for inclusion in active taxpayer list for company, association of persons and individual has been proposed to be increased. <i>"(a) not be included in the active taxpayers' list for the year for which return was not filed within the due date</i> <i>Provided that without prejudice to any other liability under this Ordinance, the person shall be included in the active taxpayer ' list on filing return after the due date, if the person pays surcharge at Rupees-</i> <i>(i) one hundred thousand in case of a company</i> <i>(ii) fifty thousand in case of an association of persons</i> <i>(iii) twenty-five thousand in case of an individual."</i>	Unchanged, the proposed amendments have been adopted.
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182A(3)	Non-Existent	Non-Existent	Through FA 2026, a new sub-section (3) under section 182A has been inserted as follows consequent to which conditions of payment shall not apply to an individual who furnishes an undertaking to the commissioner: <i>(3) The conditions of payment of surcharge mentioned in sub-section (1), shall not apply to an individual who furnishes an undertaking before the Commissioner by declaring that he shall not purchase, acquire, or otherwise obtain ownership or beneficial interest in any property for a period of six months commencing from the date of furnishing such undertaking in such form as may be prescribed.</i>
209A	209A. Uniform. The Board may by notification in the official gazette, prescribe rules for wearing of uniform by officers and staff of Inland Revenue Service of Pakistan	Proposed to be omitted. A new section 237C relating to uniforms is proposed to be inserted.	Unchanged, the proposed amendments have been adopted.

209B	Faceless jurisdiction of income-tax authorities Non-Existent	A new section has been proposed to be inserted - likely to initiate the proceedings in faceless manner through electronic medium by means of algorithm and also defines the scope of powers and jurisdiction in respect of the Inland Revenue tax authorities appointed in National Faceless Center. <i>“209B. Faceless jurisdiction of income-tax authorities. –</i> <i>(1) Notwithstanding anything contained in this Ordinance, the Inland Revenue tax authorities appointed in National faceless center shall perform all or such functions, and exercise all or such powers under this Ordinance as may be assigned to them in respect of such persons, or classes of persons, for such tax years of a person through algorithms developed by the Board.</i> <i>(2) The jurisdiction so assigned under this Ordinance may be exclusive or concurrent. In case of concurrent jurisdiction, the powers and functions not assigned to the National faceless centre shall remain with the Commissioner having jurisdiction under section 209 of this Ordinance.</i> <i>(3) The Board may transfer jurisdictions in respect of persons or classes of persons, for a specific tax year, for which the jurisdiction has already been assigned under this section, from National faceless center to the Commissioner having jurisdiction under section 209 of this Ordinance, on</i>	Unchanged, the proposed amendments have been adopted.
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		<i>recommendation of the Chief Commissioner or on its own accord.</i> <i>(4) The Chief Commissioner appointed in the National faceless center may request the Board to direct the Commissioner having jurisdiction under section 209 or any other Income Tax Authority, as it may deem fit to conduct physical verification including nature and size of the business, assets, investments, expenditures, and any other information or verification required by the Chief Commissioner for conducting any proceedings assigned to the National faceless centre:</i> <i>Provided that the Board may exercise its power of allocation of verification through an algorithm-based system</i> <i>(5) Notwithstanding anything contained in any law for the time being in force, the identity of the authority exercising jurisdiction in the National faceless centre shall be kept confidential from the taxpayer, the authorized representative of the taxpayer, and any unauthorized person.</i> <i>(6) No notice, order, demand, or assessment passed by an authority appointed at the National faceless centre shall be called in question or set aside merely on the ground that such authority did not have jurisdiction over the taxpayer under section 209 of this Ordinance, or lack of notified delegation of power under section 210 of this Ordinance, or because of the fact that identity of the authority has</i>	
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		<i>been kept confidential from the taxpayer as per sub-section (5)."</i>	
216(3)	Sub-clauses proposed to be substituted (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. (ke) to the recognized universities and international donor agencies subject to the conditions that before sharing, the taxpayer's data shall be anonymized.	Through the proposed amendments, certain persons are added in the list of persons to whom disclosure may be made: i. audit mentors and sectoral experts along with auditor; and ii. international research institutions along with recognized universities and international donor agencies. <i>"(ba) to an auditor, audit mentors and sectoral experts appointed on contractual basis or engaged through a third party including a payroll firm in the Federal Board of Revenue, after a non-disclosure agreement is made with such auditor as may be prescribed, to assist any authority mentioned in clauses (b) to (g) of sub-section (1) of section 207;</i> <i>(ke) to the recognized universities international research institutions and international donor agencies subject to the conditions that before sharing, the taxpayer's data shall be anonymized."</i>	Unchanged, the proposed amendments have been adopted.

222(2)	(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: Provided that the total number of auditors appointed under this section shall not be more than two thousand.	The new amendment in proposed Finance Bill 2026, authorizes the Board to appoint audit mentors and sectoral experts along with auditors. <i>(2) The Board may also appoint as many auditors, audit mentors and sectoral experts 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:</i> <i>Provided that the total number of auditors appointed under this section shall not be more than two thousand.</i>	Unchanged, the proposed amendments have been adopted.
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227D	227D. Automated impersonal tax regime.- (1) The Board may design an alternate impersonal taxation regime whereby personal interaction will be minimized. (2) The Board may, by notification in the official Gazette, prescribe the procedure in this behalf. (3) This section shall be applicable only for low risk and compliant taxpayers as may be prescribed	The section 227D 'Automated impersonal tax regime' has been proposed to be replaced with 'National Faceless Centre' – which introduces a separate wing, with specifically defined scope and implementation of digital tax proceedings through electronic communication. Its substitution transforms a brief 3-sub-section aspiration into a comprehensive 6-sub-section statutory blueprint for the National Faceless Centre. <i>"227D. National Faceless Centre.- (1) Notwithstanding anything to the contrary contained in any of the provisions of this Ordinance, the Board may, for the purposes of proceedings under this Ordinance in faceless manner, establish a National faceless center (hereinafter referred to as "the centre") and specify its jurisdiction, powers and functions.</i> <i>(2) The centre shall comprise a Director General and as many Chief Commissioners, Commissioners, Additional Commissioners, Deputy Commissioners, Assistant Commissioners, and any of the Income Tax Authorities mentioned in section 207 along with support staff, as the Board may deem fit for the purposes of this section.</i> <i>(3) The Board may design algorithms for assigning any function or jurisdiction under this section to any of the authorities mentioned in sub-section (2).</i> <i>(4) The Centre shall comprise as many wings and units as may be prescribed by the Board.</i>	Unchanged, the proposed amendments have been adopted.
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		(5) <i>The functions of audit, assessment, and quality control in a specific case for a specific tax year shall be performed by separate officers.</i> (6) <i>All communications, among the units, or with the taxpayer, or an authorized representative of the taxpayer, or with any other person with respect to the information or documents or evidence or any other details, as may be necessary, shall be through electronic means.</i>	
228A	228A. Directorate General (Field Compliance), Inland Revenue. Non-Existent	The newly proposed section of Directorate General (Field Compliance) Inland Revenue introduces a new office and empowers the Board to appoint its officers and define their jurisdiction, functions, and powers. “228A. Directorate General (Field Compliance), Inland Revenue. – (1) <i>The Directorate General (Field Compliance) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors and Assistant Directors and such other officers as the Board, may by notification in the official Gazette, appoint.</i> (2) <i>The Board may, by notification in the official Gazette, –</i> (a) <i>specify the functions and jurisdiction of the Directorate General and its officers; and</i> (b) <i>confer the powers of authorities specified in section 207 upon the Directorate General and its officers.”</i>	Unchanged, the proposed amendments have been adopted.

231B(6)	(6) For the purposes of this section the expression “date of first registration” means – (a) the date of issuance of broad arrow number in case a vehicle is acquired from the Armed Forces of Pakistan; (b) the date of registration by the Ministry of Foreign Affairs in case the vehicle is acquired from a foreign diplomat or a diplomatic mission in Pakistan; (c) the last day of the year of manufacture in case of acquisition of an unregistered vehicle from the Federal or a Provincial Government; and (d) in all other cases the date of first registration by the Excise and Taxation Department.	Following changes are proposed in sub-section (6) of section 231B of the Ordinance whereby the proposed omission of clause (c) removes a specific rule that treated the 'last day of the year of manufacture' as the deemed first registration date for unregistered government vehicles transferred to private buyers: <i>“(6) For the purposes of this section the expression “date of first registration” means –</i> <i>(a) the date of issuance of broad arrow number in case a vehicle is acquired from the Armed Forces of Pakistan;</i> <i>(b) the date of registration by the Ministry of Foreign Affairs in case the vehicle is acquired from a foreign diplomat or a diplomatic mission in Pakistan; and</i> ~~<i>(c) the last day of the year of manufacture in case of acquisition of an unregistered vehicle from the Federal or a Provincial Government; and</i>~~ <i>(d) in all other cases the date of first registration by the Excise and Taxation Department.”</i>	Unchanged, the proposed amendments have been adopted.
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236CA	236CA. Advance tax on TV plays and advertisements.- (1) Any licensing authority certifying any foreign TV drama serial or a play dubbed in Urdu or any other language, for screening and viewing on any landing rights channel, shall collect advance tax at the rates specified in Division XA of Part IV of the First Schedule. (2) Any licensing authority certifying any commercial for advertisement starring foreign actor, for screening and viewing on any landing rights channel shall collect advance tax at the rates specified in Division XA of Part IV of the First Schedule. (3) The tax required to be collected under this section shall be minimum tax in respect of income arising from such drama serial or play or advertisement referred to in sub-section (1) or (2) of this section.	Proposed to be omitted	Unchanged, the proposed amendments have been adopted.
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237C	237C. Uniform. Non-Existent	The proposed section 237C of chapter XIII has been transferred from section 209A of chapter XI from earlier Ordinance being an administrative measure to enhance professionalism and public identification of IRS officers. A uniform requirement also supports the faceless assessment framework, in field operations, uniformed officers are more easily identified as acting in official capacity, and it helps taxpayers distinguish genuine officials from impostors. <i>“237C. Uniform. - The Board may by notification in the official Gazette, prescribe rules for wearing of uniform by officers and staff of Inland Revenue Service of Pakistan.”</i>	Unchanged, the proposed amendments have been adopted.
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THE FIRST SCHEDULE**PART-I****DIVISION I**

Rate of tax for salaried individuals has been 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 Enacted
(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	1% of amount exceeding the 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. 6,000 + 11% 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. 116,000 + 23% of the amount exceeding Rs.2,200,000	Rs. 116,000 + 20% of the amount exceeding Rs.2,200,000
5.	Where taxable income exceeds Rs. 3,200,000 but does not exceed Rs. 4,100,000	Rs. 346,000 + 30% of the amount exceeding Rs. 3,200,000	Rs. 316,000 + 25% of the amount exceeding Rs. 3,200,000

6.	Where taxable income exceeds Rs. 4,100,000 but does not exceed Rs. 5,600,000	Rs. 616,000 + 35% of the amount exceeding Rs. 4,100,000	Rs. 541,000 + 29% of the amount exceeding Rs. 4,100,000
7.	Where taxable income exceeds Rs. 5,600,000 but does not exceed Rs. 7,000,000	***	Rs. 976,000 + 32% of the amount exceeding Rs. 5,600,000/-
8.	Where taxable income exceeds Rs. 7,000,000	****	Rs. 1,424,000 + 35% of the amount exceeding Rs. 7,000,000/-:

DIVISION IIB
SUPER TAX ON HIGH EARNING PERSONS

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

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

DIVISION IVA**RATE OF TAX ON PAYMENTS****FOR DIGITAL TRANSACTIONS IN E-COMMERCE PLATFORMS**

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

- (i) digital means or banking channels by payment intermediary at the rate of 1% of gross amount paid or payable; and
- (ii) cash on delivery by courier service at the rate of 2% of the gross amount paid or payable.

DIVISION VII**CAPITAL GAINS ON DISPOSAL OF SECURITIES**

The third proviso is amended such that the withholding and chargeability on capital gain on sale of units of mutual funds is made same:

provided also that a mutual fund or a collective investment scheme or a REIT Scheme shall “*charge and*” deduct capital gains tax at the rates as specified below, on redemption of securities as prescribed, namely: —

Category	Rate
Individual and association of persons	15% for stock funds 15% for other funds
Company	15% for stock funds 25% for other funds

DIVISION VIIIC**TAX ON DEEMED INCOME**

The rate of tax under section 7E has been omitted.

DIVISION IX

MINIMUM TAX UNDER SECTION 113

The reduced rate of turnover tax is no more applicable to distributor of pharmaceutical products, fast moving consumer goods and cigarettes. The amendment is as follows.

S. No	Person(s)	Minimum Tax as percentage of the person's turnover for the year
(1)	(2)	(3)
1.	a) Sui Southern Gas Company Limited and Sui Northern Gas Pipelines Limited (for the cases where annual turnover exceeds rupees one billion.) b) Pakistani International Airlines Corporation; and c) Poultry industry including poultry breeding, broiler production, egg production and poultry feed production;	0.75%
2.	a) Oil refineries b) Motorcycle dealers registered under the Sales Tax Act, 1990 c) Oil marketing companies]	0.5%
3.	~~a) Distributor of pharmaceutical products, fast moving consumer goods and cigarettes;~~ b) Petroleum agents and distributors who are registered under the Sales Tax Act, 1990; c) Rice mills and dealers; d) Tier-1 retailers of fast moving consumer goods who are integrated with Board or its computerized system for real time reporting of sales and receipts; e) Person's turnover from supplies through ecommerce including from running an online marketplace as defined in clause (38B) of section 2. f) Persons engaged in the sale and purchase of used vehicles; and g) Flour mills	0.25%
4	In all other cases	1.25%

PART II

RATES OF ADVANCE TAX

[See Division II of Part V of Chapter X]

Certain reduction in value on withholding taxes on import of mobile phones is made. The revised table under the third proviso reads as under:

S. No.	C & F Value of mobile phone (in US Dollar)	Tax (in Rs.)	
		In CBU condition PCT Heading 8517.1219	IN CKD/SKD condition under PCT Heading 8517.1211
(1)	(2)	(3)	(4)
1	Up to 30 except smart phones	70	0
2	Exceeding 30 and up to 100 and smart phones up to 100	100	0
3	Exceeding 100 and up to 200	<u>100</u>	0
4	Exceeding 200 and up to 350	970	0
1[5	Exceeding 350 and up to 500	5000	3000
6	Exceeding 500	11,500	5,200

In Part III, new division has been added namely:

DIVISION 1C

Certain payments by life insurance companies and takaful operators

<i>S. No</i>	<i>Description</i>	<i>Rate of Tax</i>
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>
1	Where payout or benefit is made within one year from the date of issuance of the life insurance policy, family takaful certificate or plan	15%
2	Where payout or benefit is made after one year but before completion of <i>four</i> years from the date of issuance of the life insurance policy, family takaful certificate or plan.	10%

DIVISION III

Payments for goods or services

Rate of tax on specified services has been amended as follows:

(2) The rate of tax to be deducted from a payment referred to in clause (b) of sub-section (1) of section 153 shall be –

- (i) ***[7%]*** 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 **non-banking finance company as defined in clause (35B) of section 2 of this Ordinance**, 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.

Explanation: –

The tax rate under this subparagraph shall be applicable only to a service provider whose services are subjected to withholding tax on gross receipts and the service provider has not agitated taxation of gross receipts before any court of law;

- (ii) 15% in the case of independent professional services such as doctors, lawyers, architects, accountants, software engineers or developers, working independently; and***
- (iii) 1.5% of the gross amount payable to electronic and print media in case of advertising services;***
- (iv) 12% of the gross amount payable to companies for rendering or providing terminal and port operating services; and***
- (v) 14% of the gross amount in the case of services other than those covered in sub-paragraphs (i), (ii), (iii) and (iv).***

DIVISION IIIAA

Gain arising on disposal of certain debt securities.

Rate of tax under section 151A has been amended as follows:

The rate of tax to be deducted under section 151a shall be 20% of the gross amount of capital gain.

New division has been added namely:

DIVISION IIIAB

Withholding tax on Revenues Received from Social Media Platforms

The Rate of Tax to be Deducted Under Section 154B shall be 5%

DIVISION IV

Exports

The rate of tax on exports has been amended as follows:

- (1) The rate of tax to be deducted under sub-sections (1), (3), (3A), (3B) or (3C) of section 154 shall be **1.25%** of the proceeds of the export.
- (3) The rate of tax to be deducted under sub-section 5 [(2)] of section 153 shall be **1.25%**.

**DIVISION IVA
Export of Services**

the concessional tax rate applicable to export proceeds derived from computer software and IT services IT enabled services has been extended until Tax Year 2029 which read as follows:

The rate of tax to be deducted under section 154A shall be:

S. No	Types of Receipts	Rate of Tax
(1)	(2)	(3)
1	Export proceeds of Computer software or IT services or IT Enabled services by persons registered with Pakistan Software Export Board	0.25% of proceeds for tax years 2024 up to tax year 2029
2	Any other case	1% of proceeds

**PART IV
DIVISION X**

Advance tax on Sale or Transfer of Immovable Property

Rate of tax u/s 236C has been reduced as follows:

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

DIVISION XA

Advance tax on TV Plays and Advertisements

Rate of advance tax on TV plays and advertisement under section 236CA has been omitted.

DIVISION XVIII

Advance tax on Purchase of Immovable Property

Rate of tax u/s 236K has been reduced as follows:

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

DIVISION XXVII

Advance tax on amount remitted abroad through credit, debit or prepaid cards

Rate of tax u/s 236Y has been proposed reduced as follows:

The rate of tax to be deducted under section 236Y shall be **0.5%** of the gross amount remitted abroad.

THE SECOND SCHEDULE PART-I EXEMPTIONS FROM TOTAL INCOME

In sub-clause (4) of Clause (57);

Amendment has been introduced for serial number (xiii) in column (2) in which expression “**National Endowment Scholarship for Talent (NEST)**” has replaced by the expression “**Pakistan Education Endowment Fund**”.

<i>Sr. No.</i>	<i>Name</i>
<i>(1)</i>	<i>(2)</i>
<i>xiii.</i>	Pakistan Education Endowment Fund

New entries have been introduced in column (1) after serial number (lii) with new entities in column (2) namely:

<i>Sr. No.</i>	<i>Name</i>
(1)	(2)
<i>liii.</i>	<i>Pakistan Red Crescent Society</i>
<i>liv.</i>	<i>Shaheen Foundation PAF</i>
<i>lv.</i>	<i>Dawat-e-Hadiya</i>
<i>lvi</i>	<i>Pakistan Navy Benevolent Association</i>
<i>lvii</i>	<i>Sindh Institute of Urology and Transplantation</i>
<i>lviii</i>	<i>Employees' Social Security Institutions of Provincial Governments</i>
<i>lix</i>	<i>Workers' Welfare Fund Organizations of Provincial Governments</i>
<i>IX</i>	<i>Make-A-Wish Foundation</i>
<i>lxi</i>	<i>Quaid-i-Azam Mazar Management Board</i>

Amended clause (78) is as follows:

(78) Any profit on debt derived from foreign currency accounts held with authorised banks in Pakistan, or certificate of investment issued by investment banks in accordance with *any foreign currency account scheme(s)* introduced by the State Bank of Pakistan, by non-resident individuals, non-resident association of persons and non-resident companies.

Amended clause (79) is as follows:

(79) Any profit on debt derived from a rupee account held with a scheduled bank in Pakistan by a *person maintaining a Non-Resident Pakistani Rupee Value Account "NRVA" or Non-Resident Business Value Account "NRBVA" under the scheme introduced by the State Bank of Pakistan*, where the deposits in the said account are made exclusively from foreign exchange remitted into the said account.

New clause (99C) is introduced as follows:

(99C) Any income derived by a Private Equity and Venture Capital Fund registered under Private Funds Regulations, 2015, if not less than ninety percent of its accounting income of that year, as reduced by accumulated losses and unrealized capital gains, is distributed by the Private Equity and Venture Capital Fund to its unit or certificate holders or shareholders: Provided that this exemption shall not be available if the Private Equity and Venture Capital Fund is established to acquire a public listed company, whose status has not been changed to the private limited company on the acquisition.

PART-II
REDUCTION IN TAX RATES

In clause (5AA):

It has been proposed to amend clause (5AA) as follows:

(5AA) The rate of tax to be deducted under sub-section (2) of section 152, in respect of payments to a *person* on account of profit on debt earned from a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 and purchased exclusively through a bank account maintained abroad, a non-resident Rupee account repatriable (NRAR), *Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value Account (NRBVA)* maintained with a banking company in Pakistan shall be ten percent of the gross amount paid:

Provided that tax deducted on such profit on debt shall be final tax.

Clause (24D) has been substituted in entirety as follows:

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

Table

S. No.	Goods
(1)	(2)
1.	Pharmaceutical
2.	Fertilizer
3.	Cigarette
4.	Sugar

5.	locally manufactured mobile phones
6.	Fresh and frozen food in canned or packaged form
7.	Electronics
8.	Beverages and dairy products
9.	Pasta, cereals, biscuits, nuts, snacks and similar packaged food items
10.	Condiments and baking items in bottled or packaged form
11.	Skincare and cosmetics, haircare, oral care, baby care
12.	Cleaning agents like laundry detergents, dishwashing soaps and floor cleaners
13.	Toilet paper, paper towels, facial tissues, napkins, and similar products
14.	Trash bags, aluminum foil, air freshener and insect sprays”;

PART-IV

EXEMPTIONS FROM SPECIFIC PROVISIONS

Amended clause (12A) is as follows:

(12A) The provisions of section 150 shall not apply to dividend paid *by* Transmission Line Projects under Transmission Line Policy 2015.

Clause (46A) "*Omitted*" ~~the provisions of sub-section [(3)] of section 153 shall not apply to any payment received by a manufacturer of iron and steel products relating to sale of goods manufactured by him~~

Amended Clause (47B) is as follows:

(47B) The provisions of sections 150, 151, *151A*, 233 and Part I, Division VII of the First Schedule shall not apply to any person making payment to National Investment Unit Trust or a collective investment scheme or Approved Pension Fund or an Approved Income Payment Plan or a REIT Scheme including Special Purpose Vehicle or a recognized provident fund or an approved superannuation fund or an approved gratuity fund.

Clause (57) pertaining to non-applicability of section 153 on Trading Houses is "*Omitted*"

New clause (104B) has been introduced:

(104B) The provisions of section 4C shall not apply to a person if the export proceeds realized for the tax year represent more than eighty percent of his total turnover for the tax year.

Amended clause (111AB) is as follows

(111AB) The provisions of section 100BA and Rule 1 of the Tenth Schedule shall not apply to *Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value*

Account (NRBVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan.

In Clause (114A) - Clause (114A) has been proposed to be substituted in entirety as follows:

“(114A) The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a person maintaining a Foreign Currency Value Account (FCVA), Foreign Currency Business Value Account (FCBVA), Non-Resident Rupee Value Account (NRVA), or Non-Resident Rupee Business Value Account (NRBVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan:

Provided that this clause shall not apply if the person referred in this clause has Pakistan-source taxable income other than the following; namely:—

- (a) profit on debt on FCVA, FCBVA, NRVA, or NRBVA ;*
- (b) profit on debt earned on Government of Pakistan (GOP) securities either conventional or Shariah Compliant where investment has been made from proceeds of FCVA, FCBVA, NRVA, or NRBVA;*
- (c) capital gain on disposal of immovable property acquired from proceeds of FCVA or NRVA;*
- (d) capital gain on disposal of securities traded on Pakistan Stock Exchange and units of mutual funds that are acquired from proceeds of FCVA, FCBVA, NRVA, or NRBVA; or*
- (e) dividend income from securities traded on Pakistan Stock Exchange and mutual funds that are acquired from proceeds of FCVA, FCBVA, NRVA, or NRBVA.”*

Amended clause (115) is as follows:

(115) The provisions of section 153 shall not apply to traders being individuals having turnover up to two hundred million Rupees as a prescribed person.

THE EIGHTH SCHEDULE

RULES FOR THE COMPUTATION OF CAPITAL GAINS ON LISTED SECURITIES

Rule 5. *"Omitted"*

THE TENTH SCHEDULE

RULES FOR PERSONS NOT APPEARING IN THE ACTIVE TAXPAYERS' LIST

Rule 1A ~~1A. Rate of deduction or collection of tax from persons who are appearing on active taxpayers' list but have not filed return by the due date~~ *"Omitted"*

In Rule 10,

New sub-clause (aa) inserted:

(aa) tax deducted under section 151B from payment made to a non-resident person

sub-clause (y) ~~tax collected under section 37A on disposal of securities acquired on and from 1st day of July, 2025~~ *"Omitted"*

THE TWELFTH SCHEDULE

In Part II, the following new entry has been added:

"1520.0000	Glycerol, crude; glycerol waters and glycerol lyes."
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SALES TAX ACT 1990**COMPARISON & COMMENTS | VIDE FINANCE ACT 2026**

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FINANCE ACT 2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND/OR UNDERLINED]
2 (1AA)	Insertion of Definition of " advance receipt invoice "	Through proposed amendment the definition of advance receipt invoice has been proposed to be inserted in format as may be prescribed be the board. The said definition is reproduced as under: <i>"Advance receipt invoice" Means an invoice in the format as may be notified by the Board from time to time".</i>	Unchanged, the proposed amendments have been adopted.
2 (1AAA)	Insertion of Definition of " algorithmic settlement mechanism "	Through said proposed amendment, the definition of algorithmic settlement mechanism has been proposed to be inserted, to define said term used in newly proposed section 47AA. The said definition is reproduced as under: <i>"Algorithmic Settlement Mechanism" Means algorithmic settlement mechanism provided under section 26AAA of this Act".</i>	Through FA 2026, the reference to section under the proposed definition has been amended from "26AAA" to "47AA". Hence definition has been re-worded as follows: <i>"Algorithmic Settlement Mechanism" means algorithmic settlement mechanism provided under section <u>47AA</u> of this Act".</i>

2 (9AB)	Insertion of Definition of " electronic invoicing system "	Through the proposed amendment, a definition of 'electronic invoicing system' has been proposed to be inserted, whereby the Board may prescribe a system or mechanism for the issuance and recording of sales tax invoices in electronic form. The said definition is reproduced as under: <i>"Electronic invoicing system" means such electronic system or mechanism as may be prescribed or approved by the Board for issuance and recording of sales tax invoices in electronic form".</i>	Unchanged, the proposed amendments have been adopted.
2 (17A)	Insertion of Definition of " National faceless centre "	Through said proposed amendment the definition of National faceless centre has been proposed to be inserted, to define said term used in newly proposed section 32C. The said definition is reproduced as under: <i>"National faceless centre" Means National faceless centre as defined in section 32C of the Act".</i>	Unchanged, the proposed amendments have been adopted.

2 (22) (1A)	Insertion of Definition of " production monitoring system"	Through the proposed amendment, a definition of 'production monitoring system' has been proposed to be inserted, to define the monitoring system of production and sale of goods, whether in real time or otherwise including such systems or technologies as may be prescribed by the Board from time to time. The said definition is reproduced as under: <i>"Production monitoring system" means any system or technology, used for the purposes of monitoring production and sale of goods, whether in real-time or otherwise, including such systems or technologies as may be prescribed by the Board from time to time".</i>	Unchanged, the proposed amendments have been adopted.
2 (43A) (d) (f)(g) (gb) (h)	Tier-1 retailer Definition Sub-clause (d) of clause 43A (Tier-1 retailer) of section 2. <u>Existing position:</u> <i>(d) a wholesaler-cum-retailer, engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers</i>	The said proposed change is reproduced as under: <i>(d) a wholesaler-cum-retailer, having turnover more than two hundred million engaged in bulk import and supply of consumer goods on wholesale basis to the retailers as well as on retail basis to the general body of the consumers.</i> Sub-Clauses (f) and (g) of Clause 43A of section 2 are proposed to be omitted, the said omitted sub-clauses are as under:	Unchanged, the proposed amendments have been adopted.

	Sub-Clauses (f) and (g) of Clause 43A of section 2.	<u>Sub-Clause (f).</u> "a retailer who has acquired point of sale for accepting payment through debit or credit cards from banking companies or any other digital payment service provider authorized by State Bank of Pakistan". <u>Sub-Clause (g).</u> "a retailer whose deductible withholding tax under sections 236G or 236H of the Income Tax Ordinance, 2001(XLIX of 2001) during the immediately preceding twelve consecutive months has exceeded the threshold as may be specified by the Board through notification in the official Gazette". After omitted sub-clause (ga) of clause (43A) of section 2, the following new sub-clause (gb) is proposed to be inserted as under: "(gb) a retailer having turnover exceeding two hundred million rupees either by way of declaration or from worked back value of turnover from tax deduction under section 236G or 236H of Income Tax Ordinance, 2001 (XLIV of 2001) during the immediately preceding twelve consecutive months." The proviso has been proposed to be added in sub-clause (h) of clause (43A) of section 2. As per proposed amendment, the sub-clause (h) is as under:	Unchanged, the proposed amendments have been adopted. Unchanged, the proposed amendments have been adopted.
	A new sub-clause (gb) under Clause 43A of section 2 is proposed to be inserted		

	Amendment proposed in sub-clause (h) of Cause 43A of section 2.	(h) any other person or class of persons as prescribed by the Board: <i>“Provided that the Board may also exclude any person or class of persons through a notification in the official gazette”</i>	Unchanged, the proposed amendments have been adopted.
2(44)(a)	Proposed insertion of Explanation in section 2(44) in connection with Time of Supply.	Through the proposed amendment, the concept of “time of supply” has been expanded. Previously, it was determined by the earlier of delivery of goods or receipt of payment; however, it has now been enhanced to also include the point when goods are ready for dispatch, thereby broadening the scope of tax liability timing. The explanation is reproduced as under: <i>“Explanation. – “For the removal of doubt, the term goods are delivered or made available mean the goods become ready for dispatch from the business premises including but not limited to factory, warehouse, godown or branch”.</i>	The proposed changes have not been adopted; hence ‘Explanation’ which was proposed to be added is not added. ~~“Explanation. – “For the removal of doubt, the term goods are delivered or made available mean the goods become ready for dispatch from the business premises including but not limited to factory, warehouse, godown or branch”.~~

2(46)(j)	Proposed insertion in section 2(46) after the first proviso, regarding empowerment of board for purpose of Value of Supply.	Through proposed amendment board has been empowered to either use the value of goods as specified by Pakistan Bureau of Statistics immediately before the start of tax period or may outsource the functions of valuation of goods to third party in prescribed manner if deems fits. The proposed insertion after the first proviso under section 2(46) is reproduced as under: <i>“For this purpose of valuation, the Board may use the valuation of such goods as notified by Pakistan Bureau of Statistics immediately before the start of tax period. The Board may also where deems fit outsource the functions of valuation of goods to third party in the mode and manner as may be prescribed”.</i>	Unchanged, the proposed amendments have been adopted. Unchanged, the proposed amendments have been adopted.
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6(2)	Proposed insertion in sub-section 2 of section 6 pertaining to Time and manner of payment.	The insertion in sub-section 2 of section 6 is reproduced as under: <i>“Provided further that in the case of steel melters, steel re-rollers and composite units, the tax shall be collected on the basis of per unit electricity consumption at the rate as prescribe by the Board, through notification in the official Gazette. The tax so collected shall be adjustable and the excess amount, if any, shall be refunded on monthly basis through Board’s automated refund system to those registered persons who integrate with the Board’s prescribed production monitoring and digital invoicing systems.”</i>	Through FA 2026, amendment has been made in the proposed insertion in sub-section (2) of section 6. Earlier one proviso was proposed to be inserted, however vide FA 2026, the proposed proviso has been adopted but with some modification and two more provisos have been inserted. The said amendments are reproduced hereunder: <u><i>Provided further that in the case of steel melters, steel re rollers and composite units, the tax shall be collected on the basis of per unit electricity consumption including use of electricity produced by a captive power plant or through any other alternative source of energy at the rate or rates as prescribed by the Board, through notification in the official Gazette. The tax so collected shall be an adjustable input tax, to be claimed in the return of the month in which such payment is made:</i></u>
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		Non-Existent	<u>Provided also that the Board may prescribe a lower per unit rate or rates of electricity consumption on the basis of input tax paid on imports or other invoices issued through electronic invoicing system, digitally issued invoices for compliant and digitally integrated steel melters, re-rollers and composite units to minimize creation of refunds:</u>
		Non-Existent	<u>Provided also that the per unit sales tax shall be determined by the Board on the basis of minimum notified price under clause (46) of section 2 of this Act and the industrial benchmarks of consumption of electricity against per ton production of steel products.</u>
8B (1)	Amendment in section 8B(1) pertaining to Adjustable input tax regarding empowerment of board to reduce or enhance limit prescribed under this sub-section.	Through the proposed amendment, the Board has been empowered to adjust the threshold limit under section 8B, either by reducing or enhancing it, based on a taxpayer's compliance or non-compliance with prescribed digital integration systems such as production monitoring, digital invoicing, e-bilty, POS, or any other electronic system specified by the Board for real-time data integration.	The proposed insertion of proviso has been adopted with just one deletion of the word "further" and remaining is same. The amended version is as follow:

		The proposed amendment in section 8B(1) is reproduced as under: <i>“Provided further also that the Board may by notification in the official Gazette, reduce or enhance the limit provided in this sub-section for any registered person on the basis of compliance or non-compliance with the production monitoring, digital invoicing, e-Bility, POS, or any other electronic system prescribed by the Board for digital integration of data”.</i>	<u><i>“Provided also that the Board may by notification in the official Gazette, reduce or enhance the limit provided in this sub-section for any registered person on the basis of compliance or non-compliance with the production monitoring, digital invoicing, e-Bility, POS, or any other electronic system prescribed by the Board for digital integration of data”.</i></u>
9	Insertion of proviso in section 9 which dealt with issuance of Debit and Credit Note	Following proviso is proposed to be inserted in section 9 which is reproduced as under: <i>“Provided that the issuance of debit and credit notes shall be governed by the mechanism including electronic adjustments, as may be prescribed by the Board”.</i>	Unchanged, the proposed amendments have been adopted.
11H	Non-Existent	Through proposed amendment new section is proposed to be inserted for faceless proceeding in respect of any audit under section 25 and 72B and order under 11E and rectification under 57 of The Sales Tax Act, 1990.	Unchanged, the proposed amendments have been adopted.

		The proposed inserted section 11H is reproduced as under: <i>“11H. Faceless audit and assessment.–</i> <i>(1) Notwithstanding anything to the contrary contained in any other provision of this Act, any audit under sections 25 and 72B, any order made under section 11E, and rectification under section 57 with respect to the cases referred to in sub-section (2), may be made in a faceless manner as may be prescribed by the Board from time to time.</i> <i>(2) The faceless assessment under sub-section (1) shall be made in respect of such persons or class of persons, or incomes or class of incomes, or cases or class of cases, as may be specified by the Board.</i> <i>(3) The provisions of section 25 shall apply to the audit conducted in faceless manner under this section:</i> <i>Provided that where opportunity of being heard is to be provided to the taxpayer during the course of this audit or a statement under oath is required to be obtained from a taxpayer or any other person under section 37 of this Act, the same shall be done through E-hearing:</i> <i>Provided further that the identity of the officer, including facial and voice identity, conducting such E-hearing shall be kept confidential.”.</i>	Unchanged, the proposed amendments have been adopted. Unchanged, the proposed amendments have been adopted.
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21(2)	Amendment in sub-section 2 of section 21 pertaining to De-registration, blacklisting and suspension of registration.	Through proposed amendment non-compliance of sub-sections (5) and (6) of section 23 or section 40C has been added as another condition upon which commissioner may suspend or blacklist the sales tax registration of the registered person. The amendment in sub-section (2) of section 21 is reproduced as under: <i>(2) Notwithstanding anything contained in this Act, in cases where the Commissioner is satisfied that a registered person is found to have issued fake invoices, <u>has committed non-compliance of sub-sections (5) and (6) of section 23 or section 40C</u> or has otherwise committed tax fraud, he may issue an order of suspension and blacklisting such person or suspend his registration in accordance with such procedure as the Board may by notification in the official Gazette, prescribe.</i>	Unchanged, the proposed amendments have been adopted.
23(1)	Amendment in sub-section 1 of section 23 pertaining to Tax Invoices	Through proposed amendment the particular previously applied for issuing taxable invoices have now also made applicable to issuing exempt supplies invoices and further particular including an advance receipt invoice, bearing a verifiable and unique FBR invoice number has been added. The amended is reproduced as under:	Unchanged, the proposed amendments have been adopted.

		(1) A registered person making a taxable <u>as well as exempt supply shall issue a tax invoice including an advance receipt invoice, bearing a verifiable and unique FBR invoice number</u> at the time of supply of goods containing the following particulars, in Urdu or English language, namely.	
23(1)(b)	Proposed insertion in section 23(1)(b), regarding empowerment of board to notify the person for issuing advance receipt invoice.	Through proposed amendment the board is empowered to notify any person or class of persons who may be allowed to issue an advance receipt invoice or the condition of verifiable and unique FBR invoice number shall be applicable from a time as notified by the Board. The amendment is proposed to be inserted after the Explanation where the existing provisos are proposed to be substituted as under: <i>“Provided that the Board may notify any person or class of persons who may be allowed to issue an advance receipt invoice within the notified system:</i> <i>Provided further that the condition of verifiable and unique FBR invoice number shall be applicable from a time as notified by the Board.</i>	Unchanged, the proposed amendments have been adopted. Unchanged, the proposed amendments have been adopted.

25 (8A) (8B)	Non-Existent sub-sections in Section 25 - Audit of sales tax affairs	The proposed sub-section 25(8A) & 25(8B) are as under: <i>(8A) If, at any stage of the proceedings before him, if the Commissioner is of the opinion that having regard to,</i> <i>(a) the nature and complexity of the accounts; or</i> <i>(b) volume of the accounts; or</i> <i>(c) doubts about the correctness of the accounts; or</i> <i>(d) multiplicity of transactions in the accounts; or</i> <i>(e) specialized nature of business activity of the registered person, and interests of the revenue, is of the opinion that it is necessary so to do, he may, after giving the registered person a reasonable opportunity of being heard, and with the previous approval of the Chief Commissioner, direct 19 the registered person to get either any or all of the following: –</i> <i>(i) accounts re-audited by an accountant, and to furnish a report of such audit duly signed and verified by such accountant including answers to the specific queries as the Commissioner may require; or</i>	Proposed insertion of sub-section (8A) and (8B) in section 25 have been adopted with some modifications in the wording or sub-section 8A. The modification is removal of the wording after the word Commissioner “is of the opinion that” and addition of the words “ in the ” in clause (e) in sub-section 8A. The amended version is reproduced hereunder: <u><i>(8A) If, at any stage of the proceedings before him, the Commissioner having regard to, –</i></u> <u><i>(a) the nature and complexity of the accounts; or</i></u> <u><i>(b) volume of the accounts; or</i></u> <u><i>(c) doubts about the correctness of the accounts; or</i></u> <u><i>(d) multiplicity of transactions in the accounts; or</i></u> <u><i>(e) specialized nature of business activity of the registered person, and in the interest of the revenue, is of the opinion that it is necessary so to do, he may, after giving the registered person a reasonable opportunity of being heard, and with the previous approval of the Chief Commissioner, direct the registered person to get either any or all of the following: –</i></u> <u><i>(i) accounts re-audited by an accountant, and to furnish a report of such audit duly signed and verified by such accountant including answers to</i></u>
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		(ii) inventory re-valued by a cost accountant, and to furnish a report of such inventory valuation duly signed and verified by such cost accountant including answers to the specific queries as the Officer of Inland Revenue may require; <i>Explanation: -</i> The accountant or the cost accountant, as referred to in this sub-section shall be nominated by the Commissioner for the purposes of the said sub-section from amongst the panel of such accountants or cost accountants nominated by the Board." (8B) After completion of the audit, the officer of Inland Revenue shall, after obtaining the registered person's explanation on all the issues raised in the audit, issue an audit report containing audit observations and finding."	<u>the specific queries as the Commissioner may require; or</u> <u>(ii) inventory re-valued by a cost accountant, and to furnish a report of such inventory valuation duly signed and verified by such cost accountant including answers to the specific queries as the Officer of Inland Revenue may require;</u> <u>Explanation:—The accountant or the cost accountant, as referred to in this sub section, shall be nominated by the Commissioner for the purposes of the said sub-section from amongst the panel of such accountants or cost accountants nominated by the Board; and</u> <u>(8B) After completion of the audit, the officer of Inland Revenue shall, after obtaining the registered person's explanation on all the issues raised in the audit, issue an audit report containing audit observations and findings.</u>
25(9)	Proposed substitution in section 25(9).	The proposed amended in sub-section 9 of section 25 is reproduced as under: "After issuing the audit report, the officer of Inland Revenue may, if required pass an order under section 11E, after providing an opportunity of being heard to the registered person under sub-section (1) of section 11E."	Unchanged, the proposed amendments have been adopted.

25(11)	Proposed substitution in Section 25(11).	The proposed amended section is reproduced as under: <i>(11) Notwithstanding the penalties prescribed in section 33, if a registered person deposits the amount of tax short paid or amount of tax evaded along with default surcharge voluntarily, whenever it comes to his notice, before receipt of notice of audit, no penalty shall be recovered from him.'</i> <i>Provided that if a registered person deposits the amount of tax short paid or amount of tax evaded along with default surcharge during the audit, or at any time before issuance of show cause notice under section 11E, he may deposit the evaded amount of tax, default surcharge under section 34, and twenty five percent of the penalty payable under section 33:</i> <i>Provided further that if a registered person deposits the amount of tax short paid or amount of tax evaded along with default surcharge after issuance of show cause notice under section 11E, he shall deposit the evaded amount of tax, default surcharge under section 34, and fifty percent of the penalty payable under section 33 and thereafter, the show cause notice, shall stand abated.</i>	Unchanged, the proposed amendments have been adopted. Unchanged, the proposed amendments have been adopted.
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30AA	Non-Existent	The proposed New section 30AA (Faceless Jurisdiction) is as under: <i>(1) Notwithstanding anything contained in this Act, the Inland Revenue tax authorities appointed in National faceless center shall perform all or such functions, and exercise all or such powers under this Act as may be assigned to them in respect of such persons, or classes of persons, for such tax periods of a person through algorithms developed by the Board.</i> <i>(2) The jurisdiction so assigned may be exclusive or concurrent.</i> <i>(3) The Board may transfer jurisdictions in respect of persons or classes of persons, for a specific tax period, for which the jurisdiction has already been assigned under this section, from National faceless center to the officer of Inland Revenue having jurisdiction under section 30 of this Act, on the recommendation of the Chief Commissioner or on its own accord.</i> <i>(4) The Chief Commissioner appointed in the National faceless center may request the Board to direct the officer of Inland Revenue having jurisdiction under section 30 or any other Authority under this Act, as it may deem fit, to conduct physical verification including nature and size of the business, assets, investments, expenditures, and any other information or verification required by the Chief Commissioner for conducting any proceedings assigned to the</i>	Unchanged, the proposed amendments have been adopted.
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		<i>National faceless center: Provided that the Board may exercise its power of allocation of verification through an algorithm-based system.</i> <i>(5) Notwithstanding anything contained in any law for the time being in force, the identity of the authority exercising jurisdiction in the National faceless center shall be kept confidential from the registered person, the authorized representative of the registered person, and any unauthorized person.</i> <i>(6) No notice, order , or other communication by an authority appointed at the National faceless center shall be called in question or set aside merely on the ground that such authority did not have jurisdiction over the taxpayer under section 30 of this Act, or lack of notified delegation of power under section 32 of this Act, or because of the fact that identity of the authority has been kept confidential from the taxpayer as per sub-section (5)."</i>	
30DDDB	Non-Existent	Proposed new section is as under: 30DDDB. Directorate General (Field Compliance) Inland Revenue. <i>(1) The Directorate General (Field Compliance) Inland Revenue shall consist of a Director General and as many Directors, Additional Directors, Deputy Directors, Assistant Directors and such other officers as the Board may, by notification in the official Gazette, appoint.</i>	Unchanged, the proposed amendments have been adopted. Unchanged, the proposed amendments have been adopted.

33(1)	Existent	Offence: Where any person fails to furnish a return within the due date. Penalty: Seeks to enhance penalty: (i) Penalty from <i>ten thousand</i> to <i>fifty thousand</i> in case a person failed to file a return within ten days of the due date. (ii) penalty from <i>two hundred rupees</i> to <i>two thousand rupees</i> per day for each day of default up to ten days from the due date.	Unchanged, the proposed amendments have been adopted.
33(2)	Existent	Offence: Any person who fails to issue an invoice when required under this Act. Penalty: Seeks to enhance penalty from <i>five thousand rupees</i> or <i>three per cent</i> to <i>twenty-five thousand rupees</i> or <i>Five per cent</i> of the amount of the tax involved, whichever is higher.	Unchanged, the proposed amendments have been adopted.
33(3)	Existent	Offence: Any person who unauthorizedly issues an invoice in which an amount of tax is specified. Penalty: Seeks to enhance penalty from <i>ten thousand rupees</i> or <i>Five per cent</i> to <i>Fifty thousand rupees</i> or <i>Ten per cent</i> of the amount of the tax involved, whichever is higher.	Unchanged, the proposed amendments have been adopted.

33(5)	Existent	Offence: Any person who fails to deposit the amount of tax due or any part thereof in the time or manner laid down under this Act or rules or orders made there under. Penalty: Seeks to enhance penalty: (i) Penalty from <i>ten thousand rupees</i> or Five per cent to <i>Fifty thousand rupees</i> or five per cent of the amount of the tax involved, whichever is higher. (ii) Penalty if the amount of tax or any part thereof is paid within [ten] days from the due date, the defaulter shall pay a penalty of <i>five hundred rupees</i> to <i>five thousand rupees</i> for each day of default.	Unchanged, the proposed amendments have been adopted.
33(7)	Existent	Offence: Any person who is required to apply for registration under this Act fails to make an application for registration before making taxable supplies. Penalty: Seeks to enhance penalty from <i>ten thousand rupees</i> or five per cent to <i>fifty thousand rupees</i> or five per cent of the amount of tax involved, whichever is higher.	Unchanged, the proposed amendments have been adopted.

33(8)	Existent	Offence: Any person who fails to maintain records required under this Act or the rules made there under. Penalty: <i>Seeks to enhance penalty from ~~ten thousand rupees~~ or five per cent to ~~fifty thousand rupees~~ or five per cent of the amount of tax involved, whichever is higher.</i>	Unchanged, the proposed amendments have been adopted.
33(25)	Existing section 33(25): Offence: Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, fails to get himself registered under the Act, and if registered, fails to integrate in the manner as required under law. Penalty: Such person shall be liable to pay a penalty up to one million rupees, and if continues to commit the same offence after a period of two months after imposition of penalty as aforesaid, his business premises shall be liable to be sealed by an officer of Inland Revenue in the manner as may be prescribed.	Proposed section 33(25): Offence: Any person, who is required to integrate his business for monitoring, tracking, reporting or recording of sales, production and similar business transactions with the Board or its computerized system, fails to get himself registered under this Act, and if registered, fails to integrate in the manner as required under law within the stipulated time as notified by the Board. Penalty: <i>Such person shall be liable to pay a penalty up to one million rupees, if he continues to commit the offence ~~after one month~~ of the imposition of first penalty, he shall be liable to ~~second penalty of up to five million rupees~~. Notwithstanding, his business premises shall be liable to be sealed ~~with or without imposition of penalty~~ by an officer of Inland Revenue in the manner as may be prescribed.</i>	Unchanged, the proposed amendments have been adopted.

33(29)	Non-Existent	Offence: Where any registered person issues a tax invoice for a transaction which is simulated or fictitious, or for which no actual supply of goods or services has taken place, as established after notice and adjudication. Penalty: (i) Such person shall pay a penalty equal to the face value of the simulated or fictitious invoice or invoices. (ii) The Board shall, after issuance of a show cause notice and an opportunity of being heard, place the name and registration number of such person on a publicly accessible simulated invoice issuers register maintained on the Board's computerized system. (iii) Any input tax credit claimed by a counterparty on the basis of invoices issued by a person on the simulated invoice issuers register shall be reversed automatically and treated as inadmissible with effect from the date of listing. (iv) Listing on the register shall be removed upon full payment of the penalty and default surcharge, and upon satisfactory demonstration of compliance. Section of the Act to which offence has reference: 2(37)	Unchanged, the proposed amendments have been adopted.
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33(30)	Non-Existent	Offence: Where the Board's computerized system identifies that input tax credit claimed by a registered person in respect of any tax period cannot be matched to corresponding output tax declared by the supplier for the same or proximate tax period, and such mismatch is confirmed after issuance of notice and provision of opportunity of being heard. Penalty: Such person shall pay a penalty of twenty per cent of the unmatched input tax amount, in addition to reversal of the inadmissible credit and payment of default surcharge under section 34. Section of the Act to which offence has reference: 7, 8A	Unchanged, the proposed amendments have been adopted.
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33(31)	Non-Existent	Offence: Where a registered person has claimed input tax credit on the basis of invoices issued by a person who is subsequently placed on the simulated invoice issuers register under S. No. 29, and such registered person fails to reverse the inadmissible input tax credit within sixty days of the listing of the invoice issuer on the register. Penalty: Such person shall pay a penalty of twenty per cent of the unreversed input tax credit, in addition to the reversal of such credit and default surcharge under section 34. Section of the Act to which offence has reference: 7, 8A, 33 (Serial No.29)	Unchanged, the proposed amendments have been adopted.
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40C (2)(3)	Existing Sub-section (2) and (3) of section 40C (Monitoring or Tracking by Electronic or other means): (2) From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, band role stickers, labels, bar code production monitoring, video analytics, etc. in any such form, style and manner as may be prescribed by the Board in this behalf. (3) Such tax stamps, banderols, stickers, labels, barcodes [monitoring equipment] etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.	Substituted Sub-section (2) and (3) of section 40C: <i>(2) From such date as may be prescribed by the Board, no taxable goods shall be removed or sold by the manufacturer or any other person unless such goods are affixed with tax stamps, band role stickers or labels are monitored through a Production Monitoring System, video analytics or any other prescribed monitoring mechanism, etc. in any such form, style and manner as may be prescribed by the Board in this behalf;</i> <i>(3) Such tax stamps, banderols, stickers, labels, barcodes, production monitoring equipment etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board."; and</i>	Unchanged, the proposed amendments have been adopted.
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40C (6)	Non-Existent	Proposed sub-section 6 of section 40C reads as follows: <i>(6) Any taxable goods in respect of which monitoring, tracking or identification has been prescribed under this Act or rules made thereunder, which are manufactured, produced, removed, transported, supplied or otherwise dealt with or without affixing the prescribed tax stamps, banderoles, stickers, labels, barcodes or without compliance with the prescribed monitoring system, shall be liable to seizure and confiscation in the prescribed manner, along with the conveyance used for the movement, carriage or transportation of such goods."</i>	Unchanged, the proposed amendments have been adopted.
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40 F	Non-Existent	New section: 40F - Sale of Confiscated Goods by Auction. Previously, the disposition of confiscated Sales Tax goods lacked a clear statutory procedure, leading to delays, disputes and potential corruption in the disposal process. Proposed section reads as follows: <i>(1) Where any goods liable to confiscation under any provision of this Act have been confiscated, these goods, without prejudice to other action specified against such goods, shall be sold by public auction.</i> <i>(2) The goods may be sold under sub-section (1) through electronic means, as prescribed by the Board.</i> <i>(3) For the purpose of sub-sections (1) and (2) of this section, the Board shall be bound by Public Procurement Regulatory Authority Rules, 2014.</i> <i>(4) The sale proceeds shall be applied to the following purposes in their respective order, namely:-</i> <i>(a) first to pay the expenses of the sale;</i> <i>(b) then to pay the sales tax, other taxes and dues including penalty and surcharge payable</i>	Unchanged, the proposed amendments have been adopted.
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	<i>to the Federal Government in respect of such goods; and</i> <i>(c) the balance in respect of confiscated goods excluding those liable for outright confiscation, if any, shall be paid to the owner of the goods, provided he applies for it within six months of the sale of the goods failing which the balance amount shall be deposited into government treasury:</i> <i>Provided that, in case wherein goods declaration has been filed, the share of importer in sale proceeds shall not exceed the declared value of the goods.”;</i>	Unchanged, the proposed amendments have been adopted.
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45 C	Non-Existent	Section 45C is the Sales Tax equivalent to section 129A of ITO 2001. By enabling first-tier Sales Tax appeals to be processed through the NFC, the amendment aims to reduce the influence of personal relationships between appellants and appeal commissioners. The 'may be processed' language (discretionary, not mandatory) allows for a phased rollout – the Board can designate specific categories of cases or specific offices for faceless appeal processing initially, then expand as the system matures. This creates a complete faceless chain for Sales Tax: assessment (s. 11H) → adjudication (s. 30AA NFC) → appeal (s. 45C) – covering all major stages of the compliance and dispute resolution cycle. Proposed section reads as follows: 45C. Faceless appeals. (1) <i>Notwithstanding anything contained in this Act, any appeal filed under section 45B of this Act may be processed through the National faceless center as may be prescribed by the Board.</i> (2) <i>The provisions of section 45B of this Act, shall apply to faceless appeals accordingly.</i>	Unchanged, the proposed amendments have been adopted.
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47AA	Non-Existent	New section: 47AA - Algorithmic Settlement Mechanism proposed to be inserted as follows: <i>(1) Notwithstanding anything contained in this Act, the Board may establish digitally operated algorithmic settlement mechanism (hereinafter referred to as "the mechanism") for settlement of tax proceedings at any stage before any order under sections 11D or 11E of the Act.</i> <i>(2) In case, the mechanism calculates and presents to the registered person a settlement offer as per the criteria provided under sub-section (3), the registered person may avail the offer as provided in sub-section (4).</i> <i>(3) The system generated settlement offer shall be calculated on the basis including but not limited to:</i> <i>(a) the stage of proceedings at which settlement is offered;</i> <i>(b) the registered person's compliance history, as maintained in FBR's data;</i> <i>(c) the nature and character of the discrepancy; and</i> <i>(d) any other basis the Board may consider relevant.</i> <i>(4) A registered person who opts to avail this mechanism shall within ten days from the date</i>	Unchanged, the proposed amendments have been adopted. Unchanged, the proposed amendments have been adopted.
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	<i>of settlement offer to accept the settlement offer on IRIS and deposit the settlement offer amount.</i> <i>(5) The issues confronted to the registered person, if any, through a notice or an audit report under this Act shall stand abated if the registered person deposits the settlement amount as provided in sub-section (4).</i> <i>(6) Payment of tax consequent upon acceptance of offer under sub-section (4) of this section shall not preclude proceedings in respect of any other issue or discrepancy not covered by the settlement offer, nor shall it affect proceedings for any other tax period.</i>	
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47AAA	Non-Existent	New section: 47AAA - Independent case scrutiny committee proposed to be inserted as follows: (1) A reference under section 47 before the High Court, or an appeal or review before the Federal Constitutional Court or the Supreme Court of Pakistan, as the case may be, shall only be filed by the Commissioner Inland Revenue after the same has been approved by an independent case scrutiny committee as constituted by the Board. (2) The Board may constitute one or more such committees and assigned them cases or classes of cases decided by the Appellate Tribunal Inland Revenue or the High Court as the case may be. (3) The Committee shall comprise of the following Members as nominated by the Board (a) a retired judge of Supreme Court of Pakistan, the Federal Constitutional Court, or any of the High Courts of Pakistan who shall also act as Chairman of the Committee; (b) an Advocate having not less than fifteen years of experience in tax and commercial litigation before the High Court or Supreme	Proposed new section 47AAA have been inserted vide FA 2026, but with certain modifications. Proviso has been inserted in clause (c) of sub-section 3 of section 47AAA and further sub-section (8) has been added. <u>(1) A reference under section 47 before the High Court, or an appeal or review before the Federal Constitutional Court or the Supreme Court of Pakistan, as the case may be, shall only be filed by the Commissioner Inland Revenue after the same has been approved by an independent case scrutiny committee as constituted by the Board.</u> <u>(2) The Board may constitute one or more such committees and assigned them cases or classes of cases decided by the Appellate Tribunal Inland Revenue or the High Court as the case may be.</u> <u>(3) The Committee shall comprise of the following Members as nominated by the Board</u> <u>=</u> <u>(a) a retired judge of the Supreme Court of Pakistan, the Federal Constitutional Court, or any of the High Courts of Pakistan who shall also act as Chairman of the Committee;</u> <u>(b) an Advocate having not less than fifteen years of experience in tax and commercial</u>
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	<i>Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and</i> <i>(c) a senior serving or retired officer of the FBR (BS 20 or above).</i> <i>(4) The powers, functions, and procedure of the Committee along with remuneration of its Members shall be governed as prescribed.</i> <i>(5) Recommendations of the committee shall be binding upon the Commissioner Inland Revenue having jurisdiction over the case.</i> <i>(6) Notwithstanding anything contained in any other law for the time being in force, no suit, prosecution, or other legal proceedings shall lie against the Members of the Committee and the Commissioner Inland Revenue having jurisdiction over the case, in relation to the decisions made under this section.;</i> <i>(7) The Committee constituted under this sub-section shall exercise its powers and functions with effect from the date of its constitution as notified by the Board.";</i>	<u><i>litigation before the High Court or Supreme Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and</i></u> <u><i>(c) a senior serving or retired officer of the FBR (BS 20 or above):</i></u> <u><i>Provided that the committee may co-opt a chartered accountant as a non-voting member, whenever required.</i></u> <u><i>(4) The powers, functions and procedure of the Committee along with remuneration of its Members shall be governed as prescribed.</i></u> <u><i>(5) Recommendations of the committee shall be binding upon the Commissioner Inland Revenue having jurisdiction over the case.</i></u> <u><i>(6) Notwithstanding anything contained in any other law for the time being in force, no suit, prosecution, or other legal proceedings shall lie against the Members of the Committee and the Commissioner Inland Revenue having jurisdiction over the case, in relation to the decisions made under this section.</i></u> <u><i>(7) The Committee constituted under this sub-section shall exercise its powers and functions with effect from the date of its constitution as notified by the Board.</i></u>
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		<u>(8) Notwithstanding anything contained in this Act or The Limitation Act, 1908, for purposes of determining whether a matter referred to in sub section (1) has been filed within time, the period from the date from which time begins to run to the date on which the committee gives it approval, which period shall in each case be certified by the chairman, shall stand excluded:</u> <u>Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act, 2026 comes into force.</u>
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56B (3)	Non-Existent 56B. Disclosure of information by a public servant	Proposed sub-section 3 of section 56B reads as follows which proposes to empower the Board, subject to restrictions and conditions as specified, to share sector-wise data extracted from sales tax returns of registered persons with other registered persons operating within the same sector: <i>(3) Notwithstanding anything contained in sub-section (1), the Board shall have the power to share data contained in Sales Tax returns of registered persons belonging to a sector amongst all registered persons of the same sector under strict non-disclosure agreements to create market equity and to enhance tax compliance subject to such limitations, restrictions and conditions as may be specified by the Board."</i>	The sub-section (3) was proposed to be inserted in section 56B. However, FA 2026 has not adopted the said proposal. ~~<i>(3) Notwithstanding anything contained in sub-section (1), the Board shall have the power to share data contained in Sales Tax returns of registered persons belonging to a sector amongst all registered persons of the same sector under strict non-disclosure agreements to create market equity and to enhance tax compliance subject to such limitations, restrictions and conditions as may be specified by the Board."</i>~~
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THIRD SCHEDULE – RETAIL-PRICE BASIS GOODS

S.No.	Finance Bill 2026 – Proposed Entry (PCT Heading)	S.No.	Finance Act 2026 – Enacted Entry (PCT Heading)	Remarks
56	Vegetable and animal fats and oils, sold in retail packing. (Respective headings)	56	Vegetable and animal fats and oils, sold in retail packing. (Respective headings)	Identical.
56	Sugar Confectionary, sold in retail packing. (Note: the Bill re-uses Serial No. 56 for this item – a duplicate-numbering error in the printed Bill.) (Respective headings)	57	Sugar confectionery, sold in retail packing. (Respective headings)	The Act corrects the Bill's duplicate-numbering error by assigning this item its own Serial No. 57 (all subsequent items renumber accordingly)
57	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni; couscous, whether or not prepared, sold in retail packing. (19.02)	58	Pasta, whether or not cooked or stuffed (with meat or other substances) or otherwise prepared, such as spaghetti, macaroni, noodles, lasagne, gnocchi, ravioli, cannelloni, couscous, whether or not prepared, sold in retail packing. (19.02)	Identical in substance; renumbered from 57 to 58.
58	Sauces, ketchup and other preparations therefor; mixed condiments and mixed seasonings; mustard flour and meal and prepared mustard, sold in retail packing. (Respective headings)	59	Sauces, ketchup and other preparations therefore, mixed condiments and mixed seasonings, mustard flour and meal and prepared mustard, sold in retail packing. (Respective headings)	Identical in substance; renumbered from 58 to 59.

S.No.	Finance Bill 2026 – Proposed Entry (PCT Heading)	S.No.	Finance Act 2026 – Enacted Entry (PCT Heading)	Remarks
59	Fermented beverages, sold in retail packing. (Respective headings)	60	Fermented beverages, sold in retail packing. (Respective headings)	Identical; renumbered from 59 to 60.
60	Petroleum jelly, paraffin wax, micro-crystalline petroleum wax, slack wax, ozokerite, lignite wax, peat wax, other mineral waxes, and similar products obtained by synthesis or by other processes, whether or not coloured, sold in retail packing. (27.12)	61	Petroleum jelly, paraffin wax, micro-crystalline petroleum wax, slack wax, ozokerite, lignite wax, peat wax, other mineral waxes, and similar products obtained by synthesis or by other processes, whether or not coloured, sold in retail packing. (27.12)	Identical; renumbered from 60 to 61.
61	Insecticides, rodenticides, fungicides, herbicides, anti-sprouting products and plant-growth regulators, disinfectants and similar products, put up in forms or packings for retail sale or as preparations or articles put up in forms or packings for retail sale. (38.08)	–	<u>DROPPED</u> – this item does not appear anywhere in the Finance Act 2026.	Significant substantive change. The entire entry bringing insecticides, rodenticides, fungicides, herbicides, plant-growth regulators and disinfectants (PCT 38.08) into the Third Schedule's retail-price tax regime was proposed in the Bill but was removed before enactment. These goods therefore remain outside Third Schedule (retail-price) taxation.
62	Plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls, sold in retail packing. (39.19, 39.20, 39.21)	62	Plates, sheets, film, foil, tape, strip and other flat shapes, of plastics, whether or not in rolls, sold in retail packing. (39.19, 39.20, 39.21)	Identical.

S.No.	Finance Bill 2026 – Proposed Entry (PCT Heading)	S.No.	Finance Act 2026 – Enacted Entry (PCT Heading)	Remarks
63	Tableware, kitchenware, plastic furniture, storage items, hygienic or toilet articles, and allied other household articles of plastics, sold in retail packing. (Chapter 39)	63	Tableware, kitchenware, plastic furniture, storage items, hygienic or toilet articles, and allied other household articles of plastics, sold in retail packing. (Chapter 39)	Identical.
64	Trunks, suit-cases, vanity-cases, executive-cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers; travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, handbags, shopping-bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle-cases, jewellery boxes, powder-boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanised fibre or of paperboard, or wholly or mainly covered with such materials or with paper, put up for retail sale. (42.02)	64	Trunks, suit-cases, vanity-cases, executive-cases, briefcases, school satchels, spectacle cases, binocular cases, camera cases, musical instrument cases, gun cases, holsters and similar containers, travelling-bags, insulated food or beverages bags, toilet bags, rucksacks, handbags, shopping-bags, wallets, purses, map-cases, cigarette-cases, tobacco-pouches, tool bags, sports bags, bottle-cases, jewellery boxes, powder-boxes, cutlery cases and similar containers, of leather or of composition leather, of sheeting of plastics, of textile materials, of vulcanised fibre or of paperboard, or wholly or mainly covered with such materials or with paper, put up for retail sale. (42.02)	Identical.
65	Footwear (all types). (Respective headings)	65	Footwear (all types) except where the manufacturer exclusively sells its products through digitally integrated and POS compliant retail outlets. (Respective headings)	Substantive change. The Act adds a carve-out: footwear manufacturers selling exclusively through digitally integrated, POS-compliant retail outlets fall outside this Third Schedule entry, narrowing the base relative to the Bill.

S.No.	Finance Bill 2026 – Proposed Entry (PCT Heading)	S.No.	Finance Act 2026 – Enacted Entry (PCT Heading)	Remarks
66	Bathroom accessories and bath items, sanitaryware including taps, showerheads, fittings, mixers, valves and other washroom accessories and fixtures, sold in retail packing. (Respective headings)	66	Bathroom accessories and bath items, sanitaryware including taps, showerheads, fittings, mixers, valves and other washroom accessories and fixtures, sold in retail packing. (Respective headings)	Identical.
67	Crockery Items, sold in retail packing. (Respective headings)	67	Crockery Items, sold in retail packing. (Respective headings)	Identical.
68	Car and automobile accessories, sold in retail packing. (Respective headings)	68	Car and automobile accessories, sold in retail packing. (Respective headings)	Identical.
69	Milk, fat filled milk, preparations suitable for infants, and other products of milk, sold in retail packing. (Respective headings)	69	Milk, fat-filled milk, preparations suitable for infants, and other products of milk, sold in retail packing. (Respective headings)	Identical.
70	Preparations for use on the hair, sold in retail packing. (33.05)	70	Preparations for use on the hair, sold in retail packing. (33.05)	Identical.

S.No.	Finance Bill 2026 – Proposed Entry (PCT Heading)	S.No.	Finance Act 2026 – Enacted Entry (PCT Heading)	Remarks
71	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties, sold in retail packing. (33.07)	71	Pre-shave, shaving or after-shave preparations, personal deodorants, bath preparations, depilatories and other perfumery, cosmetic or toilet preparations, not elsewhere specified or included; prepared room deodorisers, whether or not perfumed or having disinfectant properties, sold in retail packing. (33.07)	Identical.
72	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets, put up for retail sale. (4803.0000, 48.18)	72	Toilet or facial tissue stock, towel or napkin stock and similar paper of a kind used for household or sanitary purposes, cellulose wadding and webs of cellulose fibres, whether or not creped, crinkled, embossed, perforated, surface-coloured, surface-decorated or printed, in rolls or sheets, put up for retail sale. (4803.0000, 48.18)	Identical.
73	Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter, other fruit and vegetable preparations, sold in retail packing. (20.07, 20.08)	73	Jams, fruit jellies, marmalades, fruit or nut puree and fruit or nut pastes, obtained by cooking, whether or not containing added sugar or other sweetening matter, other fruit and vegetable preparations, sold in retail packing. (20.07, 20.08)	Identical.

S.No.	Finance Bill 2026 – Proposed Entry (PCT Heading)	S.No.	Finance Act 2026 – Enacted Entry (PCT Heading)	Remarks
74	Household utensils, including Stainless steel, aluminum, melamine and other utensils and tableware. (Respective headings)	74	Household utensils, including Stainless steel, aluminum, melamine and other utensils and tableware put up for retail sale. (Respective headings)	Drafting change. The Act adds "put up for retail sale," confirming the entry is confined to retail-packed utensils, consistent with the Third Schedule's retail-price basis.
75	Ceramic Products including wash basins, commodes, tiles and allied ceramic sanitary products, put up for retail sale. (69.10)	75	Ceramic products, including wash basins, commodes, tiles and allied ceramic sanitary products, put up for retail sale. (69.10)	Identical in substance.

SIXTH SCHEDULE – EXEMPTIONS**Table-1**

Finance Bill 2026 (As Proposed)	Finance Act 2026 (As Enacted)	Remarks / Analysis						
No equivalent provision in the Bill.	The following entry as Serial No 27A, shall be inserted, namely: '27A Wheat and rice bran – Respective headings'. "	Entirely new exemption added at the enactment stage; wheat and rice bran did not feature in the Bill at all.						
Serial number 32 substituted <table border="1"> <tr> <td>"32</td><td>Newsprint, books, and magazines but excluding brochures, leaflets and directories.</td><td>4902.1000, and 4902.9000"</td></tr> </table>	"32	Newsprint, books, and magazines but excluding brochures, leaflets and directories.	4902.1000, and 4902.9000"	Serial number 32 substituted <table border="1"> <tr> <td>"32</td><td>Newsprint, books, and magazines but excluding brochures, leaflets and directories.</td><td>49.01, 4902.1000, and 4902.9000"</td></tr> </table>	"32	Newsprint, books, and magazines but excluding brochures, leaflets and directories.	49.01, 4902.1000, and 4902.9000"	The Act adds PCT heading 49.01 to the exemption, which was not present in the Bill's version – a broadening of the exempt tariff coverage for this entry.
"32	Newsprint, books, and magazines but excluding brochures, leaflets and directories.	4902.1000, and 4902.9000"						
"32	Newsprint, books, and magazines but excluding brochures, leaflets and directories.	49.01, 4902.1000, and 4902.9000"						
In serial number 157 , import of CKD (in kit form) of electric vehicles (4 wheelers) by local manufacturers proposed to be extended until 30th June 2027.	In serial number 157, import of CKD (in kit form) of electric vehicles (4 wheelers) by local manufacturers extended until 30th June 2027.	Identical						
Substitution of Serial No. 181 – exemption for import/lease of aircraft and parts thereof by Pakistan International Airlines Corporation Limited (PIACL) against PCT headings 8801.0000, 8802.1200, 8802.2000, 8802.3000, 8802.4000, 8804.0000, 8805.2900, 8807.3000, 9104.0010, 8544.2000, 7007.1900 and 9931, "Provided that the custom authorities shall ensure that the quantities of things imported are limited to the requirements of materials and articles to be used in operations and maintenance of the aircrafts operated	Identical substitution and PCT headings; wording corrected to "customs authorities" (from the Bill's "custom authorities") and "aircraft" (singular).	No substantive change; minor typographical/grammatical correction only.						

Finance Bill 2026 (As Proposed)	Finance Act 2026 (As Enacted)	Remarks / Analysis
by the airline: Provided further that the ground handling equipment, service and operation vehicles, catering equipment and fuel trucks, not manufactured locally, and imported shall be used within airport premises as aforesaid.		
Non-Existent	After serial number 181, the following new Serial No. 181A and entries relating thereto in columns (2) and (3) shall be inserted, namely: 181A. Import or lease of aircrafts and parts thereof by any airline company registered in Pakistan. This will be effective from the first day of July, 2027. — Respective Heading.	A materially new exemption not found in the Bill. Unlike the PIACL-specific exemption, this extends relief to all Pakistan-registered airlines, but only prospectively from 1 July 2027 — i.e., it does not apply for the year the Finance Act itself takes effect.
After Serial No 181, the following new Serial Nos. and entries relating thereto in columns (2) and (3) shall be added, namely: 182. Contraceptives — 3926.9020 and 4014.1000; 183. Female Sanitary Pads / Tampons — 9619.0030; 184. Import of Tankers (8901.2000), Dredgers (8905.1000), Floating or submersible drilling or production platforms (8905.2000), other floating structures and vessels (8905.9000), other vessels for the transportation of goods (8901.9000), excluding cruise ships, excursion boats and similar vessels principally designed for the transport of persons, and ferry-boats of all kinds — provided the quantity of imported goods under this entry shall be approved by the Ministry of Maritime Affairs;	Identical.	Identical and unchanged from the Bill.

Finance Bill 2026 (As Proposed)	Finance Act 2026 (As Enacted)	Remarks / Analysis
185. Import of bulletproof vehicles by (i) the Federal Government for logistic arrangements for the SCO Summit, subject to prior approval of the Ministries of Foreign Affairs and of Interior and Narcotics Control; or (ii) the Federal or a Provincial Government for threat of terrorism against a public functionary as determined by the Ministry of Interior and Narcotics Control, subject to Federal Government approval – Respective heading.		

TABLE-3, ANNEXURE (CONDITIONAL EXEMPTIONS)

Both FB2026 and FA2026 provide that in Table-3, in Annexure, in column (1), after Serial No 22, the following new Serial Nos. and entries relating thereto in columns (2), (3) and (4) shall be added, namely:

Serial No. 23 – "Import of following machinery/equipment for upgradation of existing refineries: 1. Reactors; 2. Shell and Tube Exchangers; 3. Vessels (Strippers/Separators/K.O. Drums); 4. Trim Coolers; 5. Air Coolers (Condensers); 6. Fired Heaters; 7. Centrifugal Pumps; 8. Reciprocating Pumps; 9. Centrifugal Compressors; 10. Reciprocating Compressors; 11. Steam Reformer Furnaces; 12. Filters" (PCT headings 8413.5000, 8413.7090, 8414.8090, 8417.8000, 8417.8000, 8418.6990, 8419.5000, 8419.8990, 8421.3990), "Provided that all such imports shall be essentially made for expansion of balancing, modernization, and rehabilitation of existing refineries and the quantity imported by each refinery shall be approved by [the] Ministry of Petroleum and Natural Resources" – the goods to be imported directly by the refinery after approval by the concerned division.

Serial No. 24 – "Import of machinery, equipment, raw materials, components and other capital goods, by Karachi Shipyard and Engineering Works Limited" (respective headings, as approved by the concerned Division), subject to certification by the relevant Division in the prescribed format under Annex-B that the imported goods are a bona fide requirement, with the authorized officer of the Ministry furnishing all relevant information online to the Pakistan Customs Computerized System against a specific user ID and password obtained under section 155D of the Customs Act, 1969.

Both Serial Nos. 23 and 24, including all PCT headings and the certification/approval conditions, are worded identically in the Bill and the Act.

EIGHTH SCHEDULE – REDUCED RATE GOODS

Both FB2026 and FA2026 are identical in every respect:

(a) "against serial No. 71 [which pertains to locally manufactured or assembled electric vehicles (4 wheelers)], in column (2), for the words '30th June, 2026', the words '30th June, 2027' shall be substituted; and"

(b) "for serial No. 80 in column (1), and corresponding entries relating thereto in columns (2), (3) and (4), the following shall be substituted, namely:

80	EV transport buses of 25 seats or more and electric trucks in CBU condition	8702.4090 8704.603	1%
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No substantive or drafting differences identified between the Bill and the Act for the Eighth Schedule.

NINTH SCHEDULE – MOBILE PHONES

Finance Bill 2026 (As Proposed)	Finance Act 2026 (As Enacted)	Remarks / Analysis
No equivalent provision in the Bill – the Ninth Schedule is not touched by the Finance Bill 2026 at all.	In the Ninth Schedule, after Table-II, under the heading 'LIABILITY, PROCEDURE AND CONDITIONS' after omitted sub-clause (v), the following new sub-clause (vi) shall be added, namely: <u>'(vi) An individual liable to pay tax on imported mobile phone device through Device Identification, Registration and Blocking System of Pakistan Telecommunication Authority, may be allowed to pay tax in instalments as may be prescribed, subject to the condition that all the instalments shall be paid before the end of the financial year in which the import is made.'</u>	Entirely new relief introduced only at the enactment stage. This installment facility for mobile-phone sales tax did not appear in the Bill and represents a policy concession.

ELEVENTH SCHEDULE – WITHHOLDING OF SALES TAX

The amendments to the Eleventh Schedule are identical in the Bill and the Act.

Serial No. 4Existing Position

S.No.	Withholding Agent	Supplier Category	Rate or extent of deduction
4	Companies as defined in the Income Tax Ordinance, 2001 (XLIX of 2001) excluding companies exporting surgical instruments	Persons other than active taxpayers	5% of gross value of supplies

Amended Position

S.No.	Withholding Agent	Supplier Category	Rate or extent of deduction
4	Companies, <i>association of persons and individuals</i> as defined in the Income Tax Ordinance, 2001 (XLIX of 2001) excluding companies exporting surgical instruments	Persons other than active taxpayers	5% of gross value of supplies

New Serial No. 14

S.No.	Withholding Agent	Supplier Category	Rate or extent of deduction
14	Registered persons engaged in toll manufacturing	Persons other than registered person	four times of the tax charged on conversion charges

TWELFTH SCHEDULE – VALUE ADDITION TAX ON COMMERCIAL IMPORTS

This is the area of most significant divergence between the Bill and the Act. Both amend clause (2) under the heading "Procedure and Conditions," but the enacted version departs substantially from what was proposed:

Finance Bill 2026 (As Proposed)	Finance Act 2026 (As Enacted)	Remarks / Analysis
In the Twelfth Schedule, after the Table, under the heading, 'Procedure and Conditions', in clause (2), after sub-clause (i), a colon shall be added and thereafter the following provisos shall be inserted, namely: <i>First proviso: "Provided that the manufacturer shall be liable to pay 3% value addition tax on ad valorem basis, along with default surcharge in case the imported goods are supplied in the same state whether in the same packing, repacked, or in bulk:"</i> <i>Second proviso (four-part test): "Provided further that where– (i) benefit of waiver of 3% value addition tax is availed, declaring that the goods are imported for in-house consumption in manufacturing process; (ii) such imported goods are not used for in-house consumption; (iii) imported goods are supplied in the same state whether in the same packing, repacked, or in bulk; and (iv) such supply exceeds 50% of total imports in a financial year; such person will be liable to prosecution."</i> No amendment proposed to sub-section (5); no new sub-section (6) proposed.	In the Twelfth Schedule, after the Table, under the heading, 'Procedure and Conditions: A. In clause (2), in sub-clause (i), a colon shall be added at the end, and thereafter a proviso shall be added, as follows: (2) The value addition tax under this Schedule shall not be charged on,— (i) Raw materials and intermediary goods imported by a manufacturer for in-house consumption excluding compressor scrap (PCT heading 7204.4940), motor scrap (PCT heading 7204.4990) and copper cable cutting scrap (PCT heading 7404.0090) <i>Provided that the manufacturer shall, <u>apart from any other liability that he may incur under the Act</u>, be liable to pay 3% value addition tax of imports on an ad valorem basis, along with default surcharge, in case the imported goods are supplied in the same state whether in the same packing, repacked, or in bulk.</i> B. After sub-section (5), the following sub-section (6) shall be added, namely: <u>'(6) The rate of minimum value addition tax shall be 1% in the case of import of coal, subject to the conditions that such imported coal is exclusively and directly supplied to Independent Power Producers.'</u>	Material policy shift. Parliament removed the Bill's detailed anti-abuse/prosecution mechanism tied to the in-house-consumption waiver, leaving only the baseline 3% value addition tax proviso (now expressly stated to be "apart from any other liability" under the Act). Furthermore, an entirely new coal concession (1% minimum value addition tax for IPP-bound coal imports) was introduced as sub-section (6). Net effect: the Act is more lenient on the waiver-abuse front than proposed, while granting a new, targeted concession for coal imports for power generation that had no counterpart in the Bill.

CUSTOMS ACT 1969**COMPARISON & COMMENTS | VIDE FINANCE ACT 2026**

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FA2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND/OR UNDERLINED]
2(sssa)	Non-Existent	Through this proposed insertion a new sub-clause added, which reads as under: “(sssa) “State warehouse” means any place authorized by the Collector of Customs to store the detained, seized or confiscated goods, as the case may be.”	Unchanged, the proposed amendments have been adopted.
19(5)	All the notifications issued from 1st July,2016 shall continue to be enforce till 30th June, 2026	Through this proposed amendment the validity of the different notifications expiring on 30 th June 2026 has been extended further up to 30 th June, 2027.	Unchanged, the proposed amendments have been adopted.
32(3)	<i>First Proviso of Section 32(3)</i> Provided that if the recoverable amount in a case is less than [twenty thousand] rupees, the Customs authorities shall not initiate the aforesaid action	Through the proposed insertion 1 st , proviso, the word “in a case” has been omitted, covering the multiple case of declarations if amount is less than Twenty Thousand, the same is read as under: “Provided that if the recoverable amount “ ~~in a case~~ ” is less than Twenty Thousand rupees, the Customs authorities shall not initiate the aforesaid action.”	Unchanged, the proposed amendments have been adopted.

32(3A)	<i>In the proviso, of Section 32(3A)</i> Provided that if the recoverable amount in a case is less than [one hundred thousand] rupees, the Customs authorities shall not initiate the aforesaid action [if he deposits the recoverable amount.]	Through the proposed insertion in the proviso, the word “in a case” has been omitted, covering the multiple case of declarations if amount is less than Twenty Thousand, the same is read as under: <i>Provided that if the recoverable amount “~~in a case~~” is less than [one hundred thousand] rupees, the Customs authorities shall not initiate the aforesaid action [if he deposits the recoverable amount.]</i>	Unchanged, the proposed amendments have been adopted.
80(4)		Through the proposed insertion in sub-section (4) and also in the proviso of sub-section (4), the word “scanned” in addition to examination and assessment shall be inserted, which reads as under: <i>“In case of the Customs Computerized System, goods may be examined, <u>scanned</u> [and assessed] only on the basis of computerized selectivity criteria”</i> <i>“Provide further that in a case of clearance of goods declaration through green channel, the goods may be examined, <u>scanned</u> with the prior approval of the collector of customs”</i>	Unchanged, the proposed amendments have been adopted.

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. -	a) In sub section (1), - i. Through this proposed amendment the powers of issuing penal notifications have been shifted from the Federal Government to the Board, ii. Through this proposed amendment in the first proviso, the Collector of Customs is also authorized to reduce the penalty fixed under this section in addition to waiving of penalty and thereafter the following new proviso is proposed to be added: <i>“Provided further that the Board may notify the rules to regulate the implementation of above provisions, including the process of appeal against imposed penalties and the Customs stations, goods or class of goods, where the provisions of sub-section (1) shall not be applicable.”</i> b) In sub-section (2), after the fifth proviso the following new proviso is proposed to be added, to regulate the affairs of auction of the confiscated good, which is reads as under: <i>“Provided also that the Board in a competitive manner as provided in the Public Procurement Rules, 2004, may authorize any person to auction any auctionable goods, in the manner as notified by the Board.”</i>	Unchanged, the proposed amendments have been adopted.
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156(1)	(Serial No. 7A)	Through this proposed amendment the penalty for issuing delay and detention certificate is proposed to be increased from “Five Hundred Thousand” to “ Ten Million. ”			Through FA 2026, penalty for issuing delay and detention certificate has been increased from five hundred thousand to “ <u>Five million</u> ”
156(1)	(Serial No. 62A)	Through this proposed amendment the new serial number has been inserted by imposing the penalty as well as imprisonment of any person if found in violation of abetting, damaging or tempering with any goods, which is read as under:			Unchanged, the proposed amendments have been adopted.
		“62 A	If any person is found to be involved or abetting in the removal, substitution, damage or otherwise tempering with any goods, whether or not confiscated, at any such place as authorized by the Collector as a State Warehouse.	such person shall be liable to a penalty not exceeding two times the value of the goods involved; and upon conviction by a Special Judge, shall further be liable to imprisonment for a period not exceeding five years, or fine or the both.	General Unchanged, the proposed amendments have been adopted.

156(1)	Serial No. 83	Through the proposed insertion the following amendment has been made by substituting the existing Table-I, which read as under: <i>"If an officer of any authority who is duty bound under section 170 to deposit the impugned goods with customs, neglects so to do"</i>	Unchanged, the proposed amendments have been adopted.
157(2)	Non-Existent	Through this proposed insertion the explanation has been added to extend the scope of term "removal", which is read as under: <i>"Explanation: The word "removal" includes, and shall be deemed to have always included, every act of carrying, transporting, depositing, harbouring, keeping, concealing, retailing, or any other act involving movement of smuggled goods."</i>	Unchanged, the proposed amendments have been adopted.
170	Procedure in respect of things seized on suspicion by the police-	Through this proposed amendment the section 170 of Act, has been restructured by empowering the other authorities in addition to police to seize or detain the goods liable to confiscation. <i>"Notwithstanding anything contained in any other law for the time being in force, when any goods liable to confiscation under this Act are detained or seized by any other authority on any violation, irrespective of any pending proceedings under the laws of that authority, the customs authorities upon confirmation that such goods are liable to confiscation shall intimate that authority in writing and that authority shall be bound to deposit the impugned goods with customs for further processing under this Act."</i>	Unchanged, the proposed amendments have been adopted.

179(6)	Non-Existent	Through this proposed insertion new proviso has been added by empowering to the Board to notify the procedure for the faceless adjudication, which reads as under; <i>“Notwithstanding anything contained in this Act, or any other law for the time being in force, the Board may notify a procedure for faceless adjudication whereby adjudication proceedings shall be conducted without any face-to-face interaction between the adjudicating officer and the respondent. The virtual mode shall be in such manner as may be prescribed by the Board from time to time.”</i>	Unchanged, the proposed amendments have been adopted.
185A(6)	Non-Existent	Through this proposed insertion the powers of Special Judge have been expanded to freeze the assets of the accused on the basis of reasonable ground found during the trial, which reads as under: <i>“Where a Special Judge during trial of an offence punishable under this Act, is satisfied that there is any reasonable grounds for believing that the accused has committed an illegal transfer of funds into or out of Pakistan, he may order the freezing of the assets of the accused, whether in his possession or in the possession of any other person on his behalf.”;</i> <i>“Provided that, in the case of a person other than the accused, no order shall be passed by the Special Judge without affording such person an opportunity of being heard, except where immediate action is necessary to prevent the dissipation of assets.”</i>	Unchanged, the proposed amendments have been adopted.

196JJ	Non-Existent	Through this proposed insertion the new authority under the name of independent case scrutiny committee has been established to weigh the cases and grant the approval for filing the appeals to the competent judicial forums, in order to reduce the frivolous litigations. Further the said Scrutiny Committee constituted by the Board, which comprises of retired judge form the judiciary, advocate having experienced of fifteen years in the relevant field and serving or retired officer not below the rank of Director or Collector of Customs. The proposed insertion is as under: “196JJ. Independent case scrutiny committee.- (1) Any Civil petition, reference, civil petition for leave to appeal or review petition before the High Court, the Federal Constitutional Court or the Supreme Court of Pakistan shall only be filed by the Collector or Director of Customs, or any officer of Customs not below the rank of Deputy Collector or Deputy Director authorized by the Collector or Director of Customs, in writing, subject to approval by an independent case scrutiny committee, as constituted by the Board under sub-section (3). (2) The Board may constitute one or more such committees and assign them jurisdiction which shall exercise the powers and functions in a manner, and from the date, as may be notified by the Board.	The proposed amendments have been adopted through FA2026 with an insertion of sub-section 7 after sub-section 6, as follows: <u>“(7) Notwithstanding anything contained in this Act or the Limitation Act, 1908, for purposes of determining whether a matter referred to in sub-section (1) has been filed within time, the period from the date from which time begins to run to the date on which the committee gives its approval, which period shall in each case be certified by the chairman, shall stand excluded:</u> <u>“Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act 2026 comes into force.”</u>
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		(3) The independent case scrutiny committee shall comprise of the following Members, namely: (a) a retired judge of the superior judiciary who shall also act as Chairman of the Committee; (b) an advocate having not less than fifteen years of experience in customs and commercial litigation before the High Court or Supreme Court of Pakistan; and (c) a serving or retired officer not below the rank of Director or Collector of Customs: Provided that the committee may co-opt a chartered accountant as a non-voting member, whenever required; and (4) The members shall receive such remuneration as may be prescribed by rules. (5) Recommendations of the committee shall be binding upon the concerned Collector or Director of Customs. (6) No suit, prosecution or other legal proceedings shall lie against the members of the committee in relation to the decisions made under this section.	
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215(d)	Non-Existent	Through this proposed insertion new sub clause has been added expending the service of summons as provided under the Civil Procedure Code, 1908(Act V of 1908). <i>“(d). in the manner prescribed for service of a summons under the Code of Civil Procedure, 1908 (Act V of 1908).”</i>	Unchanged, the proposed amendments have been adopted.
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FEDERAL EXCISE ACT 2005**COMPARISON & COMMENTS | VIDE FINANCE ACT 2026**

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FINANCE ACT 2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND /OR UNDERLINED]
2(2A)	Non-Existent	Through this proposed insertion a new sub-clause has been added which reads as under: (2A) “algorithmic settlement mechanism” means algorithmic settlement mechanism provided under section 47AA of the Sales Tax Act, 1990;	Unchanged, the proposed amendments have been adopted.
2(9b)	Non-Existent	Through this proposed insertion a new sub-clause has been added which reads as under: (9b) “electronic invoicing system” means such electronic system or mechanism as may be prescribed or approved by the Board for issuance and recording of sales tax invoices in electronic form;”	Unchanged, the proposed amendments have been adopted.
2(16A1)	Non-Existent	Through this proposed insertion a new sub-clause has been added which reads as under: (16A1) “National faceless centre” means the National faceless centre as defined in section 32C of the Sales Tax Act, 1990 (VII of 1990); and	Unchanged, the proposed amendments have been adopted.

2(19b)	Non-Existent	Through this proposed insertion a new sub-clause has been added which reads as under: <i>(19b) "Production Monitoring System" means any system or technology, used for the purposes of monitoring production and sale of goods, whether in real-time or otherwise, including such systems or technologies as may be prescribed by the Board from time to time;</i>	Unchanged, the proposed amendments have been adopted.
3(3B)	Non-Existent	Through this proposed insertion, a new sub-section has been added, and the Board has been empowered to levy additional duty in addition to existing duty on the goods listed in Table-IA of the First Schedule, which reads as under: <i>(3B) Notwithstanding anything contained in this section, there shall be levied and collected a Special Excise Duty in addition to duty imposed under sub-section (1), on such goods as listed in Table-IA of the First Schedule to this Act at the rates specified therein:</i> <i>Provided that the Board may prescribe time, mechanism, procedure, mode and manner of collection for such duty.</i>	Unchanged, the proposed amendments have been adopted.

7A	Non-Existent	Through this amendment, a new section has been proposed to be inserted to introduce the faceless national center for audit and assessment affairs to reduce human interaction, which reads as under: <i>7A) National faceless centre and application of the provisions of the Sales Tax Act, 1990</i> <i>(1) Notwithstanding anything contained in this Act, the audit and assessment proceedings under the Act may be conducted in the faceless manner by the National faceless centre.</i> <i>(2) The provisions of the Sales Tax Act, 1990 (VII of 1990) relating to the establishment, assignment of jurisdiction, conduct of audit, assessment and appeals shall apply mutatis mutandis.</i> <i>(3) Notwithstanding anything contained in this Act, the Board may establish digitally operated algorithmic settlement mechanism for settlement of proceedings at any stage before any order under this Act is passed and the provisions relating to algorithmic settlement mechanism of the Sales Tax Act, 1990 (VII of 1990) shall apply mutatis mutandis.</i>	Unchanged, the proposed amendments have been adopted.
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18(1)	Existent <u>Current Position</u> (1) A person registered under this Act shall issue for each transaction a serially numbered invoice at the time of clearance or sale of goods, including goods chargeable to duty at the rate of zero per cent, or providing or rendering services containing the following particulars, namely: – a. name, address and registration number of the seller; b. name, address and registration number of the buyer; c. date of issue of the invoice; d. description and quantity of goods or as the case may be, description of services; e. value exclusive of excise duty; f. amount of excise duty; and g. value inclusive of excise duty.	Through this proposed amendment, sub-section (1) has been substituted in order to meet the requirement of issuing e-invoices with unique number and is as follows: <i>“(1) A person registered under this Act shall issue for each transaction an invoice including an advance receipt invoice, bearing a verifiable and unique FBR invoice number at the time of clearance or sale of goods including goods chargeable to duty at the rate of zero per cent or providing or rendering services containing the following particulars in Urdu or English language, namely:</i> <i>I. name, address and registration number of the seller;</i> <i>II. name, address and registration number of the buyer;</i> <i>III. date of issue of the invoice;</i> <i>IV. description and quantity of goods or as the case may be, description of services;</i> <i>V. value exclusive of excise duty;</i> <i>VI. amount of excise duty; and</i> <i>VII. value inclusive of excise duty;</i> <i>Provided that the Board may notify any person or class of persons who may be allowed to issue an advance receipt invoice under the notified system:</i> <i>Provided further that the condition of verifiable and unique FBR invoice number shall be applicable from a time as notified by the Board.”</i>	Unchanged, the proposed amendments have been adopted.
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19	Existent <u>Current Position</u> (2) Any person who, -- (a) makes, orally or in writing, or signs any declaration, certificate or other document required by this Act or rules made there under or by any <u>Federal Excise officer</u> to do so, which is untrue or incorrect in any particular or which is incomplete by omitting any material particular there from;	Through the proposed amendment in clause (a), of subsection (2), for the word “Federal Excise officer, the word “Officer of Inland Revenue” is substituted. (2) Any person who, -- (a) makes, orally or in writing, or signs any declaration, certificate or other document required by this Act or rules made there under or by any “<u>Officer of Inland Revenue</u>” to do so, which is untrue or incorrect in any particular or which is incomplete by omitting any material particular there from;	Unchanged, the proposed amendments have been adopted.
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19(4)	Existent <u>Current Position</u> (4) Any person who, without the approval of the Commissioner, directly or otherwise destroys, damages, erases or otherwise manipulates data stored in or used in connection with a computer or otherwise uses a computer, the purpose or effect of which is to reduce, avoid or evade any liability to duty of excise which would otherwise have been imposed by this Act, or to defeat any provisions of this Act or rules made there under shall be guilty of an offence and shall be liable to fine which may extend to seventy five thousand rupees or ten times of the duty involved, whichever is higher and to punishment with imprisonment which may extend to five years or both.	Through this proposed amendment the scope of offences has been expended to cover the action of destroying, damaging, erasing and manipulating the data pertaining to production manufacturing sales clearance or in any other related activities with intention to reduce avoid or reduce, any liability if excise duty. The proposed amendment is reproduced below: (4) Any person who, without the approval of the Commissioner, directly or otherwise destroys, damages, erases or otherwise manipulates data stored in or used in connection with a computer, equipment or system used for the electronic monitoring of production, manufacture, sales, clearance, stocks or any other related activity implemented under this Act and the rules made thereunder, including any production monitoring system, video analytics system or otherwise uses a computer, the purpose or effect of which is to reduce, avoid or evade any liability to duty of excise which would otherwise have been imposed by this Act, or to defeat any provisions of this Act and rules made there under shall be guilty of an offence and shall be liable to fine which may extend to seventy five thousand rupees or ten times of the duty involved whichever is higher and punishment with imprisonment which may extend to five years or both.	The proposed amendment has been adopted, with the incorporation of the word "deliberately", as under: “(4) Any person who <u>deliberately and</u>, without the approval of the Commissioner, directly or otherwise destroys, damages, erases or otherwise manipulates data stored in or used in connection with a computer, equipment or system used for the electronic monitoring of production, manufacture, sales, clearance, stocks etc. as required under this Act and the rules made thereunder, including any production monitoring system, video analytics system or otherwise uses a computer, the purpose or effect of which is to reduce, avoid or evade any liability to duty of excise which would otherwise have been imposed under this Act, or to defeat any provisions of this Act and rules made there under shall be guilty of an offence and shall be liable to fine which may extend to seventy-five thousand rupees or ten times of the duty involved whichever is higher and punishment with imprisonment which may extend to five years or both.”
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26 & 27	Existent 26. Power to seize 27. Confiscation of goods subject to federal excise duty	Through this amendment the powers of seizing and confiscation of goods subject to FED have been expended to cover the other goods in addition to counterfeited cigarettes and beverages which are required to be monitored through the production monitoring system, under the FEA 2005. The amendment is as follows: <i>“26(1) The counterfeited cigarettes or beverages which have been manufactured or produced unlawfully and other dutiable goods on which duty of excise has not been paid in the manner as required under this Act and the rules made thereunder or such goods without affixing or affixing counterfeit tax stamps, bar codes, banderols, stickers, labels or bar codes, as required under section 45A of this Act, or goods which are required to be monitored through a production monitoring system under this Act and the rules made thereunder but are manufactured, produced, transported, removed or otherwise dealt with without such monitoring in the prescribed manner, shall be liable to seizure along with the conveyance, which has been used for the movement, carriage or transportation of such goods.”</i> <i>“27(1) The cigarettes or beverages seized for the reasons of counterfeiting or such goods without affixing or affixing counterfeited tax stamps, banderoles, stickers, labels or barcodes, as required under section 45A of this Act, or goods which are required to be monitored through a production monitoring system under this Act and the rules made thereunder but are manufactured, produced, transported, removed or otherwise dealt with without such monitoring in the prescribed manner, shall be liable to outright confiscation and shall be destroyed in the manner prescribed in sub-section (10) of section 19.”</i>	Unchanged, the proposed amendments have been adopted.
33(1)	Existent 33. Appeals to Commissioner (Appeals)	Through this amendment, in sub-section (1) for the word the “<u>Federal Excise officer</u>” has been substituted by the <u>Officer Inland Revenue</u>.	Unchanged, the proposed amendments have been adopted.

34AA	Non-Existent	Through this proposed insertion a new authority under the name of <u>Independent Case Scrutiny Committee</u> has been established to weigh the cases and grant the approval for filing the appeals to the competent judicial forums, in order to reduce the frivolous litigation. Further the said scrutiny committee constituted by the Board, shall comprise of retired Judge from the judiciary, advocate having experience of fifteen years, Senior Serving or Retired officer of FBR (BS 20 or above). The proposed insertion reads as under: <i>“34AA. Independent case scrutiny committee. — (1) A reference under section 34A of the Act before the High Court, or an appeal or review before the Federal Constitutional Court or the Supreme Court of Pakistan shall only be filed by the Commissioner Inland Revenue after the same has been approved by an independent case scrutiny committee as constituted by the Board.</i> (1) The Board may constitute one or more such committees and assigned them cases or classes of cases decided by the Appellate Tribunal Inland Revenue or the High Court, as the case may be. (3) The Committee shall comprise of the following Members as nominated by the Board – (a) a retired judge of the Supreme Court of Pakistan, the Federal Constitutional Court, or any of High Court who shall also act as Chairman of the Committee; (b) an Advocate having not less than fifteen years of experience in duty and commercial litigation before the High Court or Supreme Court of Pakistan, to be nominated from a panel notified by the Board from time to time; and (c) a senior serving or retired officer of the FBR (BS 20 or above): Provided that the committee may co-opt a chartered accountant as a non-voting member whenever required.	Unchanged, the proposed amendments have been adopted.
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		(4) The powers, functions, scope and procedure of the Committee along with remuneration of its Members shall be governed as may be prescribed. (5) Recommendations of the committee shall be binding upon the Commissioner Inland Revenue having jurisdiction over the case. (6) Notwithstanding anything contained in any other law for the time being in force, no suit, prosecution, or other legal proceedings shall lie against the Members of the committee and the Commissioner Inland Revenue having jurisdiction over the case, in relation to the decisions made under this section. (7) The committee constituted under this sub-section shall exercise its powers and functions with effect from the date of its constitution as notified by the Board; (8) Notwithstanding anything contained in this Act or the Limitation Act, 1908 (IX of 1908), purposes of determining whether a matter referred to in sub-section (1) has been filed within time, the period from the date from which time begins to run to the date on which the committee gives it approval, which period shall in each case be certified by the chairman, shall stand excluded: Provided that in cases where time has already begun to run when this section comes into force the period as aforesaid shall commence from the date on which the Finance Act, 2026 comes into force."	
43A & 44	Existent 43A. Issuance of duplicate of Federal Excise documents. 44. Refund of duty	Through this amendment the word "Federal Excise" has been substituted by the <u>Officer Inland Revenue</u>.	Unchanged, the proposed amendments have been adopted.

45A	Existent <u>Current Position</u> <i>“45A Monitoring or tracking by electronic or other means.– (1) Subject to such conditions, restriction and procedures as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any goods or class of goods in respect of which monitoring or tracking of production, sales, clearance, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.</i> <i>(2) From such date, as may be prescribed by the Board, no excisable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, banderole, stickers, labels, [barcodes,] etc. in any such form, style and manner as may be prescribed by the Board in this behalf.]</i> <i>(3) Such tax stamps, banderoles, stickers, labels, barcodes etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board for the purpose, against price approved by the Board, which shall include the cost of equipment installed by such licensee in the premises of the said registered person.]”</i>	The scope of section 45A has been proposed to be expanded to cover both goods and services, and the electronic monitoring framework has been proposed to be strengthened by expressly including production monitoring systems, video analytics, and production monitoring equipment. The proposed amendment is as follows: <i>“(45A) Monitoring or tracking by electronic or other means.– (1) Subject to such conditions, restriction and procedures as it may deem fit to impose or specify, the Board may, by notification in the official Gazette, specify any registered person or class of registered persons or any goods <u>or services or</u> class of goods or services in respect of which monitoring or tracking of production, sales, clearance, stocks or any other related activity may be implemented through electronic or other means as may be prescribed.</i> <i>(2) From such date as may be prescribed by the Board, no excisable goods shall be removed or sold by the manufacturer or any other person without affixing tax stamp, band role stickers, labels, bar code production monitoring system, video analytics, etc, in any such form, style and manner as may be prescribed by the Board in this behalf.</i> <i>(3) Such tax stamps, banderols, stickers, labels, barcodes, production monitoring equipment etc., shall be acquired by the registered person referred to in sub-section (2) from a licensee appointed by the Board.”</i>	Unchanged, the proposed amendments have been adopted.
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46	Existent <u>Current Position</u> “46. Audit. – (1) The [officer of Inland Revenue] authorized by the Board [or the Commissioner] by designation may, once in a year, after giving advance notice in writing, conduct audit of the records and documents of any person registered under this Act. (2) In case the [Commissioner] has information or sufficient evidence showing that such registered person is involved in fraud or evasion of duty, he may authorize a Federal Excise Officer, not below the rank of [Assistant Commissioner], to conduct audit at any time in a year. (2A) After completion of the audit under this section or any other provision of law, the officer of Inland Revenue may, after obtaining the registered person’s explanation on all the issues raised in the audit shall pass an order under section 14, imposing the amount of duty as per law, charging default surcharge, imposing penalty and recovery of any amount erroneously refunded.] (3) Notwithstanding the penalties prescribed in section 19, if a registered person wishes to deposit the amount of duty not paid, short paid or the amount of duty evaded along with default surcharge voluntarily, whenever it comes to his	The amendment proposes to substantially revise the audit framework by removing the restriction of conducting audit only once a year, introducing a mandatory audit report prior to adjudication, permitting electronic audit proceedings, and restructuring the voluntary payment mechanism. It further empowers the Commissioner, with prior approval of the Chief Commissioner, to direct re-audit of accounts and re-valuation of inventory by nominated professionals in specified circumstances, read as under: “46. Audit. - (1) The officer of Inland Revenue authorized by the Board or the Commissioner may, after giving advance notice in writing, conduct audit of the records and documents of any person registered under this Act. (2) In case the Commissioner has information or sufficient evidence showing that such registered person is involved in fraud or evasion of duty, he may authorize an officer of Inland Revenue not below the rank of Assistant Commissioner, to conduct audit at any time in a year. (2A) After completion of the audit under this section of any other provisions of this Act, the officer of Inland Revenue shall, after obtaining the registered person’s explanation on all the issues raised in the audit, issue an audit report containing audit observations and finding. (2B) For the purpose of sub-section (2), the Commissioner may conduct audit proceedings electronically through video links, or any other facility as prescribed by the Board.”; (2C) After issuing the audit report under this section or any other provision of law, the officer of Inland Revenue may, if	The proposed amendment has substantially been adopted. However, the Finance Act, 2026 further inserts a proviso in sub-section (3A) allowing the registered person to object to the nomination of the accountant or cost accountant within fifteen days of such nomination. “Where the Commissioner is satisfied with the objection, another accountant or cost accountant may be nominated”, read as under: <u>“Provided that after the first nomination, if the registered person objects to the nomination of a particular accountant or cost accountant within fifteen days of such nomination, the Commissioner, if agreed with objections, may change the said accountant or cost accountant with another accountant or cost accountant.”</u>
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notice, before commencement of audit, no penalty shall be recovered from him: Provided that if a registered person wishes to deposit the amount of duty not paid, short paid or amount of duty evaded along with default surcharge during or after the audit but before the [determination of liability under sub-section (2A)] conclusion of original adjudication proceedings, he may deposit such amount along with twenty five percent of the amount of penalty prescribed under this Act or the rules made there under and in such case, further proceedings in the case shall abate. (4) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following – (a) an officer or officers of Inland Revenue; (b) a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961); (c) a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or (d) any other person as directed by the Board, to conduct audit of a registered person or persons, including audit of refund claims and forensic audit and the scope of such audit shall be determined by the Board or the Commissioner Inland Revenue on a case-to-case basis. In addition, the Board may, where it considers appropriate, also get such	required pass an order under sub-section (2) of section 14, after providing an opportunity of being heard to the registered person under sub section (1) of section 14, imposing the amount of duty as per law, charging default surcharge, imposing penalty and recovery of any amount erroneously refunded.”; <u>In sub-section (3), for the proviso, the following shall be substituted, namely: –</u> “Provided that if a registered person deposits the amount of duty not paid, short paid or amount of duty evaded along with default surcharge during or after the audit but before the, issuance of show cause notice under sub-section (1) of section 14, he may deposit such amount along with twenty five percent of the amount of penalty prescribed under this Act or the rules made there under: Provided further that if a registered person deposits the amount of duty not paid, short paid or amount of duty evaded along with default surcharge, after issuance of show cause notice under sub-section (1) of section 14, he may deposit such amount along with fifty percent of the amount of penalty prescribed under this Act or the rules made there under and in such case, further proceedings in the case shall abate.”; <u>After sub-section (3) amended as aforesaid, the following new sub-section shall be inserted, namely: - “</u> (3A) If, at any stage of the proceedings before him, if the Commissioner is of the opinion that having regard to, – (a) the nature and complexity of the accounts; or (b) volume of the accounts; or (c) doubts about the correctness of the accounts; or (d) multiplicity of transactions in the accounts; or	
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<i>audit conducted jointly with similar audits being conducted by provincial administrations of sales tax on services.]</i> <i>(5) Each special audit panel shall be headed by a chairman who shall be an officer of Inland Revenue;</i> <i>(6) If any one member of the special audit panel, other than the chairman, is absent from conducting an audit, the proceedings of the audit may continue and the audit conducted by the special audit panel shall not be invalid or be called in question merely on the ground of such absence.</i> <i>(7) The Board may prescribe rules in respect of constitution, procedure and working of special audit panel.</i> <i>(8) Every member of the special audit panel shall have the powers of officers of Inland Revenue under sections 23 and 45 and subsections (1) to (3) of section 46.]</i> <i>(9) The audit of the registered person shall generally be a composite audit covering all duties and taxes to which his business or activity is liable under the laws administered by the Board."</i>	<i>(e) specialized nature of business activity of the registered person, and interests of the revenue, is of the opinion that it is necessary so to do, he may, after giving the registered person a reasonable opportunity of being heard, and with the previous approval of the Chief Commissioner, direct the registered person to get either any or all of the following to get the –</i> <i>(i) accounts re-audited by an accountant, and to furnish a report of such audit duly signed and verified by such accountant including answers to the specific queries as the Commissioner may require; and</i> <i>(ii) inventory re-valued by a cost accountant, and to furnish a report of such inventory valuation duly signed and verified by such cost accountant including answers to the specific queries as the Officer of Inland Revenue may require;</i> <i>Explanation. - The accountant or the cost accountant, as referred to in this sub-section shall be nominated by the Commissioner for the purposes of the said sub-section from amongst the panel of such accountants or cost accountants nominated by the Board."</i> <u><i>Sub-section 4, 5, 6, 7, 8 and 9 remains same</i></u>	
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CHANGES IN SCHEDULES**First Schedule**

Serial No.	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FINANCE ACT 2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND UNDERLINED]
7A Table 1	Existent <i>The rate of the duty on Acetate tow is Rupees forty-four thousand per kg</i>	Through the proposed amendment, the rate of the duty on Acetate tow, has been reduced to <u>Ten Thousand</u> per kg.	Unchanged, the proposed amendments have been adopted.
8A Table 1	Existent <i>The rate of the duty on E-liquids by whatsoever name called, for electric cigarette kits Rupees ten thousand per kg or sixty five percent of retail price whichever is higher.</i>	Through the proposed amendment, the rate of duty on E-liquids has been increased to “sixteen thousand five hundred” per kg.	Unchanged, the proposed amendments have been adopted.
55 & 55B Table 1	Existent <i>the period was expiring on 30.06.2026.</i>	Through the proposed amendment, the time have been extended up to 30.06.2027.	Unchanged, the proposed amendments have been adopted.

55A Table 1	Non-Existent	Through the proposed amendment, the new S. No. 55A, has been inserted relating to Electric cars, electric SUVs, and electric pickup vehicles, imported for personal use in CBU condition, of import value including Custom Duty a). 0% (if not exceeding PKR. 20 million), b). 30% (if exceeding PKR. 20 million) up to PKR. 30Million) c).40% (if exceeding PKR. 30 (M))	The proposed amendment has been adopted with modifications. The Finance Act, 2026 limits the scope of the provision to electric cars and electric SUVs, thereby omitting electric pickup vehicles. Further, the valuation criteria have been revised from import value including Customs Duty to the value determined under section 25 of the Customs Act, 1969, and the value thresholds have been converted from Pak Rupee-based limits to US Dollar-based limits. Additionally, the rates of 30% and 40% have been expressly prescribed on an ad valorem basis, read as under: <u>“Electric cars and electric SUVs, imported in CBU condition having value as determined under section 25 of the Customs Act, 1969:</u> <u>A). 0% (if not exceeding USD seventy-five thousand).</u> <u>B). 30% ad. Val (exceeding USD seventy-five thousand and up to USD one hundred and ten thousand).</u> <u>C). 40% ad. Val (exceeding USD one hundred and ten thousand).”</u>
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59 Table 1	Existent <i>In column (2)</i> “Sugary Fruit juices, syrups and squashes, waters whether or not containing added sugar or artificial sweeteners excluding mineral and aerated waters”	The proposed amendment, seeks to expand the exclusion by including hydration drinks and electrolyte beverages specifically formulated to support hydration and electrolyte replenishment, provided that such beverages do not contain sugar exceeding 5g/100 ml or artificial sweeteners, read as under; <i>“In column (2), for the words “excluding mineral and aerated waters”, the expression “excluding mineral waters, aerated waters, hydration drinks or electrolyte beverages specifically formulated to support hydration, electrolytes replenishment not containing sugar exceeding 5g/100 ml or artificial sweetener”</i>	The proposed amendment has been adopted with modification. The Finance Act, 2026 revises the exclusion by providing that hydration drinks and electrolyte beverages containing artificial sweeteners, sugar, or both shall qualify for the exclusion, provided that the sugar content does not exceed 5g/100 ml, read as under: <i>“In column (2), for the words “excluding mineral and aerated waters”, the expression “excluding mineral waters, aerated waters, hydration drinks or electrolyte beverages specifically formulated to support hydration, electrolytes replenishment containing artificial sweetener or sugar or both not exceeding 5g/100 ml” shall be substituted;”.</i>																
63 Table 1	Existent <table border="1" data-bbox="219 1026 775 1225"> <thead> <tr> <th>S. #</th><th>Description</th><th>Heading</th><th>Rate of duty</th></tr> </thead> <tbody> <tr> <td>63</td><td>Lubricating oil</td><td>2710.1951, 2710.1952 and 2710.1953</td><td>Five percent ad valorem</td></tr> </tbody> </table>	S. #	Description	Heading	Rate of duty	63	Lubricating oil	2710.1951, 2710.1952 and 2710.1953	Five percent ad valorem	Through the proposed amendment, entries relating thereto in columns (2), (3) and (4), following are substituted; <table border="1" data-bbox="808 1026 1361 1265"> <thead> <tr> <th>S. #</th><th>Description</th><th>Heading</th><th>Rate of duty</th></tr> </thead> <tbody> <tr> <td>63</td><td>Lubricating oil and base lubricating Oils</td><td>2710.1951, 2710.1952 2710.1953 And 2710.1993</td><td>Five percent ad valorem</td></tr> </tbody> </table>	S. #	Description	Heading	Rate of duty	63	Lubricating oil and base lubricating Oils	2710.1951, 2710.1952 2710.1953 And 2710.1993	Five percent ad valorem	Unchanged, the proposed amendments have been adopted.
S. #	Description	Heading	Rate of duty																
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65 Table 1

Non-Existent

Through the proposed amendment, entries relating thereto in columns (2), (3) and (4), following are inserted:

Description	Heading	Rate of duty
(i) Petroleum top Naphtha	2710.1942	(i) Rs. 80 per liter
(ii) White Spirit/Mineral Turpentine Oil (MTT)	2710.1240	(ii) Rs. 80 per liter
(iii) Solvent Oil	2710.1250	(iii) Rs. 80 per liter.” ;

Unchanged, the proposed amendments have been adopted.

Further, new proviso has been newly inserted through the Finance Act, 2026 and was not part of the proposed amendment. It provides an exemption from duty on the import or supply of white spirit and solvent oil for in-house consumption by licensed entities, subject to prescribed conditions, quota approval, and such rules as may be prescribed by the Board.

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

(i) the goods manufactured, using the said spirit and oil, are exempt under the Sales Tax Act, 1990 (VII of 1990); or

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

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

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

Restriction-2	Existent <u>Current Position</u> <i>“Restriction-2 -Brand variants at different price points]. – No manufacturer or importer of cigarette can introduce or sell a new cigarette brand variant at the same existing brand family at a price lower than the lowest actual price of the existing variant of the same brand family. For the purposes of this restriction, current minimum price variant of existing brand means the lowest price of a brand variant on the day of announcement of Budget [of the current Financial year]</i> <i>[Explanation. – For the purpose of this restriction, brand variant means any cigarette brand with similar logo, name, colour, design, pattern or any unique distinguishing mark associated with an existing brand family.]”</i>	The proposed amendment seeks to tighten the restriction on pricing of cigarette brand variants by replacing the concept of an "existing brand family" with an "existing brand". It also revises the definition of "brand variant" by limiting it to cigarette brands having identical name, trademark, design, pattern or any unique distinguishing mark, instead of brands having similar characteristics. <i>“Restriction-2 – Brand variants at different price points. – No manufacturer or importer of cigarette can introduce or sell a new variant of the existing brand at a price lower than the lowest actual price of the existing brand. For the purposes of this restriction, current minimum price of existing brand means the lowest price of an existing brand on the day of announcement of Budget of the current financial year.</i> <i>Explanation. – For the purpose of this restriction, brand variant means any cigarette brand with identical name, trademark, design, pattern or any unique distinguishing mark associated with an existing brand.”</i>	Unchanged, the proposed amendments have been adopted.
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1 Table -1A	Non-Existent	Through the proposed amendment, after the Table-1 amended as aforesaid, new table is proposed to be inserted, namely "Table-1A", following are inserted: <table border="1"> <thead> <tr> <th>S. #</th><th>Description</th><th>Heading</th><th>Rate of duty</th></tr> </thead> <tbody> <tr> <td>1</td><td>Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), and till the 30th day of June, 2027 electric vehicles (4wheelers) including station wagons, double cabin (4x4) pickup vehicles and racing cars:</td><td>87.03</td><td></td></tr> </tbody> </table>	S. #	Description	Heading	Rate of duty	1	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), and till the 30th day of June, 2027 electric vehicles (4wheelers) including station wagons, double cabin (4x4) pickup vehicles and racing cars:	87.03		The proposed amendment has been adopted with substantial modifications. The Finance Act, 2026 significantly increases the rate of duty from 40% to 86% for imported vehicles having cylinder capacity of 2000cc and above but not exceeding 3000cc, and from 41% to 92% for vehicles exceeding 3000cc. Additionally, the proposed clause limiting the application of the provision until 30 June 2027 has been omitted, and the cylinder capacity threshold has been clarified to expressly include vehicles with 2000cc engine capacity, read as under: <table border="1"> <thead> <tr> <th>S. #</th><th>Description</th><th>Heading</th><th>Rate of duty</th></tr> </thead> <tbody> <tr> <td>1</td><td>Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), electric vehicles (4wheelers) including</td><td>87.03</td><td></td></tr> </tbody> </table>	S. #	Description	Heading	Rate of duty	1	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), electric vehicles (4wheelers) including	87.03	
S. #	Description	Heading	Rate of duty																
1	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), and till the 30th day of June, 2027 electric vehicles (4wheelers) including station wagons, double cabin (4x4) pickup vehicles and racing cars:	87.03																	
S. #	Description	Heading	Rate of duty																
1	Imported motor cars, SUVs and other motor vehicles, excluding auto rickshaws, principally designed for the transport of persons (other than those of headings 87.02), electric vehicles (4wheelers) including	87.03																	

		(a) of cylinder Capacity exceeding 2000cc but not Exceeding 3000cc	8704.2190	40% ad val		station wagons, double cabin (4x4) pickup vehicles and racing cars:		
		(b) of cylinder Capacity exceeding 3000cc	8704.3190	41% ad val.		(a) of cylinder capacity 2000cc and above but not exceeding 3000cc	8704.2190	86%ad val
						(b) of cylinder capacity exceeding 3000cc	8704.3190	92% ad val.

3 Table II

Existent

Current Position

“Serial 3 (ii) Table II”

S. #	Description	Rate of Duty
(ii)	(ii) Club, business and first-class air tickets issued on or after the 1st day of July, 2024:	
	(a) IATA Traffic Conference Area 1 (North, Central, South America and Environs)	(a) Three hundred and fifty thousand rupees
	(b) IATA Traffic Conference Area 2 (I) Middle East and Africa (II) Europe	(b)(I) One hundred and five thousand rupees (b)(II) Two hundred and ten thousand rupees
	(c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)	(c) Two hundred and ten thousand rupees]

The proposed amendment seeks to revise the rates of duty applicable to Club, Business and First-Class international air tickets by substantially reducing the prescribed fixed duty for all IATA Traffic Conference Areas. The effective date has also been updated from 1 July 2024 to 1 July 2026.

S. #	Description	Rate of Duty
(ii)	(ii) Club, business and first-class air tickets issued on or after the 1st day of July, 2026:	
	(a) IATA Traffic Conference Area 1 (North, Central, South America and Environs)	(a) Fifty thousand rupees
	(b) IATA Traffic Conference Area 2 (I) Middle East and Africa (II) Europe	(b)(I) Twenty-five thousand Rupees (b)(II) Forty thousand rupees
	(c) IATA Traffic Conference Area 3 (Far East, Australia, New Zealand and Pacific Islands)	(c) Forty thousand rupees”

Unchanged, the proposed amendments have been adopted.

Second Schedule

Serial No.	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FINANCE ACT 2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND UNDERLINED]												
5	Non-Existent	Through the proposed amendment, new S. No. 5 is proposed to be inserted into the Second Schedule to include Petroleum Top Naphtha, White Spirit/Mineral Turpentine Oil (MTO), and Solvent Oil, so that Federal Excise Duty on these goods shall be levied and collected through the mechanism prescribed under the Sales Tax Act, 1990., 1990, read as under; <i>“In the Second Schedule, after the omitted S. No. 4, in column (1) and entries relating thereto in columns (2) and (3), the following new S. No. shall be inserted, namely: -</i> <table><tr><th>S. #</th><th>Description</th><th>Heading</th></tr><tr><td rowspan="4">5</td><td>Imported and locally produced:</td><td></td></tr><tr><td>(i) Petroleum top Naphtha</td><td>2710.1942</td></tr><tr><td>(ii) White Spirit/Mineral Turpentine Oil (MTT)</td><td>2710.1240</td></tr><tr><td>(iii) Solvent Oil</td><td>2710.1250</td></tr></table>	S. #	Description	Heading	5	Imported and locally produced:		(i) Petroleum top Naphtha	2710.1942	(ii) White Spirit/Mineral Turpentine Oil (MTT)	2710.1240	(iii) Solvent Oil	2710.1250	Unchanged, the proposed amendments have been adopted.
S. #	Description	Heading													
5	Imported and locally produced:														
	(i) Petroleum top Naphtha	2710.1942													
	(ii) White Spirit/Mineral Turpentine Oil (MTT)	2710.1240													
	(iii) Solvent Oil	2710.1250													

Third Schedule

Serial No.	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FINANCE ACT 2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND UNDERLINED]								
28 Table-I	Non-Existent	Through the proposed amendment, new S. No. 28 is proposed to be inserted in Table-I of the Third Schedule to exempt the import of bulletproof vehicles under the respective tariff headings as follows;	Unchanged, the proposed amendments have been adopted.								
		<table><tr><th>S. #</th><th>Description</th><th>Heading</th></tr><tr><td rowspan="3">28</td><td>Import of bullet proof vehicles by the:</td><td rowspan="3">Respective heading</td></tr><tr><td>i) Federal Government for logistic arrangements for Shanghai Cooperation Organization (SCO) summit subject to the prior approval from the Ministry of Foreign Affairs and the Ministry of Interior and Narcotics Control</td></tr><tr><td>ii) By the Federal Government or Provincial Government for threat of terrorism against a public functionary as determined by the Ministry of Interior and Narcotics Control, subject to approval by the Federal Government.</td></tr></table>		S. #	Description	Heading	28	Import of bullet proof vehicles by the:	Respective heading	i) Federal Government for logistic arrangements for Shanghai Cooperation Organization (SCO) summit subject to the prior approval from the Ministry of Foreign Affairs and the Ministry of Interior and Narcotics Control	ii) By the Federal Government or Provincial Government for threat of terrorism against a public functionary as determined by the Ministry of Interior and Narcotics Control, subject to approval by the Federal Government.
		S. #		Description	Heading						
		28		Import of bullet proof vehicles by the:	Respective heading						
i) Federal Government for logistic arrangements for Shanghai Cooperation Organization (SCO) summit subject to the prior approval from the Ministry of Foreign Affairs and the Ministry of Interior and Narcotics Control											
ii) By the Federal Government or Provincial Government for threat of terrorism against a public functionary as determined by the Ministry of Interior and Narcotics Control, subject to approval by the Federal Government.											

AMENDMENTS RELATING TO CAPITAL VALUE TAX [CVT]**COMPARISON & COMMENTS | VIDE FINANCE ACT 2026**

SECTION	PRESENT POSITION	PROPOSED AMENDMENT THROUGH FINANCE BILL 2026	AMENDMENTS VIDE FINANCE ACT 2026 [ANY CHANGES FROM FINANCE BILL 2026 ARE HIGHLIGHTED AND/OR UNDERLINED]
	<i>Capital Value Tax (CVT) on foreign assets introduced through Finance Act, 2022 is omitted. Accordingly, the following changes are made in respective provisions.</i>		
8(2)(ab)(ac)(b)	(ab) farmhouses as defined in clause (b) of sub-section (4) of section 7E of the Income Tax Ordinance, 2001 (XLIX of 2001) within the territorial limits of the Islamabad Capital Territory; and (ac) residential houses within the territorial limits of the Islamabad Capital Territory; (b) foreign assets of a resident individual where the value of such assets on the last day of the tax year in aggregate exceeds Rupees one hundred million; and	The word 'and' is proposed to be omitted from sub-section (ab) of section 8, the word 'and' is proposed to be included in sub-section (ac) of section 8 and sub-section (b) is proposed to be omitted. <i>“(ab) farmhouses as defined in clause (b) of sub-section (4) of section 7E of the Income Tax Ordinance, 2001 (XLIX of 2001) within the territorial limits of the Islamabad Capital Territory;</i> <i>(ac) residential houses within the territorial limits of the Islamabad Capital Territory; and</i> ~~<i>(b) foreign assets of a resident individual where the value of such assets on the last day of the tax year in aggregate exceeds Rupees one hundred million; and</i>~~	Unchanged, the proposed amendments have been adopted.

8(3)(b)/(c)	(b) the value of the motor vehicle mentioned in clause (a) above, shall be reduced by ten percent for each year from the end of financial year in which the motor vehicle is acquired: Provided that the value shall be treated as zero after five years from the end of financial year in which the motor vehicle is imported, sold by local manufactured or auctioned; (c) in case of foreign assets mentioned in clause (b) of subsection (2) above, the value shall be – (i) the total cost of the foreign assets on the last day of the tax year, in relevant foreign currency converted into Rupees as per exchange rates notified by State Bank of Pakistan for the said day; (ii) where the cost of foreign asset as provided in paragraph (i) cannot be determined with reasonable accuracy, the fair market value of the asset on the last day of the tax year, in relevant foreign currency converted into Rupees as per exchange rates notified by State Bank of Pakistan for the said day; and	The word 'and' is proposed to be included in sub-section (3)(b) of section 8 and sub-section (3)(c) is proposed to be omitted. <i>“(b) the value of the motor vehicle mentioned in clause (a) above, shall be reduced by ten percent for each year from the end of financial year in which the motor vehicle is acquired: Provided that the value shall be treated as zero after five years from the end of financial year in which the motor vehicle is imported, sold by local manufactured or auctioned; <u>and</u></i> <i>(c) in case of foreign assets mentioned in clause (b) of subsection (2) above, the value shall be –</i> <i>(i) the total cost of the foreign assets on the last day of the tax year, in relevant foreign currency converted into Rupees as per exchange rates notified by State Bank of Pakistan for the said day;</i> <i>(ii) where the cost of foreign asset as provided in paragraph (i) cannot be determined with reasonable accuracy, the fair market value of the asset on the last day of the tax year, in relevant foreign currency converted into Rupees as per exchange rates notified by State Bank of Pakistan for the said day; and”</i>	Unchanged, the proposed amendments have been adopted.
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8(4)(g)	(g) in case of assets mentioned in clauses (ab), (ac) and (b) of sub-section (2), the person holding the assets shall be liable to pay tax at the time the income tax return for the tax year is due in the manner prescribed; and	The expression (ab) and (ac) shall be substituted <i>(g) in case of assets mentioned in (ab) and (ac) of sub-section (2), the person holding the assets shall be liable to pay tax at the time the income tax return for the tax year is due in the manner prescribed; and</i>	Unchanged, the proposed amendments have been adopted.									
8(13)(c)	(c) “foreign assets” means any movable or immovable assets held outside Pakistan, whether directly or indirectly, and includes but not limited to real estate, mortgaged assets, stock and shares, bank accounts, bullion, cash, jewels, jewelry, paintings, accounts and loan receivables, assets held in dependents’ name, beneficial ownership or beneficial interests or contribution in offshore entities or trusts;	Definition of foreign assets is proposed to be omitted	Unchanged, the proposed amendments have been adopted.									
First Schedule	<table><tr><th>S. No.</th><th>Assets Description</th><th>Rate</th></tr><tr><td>(1)</td><td>(2)</td><td>(3)</td></tr><tr><td>4</td><td>Assets mentioned in clause (b) of sub-section (1)</td><td>1% of the value</td></tr></table>	S. No.	Assets Description	Rate	(1)	(2)	(3)	4	Assets mentioned in clause (b) of sub-section (1)	1% of the value	Entry at serial no. 4 relating to CVT on foreign assets is proposed to be omitted	Unchanged, the proposed amendments have been adopted.
S. No.	Assets Description	Rate										
(1)	(2)	(3)										
4	Assets mentioned in clause (b) of sub-section (1)	1% of the value										



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