

# Digital Economy Tax Update

## THE FEDERAL GOVERNMENT ANNOUNCES BLANKET EXEMPTION FROM THE DIGITAL PRESENCE PROCEEDS TAX ACT, 2025

The Federal Government has exempted all digitally ordered goods and services from the provisions of the recent Digital Presence Proceeds Tax Act, 2025 ("DPPTA"). In this regard, the Federal Board of Revenue has issued its S.R.O. No. 1366(I)/2025 dated 30<sup>th</sup> July 2025. According to the notification, DPPTA shall not apply to all digitally ordered goods and services supplied from outside Pakistan by any person.



It is relevant to mention that the DPPTA was introduced by the Federal Government through the Finance Act of 2025, taking effect from 1st July 2025. The DPPTA imposed a 5% tax on the gross proceeds of foreign vendors with a significant digital presence in Pakistan from the supply of digitally ordered goods and services. The tax was levied on the supply of goods or services from outside Pakistan that are ordered digitally, regardless of the mode of delivery, whether digital or physical. Section 15 of the DPPTA empowered the Federal Government to exempt any country, class of goods or services, and class of persons from the chargeability under the DPPTA.

According to the notification, the exemption takes effect from 1<sup>st</sup> July 2025.

For details: [S.R.O. No. 1366\(I\)/2025](#)

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