

TAX INSIGHTS JULY 2025

Welcome to our latest newsletter, packed with insightful updates and vital information on Income Tax, Sales Tax, and Customs duties in Pakistan. This edition presents the latest developments and changes in fiscal laws and regulations that will impact businesses and individuals. Stay ahead of the curve with our newsletter and ensure compliance with the ever-evolving tax landscape in Pakistan.



INCOME TAX

1. Amendment in Income Tax Ordinance, 2001: Reduction in Withholding Tax on Sugar Imports

The FBR through S.R.O 1216(I)/2025 has introduced a new clause 9AD in Part II of the Second Schedule to the Income Tax Ordinance, 2001 (ITO). The withholding tax under section 148 on commercial import of white crystalline sugar (up to 500,000 metric tons) shall be collected at a reduced rate of 0.25%, subject to the following conditions:

- Imports must be made by the Commerce Division through Trading Corporation of Pakistan (TCP) or the private sector, as per specified conditions and quota allotments.
- Quality assurance must be certified by an international inspection firm.
- The reduced rate shall apply only to imports made on or before 30th September, 2025.

For Details: [S.R.O 1216\(1\)/2025 dated 08.07.2025](#)

2. Draft Electronic Income Tax Return Forms for Tax Year 2025

The FBR has issued S.R.O. 1212(I)/2025 and S.R.O. 1213(I)/2025, introducing draft electronic income tax return forms for individuals and companies for Tax Year 2025.

For Details: [S.R.O 1212\(1\)/2025 dated 07.07.2025](#)
[S.R.O 1213\(1\)/2025 dated 08.07.2025](#)

TAX INSIGHTS JULY 2025

DIGITAL PRESENCE PROCEEDS TAX

1. Blanket Exemption from Applicability of 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(1)/2025 dated 30th 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 1st July 2025.

For Details: [S.R.O. No. 1366\(1\)/2025](#)

TAX INSIGHTS JULY 2025

SALES TAX

1. Extension in Date for Submission of Sales Tax & Federal Excise Return for the Tax Period of June 2025

The FBR, exercising its powers under Section 74 of the Sales Tax Act, 1990 and Section 43 of the Federal Excise Act, 2005, has extended the deadline for filing of Sales Tax and Federal Excise returns for the tax period of June 2025. Initially due on July 18, 2025, the new deadline is now August 4, 2025. However, this extension is subject to the condition that the due sales tax liability must have been deposited within the original due date.

For Details: [C.No. 9 \(11\) ST-LP&E/Misc/2016/91536 -R dated 24.07.2025](#)

2. Amendment in Sales Tax Act, 1990: Reduction in Sales Tax on Sugar Imports

The FBR through S.R.O. 1217(I)/2025 has reduced the sales tax on the import and subsequent supply of white crystalline sugar (up to 500,000 metric tons) to 0.25% and exempted the minimum value-added tax (VAT) of 3% under the Twelfth Schedule to the Sales Tax Act, 1990, subject to the following:

- Imports must be made by the Commerce Division through TCP or the private sector, as per specified conditions, limitations, and quota allotments.
- Quality assurance must be certified by an international inspection firm.
- The reduced rate and exemption shall apply only to imports made on or before 30th September, 2025.

For Details: [S.R.O 1217\(1\) 2025 dated 08.07.2025](#)

TAX INSIGHTS JULY 2025

FEDERAL EXCISE DUTY

1. Empowerment of Officers for Seizure of Illicit Cigarette Stocks-S.R.O. 1279(I)/2025:

The FBR, through S.R.O. 1279(I)/2025, has authorized specific officers to exercise powers under sections 26 and 27 of the Federal Excise Act, 2005, to curb the illegal trade of cigarettes. Officers authorized include:

- (A) Provincial revenue department officials such as deputy commissioner, additional deputy commissioner, assistant commissioner, and general assistant revenue; and
- (B) Excise and Taxation officers not below BS-16.

The officials under (A) are authorised to operate in warehouses, while those under (B) are responsible for enforcement at retail outlets and on roads. These officers are authorized to seize cigarettes and vehicles used for transportation if cigarettes are found without valid tax stamps or with counterfeit stamps. Seized goods must be deposited with the Additional Commissioner (HQ) at the nearest RTO within 48 hours. A digital report of the seizure must be submitted through the FBR's specified application and forwarded to the Director General, Intelligence & Investigation, via the Implementation Secretary of the respective province.

For Details: [S.R.O 1279\(1\)/2025 dated 15.07.2025](#)

2. Expansion of the Track and Trace System to the Green Leaf Threshing (GLT) units

The FBR, in exercise of its powers under Section 43 of the Federal Excise Act, 2005, has issued a directive restricting the removal of processed tobacco from Green Leaf Threshing (GLT) units or warehouses without prior compliance with specific procedural requirements. A GLT unit engaged in local sales must issue an S Track invoice through the S Track system and submit a written intimation to the Chief Commissioner-IR at least two days prior to removal, disclosing the warehouse location, including GPS coordinates. Removal must be carried out in the presence of an Inland Revenue officer, and relocation is permitted only to publicly accessible locations or cigarette manufacturing premises, again subject to prior intimation and the presence of an authorised officer. Storage in warehouses is prohibited unless declared to the Commissioner-IR and Chief Commissioner-IR. Movement records must be maintained in the formats prescribed under Federal Excise General Order No. 01 of 2024, dated 28 August 2024. For the export of unmanufactured tobacco, the conditions outlined in the same General Order shall apply. Inland Revenue officers shall have unrestricted access to all warehouses storing processed tobacco.

For Details: [C.No.1\(109\) ST-L&P/Ops/2024/90246-R dated 21.07.2025](#)

TAX INSIGHTS JULY 2025

CUSTOMS

1. Customs Duty Exemption on Sugar Import

The FBR through S.R.O 1215(I)/2025 has exempted up to 0.500 of white crystalline sugar from customs duty, subject to the following conditions:

- Imports must be made by the Commerce Division through TCP or the private sector, as per specified conditions, limitations, and quota allotments.
- Quality assurance must be certified by an international inspection firm.
- The reduced rate and exemption shall apply only to imports made on or before 30th September, 2025.

For Details: [S.R.O 1215\(1\)/2025 dated 08.07.2025](#)

2. Review of Export Facilitation Scheme 2021

The FBR has issued S.R.O. 1359(I)/2025, dated 29th July 2025, proposing further amendments to the Customs Rules, 2001. Key changes include the exclusion of raw cotton, cotton yarn, and grey cloth from certain import restrictions under rules 871 and 872 by omitting references to iron and steel scrap exemptions and clarifying how these textile goods are treated under the Pakistan Customs Tariff. The draft also introduces a new clause defining “insurance guarantee” as a security mechanism issued by Board-notified insurance companies with an AA++ rating or higher. Additionally, imports of compressor scrap and motor scrap will be permitted for copper content only. The FBR has invited objections or suggestions within five days of publication in the official Gazette, in accordance with section 219(3A) of the Customs Act, 1969. The draft amendments include the following:

a. Rule 871

- Clause (m) Excludes raw cotton, cotton yarn, and grey cloth from certain provisions. and removes the exclusion previously applied to iron and steel scrap.
- A new Clause (n) has been added, introducing the definition of “insurance guarantee”.

b. Rule 872, sub-rule I

- The wording “except persons engaged in import of iron and steel scrap...” has been replaced with “and goods”.
- In clause (e), the word "and" at the end has been omitted.
- In clause (f), the full stop at the end has been replaced with a semicolon (;) and following new clauses has been inserted:
 - (g) Import of compressor scrap and motor scrap is allowed only for copper content.
 - (h) Raw cotton, cotton yarn, and grey cloth under the respective headings of Pakistan Customs Tariff are excluded from EFS.

c. Rule 876, sub-rule 1

The term "or insurance guarantee" has been inserted throughout Rule 876 to allow acceptance of insurance guarantees in addition to bank guarantees, though bank guarantees will remain mandatory until the Board notifies the approved format for insurance guarantees.

d. Rule 877, sub-rule 15

- EFS users are now allowed to acquire up to 10% additional raw materials of their total authorization without prior approval from the Regulatory Collector or IOCO.
- The word "further" inserted after “Provided” in the second proviso for clarity.

TAX INSIGHTS JULY 2025

e. Rule 879, sub-rule 5

The phrase "or insurance guarantee" has been added after the word "Guarantee".

f. Rule 880, sub-rule 1

- Insurance guarantees are accepted as references.
- Motor and compressor scrap can be imported if copper content stays within allowed limits (10% for motor scrap, 8% for compressor scrap)
- Steel components that exceed copper limits will have customs duties, sales tax, and withholding tax applied at import.
- These steel components can only be sold to registered sales tax melters.

g. Rule 882, sub-rule 2

Extendable period increased from 60 to 90 days.

h. Rule 883

Businesses now have clearer timeframes for utilization periods with standard extensions of 9 months. In exceptional circumstances, a joint committee from FBR, the Ministry of Commerce, and the Ministry of Industries can approve an additional 9-month extension with documented reasons.

i. Rule 885

The regulatory framework now accepts insurance guarantees alongside traditional options, while bank guarantee provisions have been expanded to offer more flexible financial security choices for businesses.

For Details: [S.R.O. 1359\(I\)/2025 dated 29.07.2025](#)

TAX INSIGHTS JULY 2025

PUNJAB SALES TAX ON SERVICES

1. Amendment in Punjab Sales Tax on Services (Adjustment of Tax) Rules 2012

The Punjab Revenue Authority (PRA) has notified amendments to the Punjab Sales Tax on Services (Adjustment of Tax) Rules, 2012 through Order No. PRA/Orders.06/2021/845 dated 10th July 2025. Exercising powers under Section 76 of the Punjab Sales Tax on Services Act, 2012, the PRA, after approval from the Government, has revised Rule 3 to now include services provided which are chargeable at a reduced rate within the scope of input tax adjustment rules. Specifically, references to “non-taxable” services in the heading and sub-rule (1) have been updated to read “non-taxable, reduced rate”. Moreover, sub-rule (2) has been substituted to introduce a new apportionment formula for input tax used in providing taxable, non-taxable, reduced-rate, or exempt services. These changes are effective immediately.

$$\text{Adjustable Input Tax} = \left(\frac{\text{Taxable Value}}{\text{Taxable Value} + \text{Non-Taxable} + \text{Reduced Rate} + \text{Exempt Services}} \right) \times \text{Total Input Tax}$$

For Details: [Order No. PRA/Orders.06/2021/845 dated 10.07.2025](#)

2. Amendment in Punjab Sales Tax on Services (Withholding) Rules 2015

The PRA has issued a new amendment through Order No. PRA/Orders.06/2021/846, exercising its powers under Section 76 of the Punjab Sales Tax on Services Act, 2012. With immediate effect, a new Rule 5A has been inserted into the Punjab Sales Tax on Services (Withholding) Rules, 2015 specifically amending the withholding mechanism for companies as follows:

- Telecommunication, banking, and insurance companies, upon receipt of taxable services (other than advertisement services) from a service provider company being the active taxpayer, shall withhold eighty per cent of the tax amount, and the remaining twenty per cent shall be deposited by the service provider company to the government.
- Companies other than those mentioned above, on receipt of taxable services (other than advertisement services) from the service provider Company being the active taxpayer, shall withhold only twenty per cent of the tax amount, and the remaining eighty per cent of the tax shall be deposited by the service provider Company.

For Details: [Order No. PRA/Orders.06/2021/846 dated 10.07.2025](#)

TAX INSIGHTS JULY 2025

SINDH SALES TAX ON SERVICES

1. Amendment in the Sindh Place of Provision of Services Rules, 2023

SRB has issued Notification No. SRB-3-4/46/2025 dated 16th July 2025, amending the definition of "specified services" under rule 2(1)(x) of the Sales Tax Rules to include a revised, comprehensive list of services. These services are now aligned with their respective CPC codes and tariff headings, as applicable as of 30th June 2025, under the Second Schedule of the Sindh Sales Tax on Services Act, 2011. The updated list includes:

- Advertisement Services – CPC Code 8363 (Tariff Heading 98.02)
- Advertising Agents – CPC Code 83620 (Tariff Heading 9805.7000)
- Electric Power Transmission Services – CPC Codes 69111 & 86311 (Tariff Heading 9854.0000)
- Insurance Services – CPC Codes 71311, 7132, 7133, 7134 (Tariff Heading 9813.1000)
- Insurance Agents – CPC Code 71610 (Tariff Heading 9855.0000)
- Franchise & Intellectual Property – CPC Codes 73320 to 73390, 83960 (Tariff Headings 9823.0000 & 9838.0000)
- Transportation or Carriage of Goods by Road or Pipeline/Conduit – CPC Codes 6511 & 6513 (Tariff Heading 9836.0000).

Additionally, in Rule 3, sub-rule (8), the term "sign boards" has been replaced with "signboards" for standardization.

For Details: [Notification No. SRB-3-4/46/2025 dated 16.07.2025](#)

2. Amendments in the Sindh Sales Tax Special Procedure (Tax on Specified Services) Rules, 2023

Through Notification No. SRB-3-4/45/2025 dated July 16, 2025, SRB has made key amendments to the Sindh Sales Tax Special Procedure (Tax on Specified Services) Rules, 2023.

a. Rule 2

In sub-rule (1) clause (iv), "and the relatable CPC Codes specified in column (4)" has been added after the wording "column (3)"

b. Rule 3

In sub-rule (1), the following changes have been made:

- The words "the Second Schedule to" have been omitted.
- The reference to "column (4)" has been replaced with "column (5)".

TAX INSIGHTS JULY 2025

The table under this sub-rule has been substituted with the following:

S. No.	Description of Taxable Services	Tariff headings in the Second Schedule to Act as was in force on the 30th June,2025	CPC Code relatable to the entries in the column (3)	Rate of tax
(1)	(2)	(3)	(4)	(5)
1.	Advertisement services for which payment is made through a collection agent by using any means for transfer of payments to any service provider not resident in Pakistan.	9802.1000 9802.2000 9802.3000 9802.4000 9802.6000 9802.7000 9802.9000	8363	15 percent
2.	Services provided by software or IT-based system development consultants, including cloud-based content streaming services for which payment is made through a collection agent by using any means for transfer of payments to any service provider not resident in Pakistan.	9815.6000	7331, 8313, 8314, 8315, 8316 and 843	3 percent
3.	Services provided or rendered by market research agency for which payment is made through a collection agent by using any means for transfer of payments to any service provider not resident in Pakistan.	9818.3000	83700	15 percent

c. Rule 3

- A new sub-rule (1A) has been inserted after sub-rule (1) of Rule 3, as follows:
- “(1A) In respect of the services specified at S. No. 2 of column (2) in the Table above, the option to charge and pay sales tax at the reduced rate, as stipulated in Part-II of the Second Schedule to the Act, shall be deemed to have been exercised.”
- In sub-rule (3) the words "tariff heading" have been substituted with the words "CPC Code".

For Details: [Notification No. SRB-3-4/45/2025 dated 16.07.2025](#)

3. Amendments in the Sindh Sales Tax Special Procedure (Online Integration of Business) Rules, 2022.

SRB has made further amendments to the Sindh Sales Tax Special Procedure (Online Integration of Business) Rules, 2022 as follows:

TAX INSIGHTS JULY 2025

S. No.	Tariff headings in the Second Schedule to Act as was in force on the 30th June, 2025	CPC Code relatable to the entries in the column (2)	Description of Services
(1)	(2)	(3)	(4)
1.	98.01	63310, 63320, 63399 and 63400	Services provided or rendered by restaurants located in hotels
2.			Services provided or rendered by the restaurants who are franchisers or franchisees
3.			Services provided or rendered by all restaurants having more than one branch in Sindh
4.			Services provided or rendered by all restaurant outlets located at air-conditioned shopping malls
5.			Services provided by restaurants through an online marketplace platform
6.			Services provided or rendered by the restaurant whose turnover during the immediately preceding twelve tax periods exceeded rupees five million
7.	9810.0000 9821.1000 9821.4000 9821.5000	972	Beauty and physical well-being services provided by persons who elect or opt to charge, collect and pay tax at the reduced rate of 5%

For Details: [Notification No. SRB-3-4/44/2025 dated 16.07.2025](#)

4. Amendments in the Sindh Sales Tax Rules for Cab Aggregator Services

The SRB has made the following amendments in the Sindh Sales Tax Special Procedure (Services provided or rendered by cab aggregators and by owners or drivers of motor vehicles using cab aggregator services) Rules, 2019, namely:

a. Rule 1, sub-rule (3)

The words and figures "tariff heading 9846.0000 of the Second Schedule to the Act" have been substituted with: "CPC Codes 64115 and 85514 (relatable to tariff heading 9846.0000 in the Second Schedule to the Act as was in force on the 30th June, 2025)"

b. Rule 2, sub-rule (1)

- In clause (c), the reference "(19A)" has been substituted with "(198)".
- In clause (g), the words and figures "tariff heading 9846.0000 of the Second Schedule to the Act" have been substituted with: "CPC Codes 64115 and 85514 (relatable to tariff heading 9846.0000 in the Second Schedule to the Act as was in force on the 30th June, 2025)"

TAX INSIGHTS JULY 2025

c. Rule 3

The words "the rate specified in notification No. SRB-34/8/2013 dated the 1st July, 2013 as amended vide notification No. SRB-3-4/21/2019 dated the 1st July, 2019 have been substituted with "5 per cent".

d. Rule 6, sub-rule (1)

The words and figures "described against tariff heading 9846.0000 of the Second Schedule to the Act" have been replaced with ", as defined in clause (g) of sub-rule (1) of rule 2,"

For Details: [Notification No. SRB-3-4/43/2025 dated 16.07.2025](#)

5. Further amendments in Sindh Sales Tax on Services

The SRB has made the following further amendments to its Notification No. SRB-3-4/10/2011 dated 18th October, 2011, as follows:

S. No.	Persons or class of persons
(1)	(2)
1	Persons or class of persons providing or rendering taxable services which are wholly exempted under section 10 of the Act.
2	Persons providing or rendering the franchise services as classified under CPC Codes 73340 and 83960 in cases where the respective agreements do not prescribe the date for payment of the consideration for such Services.
3	Individuals, covered within the meaning of sub-clause (a) of clause (63) of section 2 of the Act, as are engaged exclusively in providing renting of immovable property services as classified under CPC Code 7211, besides exempt services, if any: Provided that the amount of tax due is paid by the 15th day of the month following the month to which it relates.
4	Persons as are engaged exclusively in providing cosmetic dental services as classified under CPC Code 93123, besides exempt services, if any

For Details: [SRB-3-4/40/2025 dated 16.07.2025](#)

6. Amendments in the Sindh Sales Tax Special Procedure (Withholding) Rules, 2014

SRB has made key amendments to the Sindh Sales Tax Special Procedure (Withholding) Rules, 2014 as follows:

a. Rule 1, sub-rule (2)

i. In clause (f)

- The earlier reference tariff heading 98.02 has been replaced with "CPC Code 8363, relatable to tariff heading 98.02 and sub-headings thereof in the Second Schedule to the Act as was in force on the 30th June, 2025, other than those of CPC Code 83631 and also other than such of the advertisements of CPC Code 83633."
- The earlier reference tariff heading 9806.3000 has been replaced with "CPC Code 7211, relatable to tariff heading 9806.3000 in the Second Schedule to the Act as was in force on the 30th June, 2025."

TAX INSIGHTS JULY 2025

- The earlier reference tariff heading 9819.9100 has been replaced with “CPC Codes 612 and 62, relatable to tariff heading 9819.9100 in the Second Schedule to the Act as was in force on the 30th June, 2025.”
- The earlier reference tariff heading 9805.7000 has been replaced with “CPC Code 83620, relatable to tariff heading 9805.7000 in the Second Schedule to the Act as was in force on the 30th June, 2025.”
- The earlier reference tariff heading 98.02 has been replaced with “CPC Code 8363, relatable to tariff heading 98.02 and sub-headings thereof in the Second Schedule to the Act as was in force on the 30th June, 2025.”

ii. In clause (h)

- The reference to tariff heading 9813.1000 and the sub-heads thereof has been substituted with “CPC Codes 713 and 714, relatable to tariff heading 9813.1000 and sub-heads thereof in the Second Schedule of the Act as was in force on the 30th June, 2025”
- The reference to tariff heading 9813.1000 and the sub-heads thereof has been substituted with “CPC Codes 713 and 714, relatable to tariff heading 9813.1000 and sub-heads thereof in the Second Schedule of the Act as was in force on the 30th June, 2025.”

iii. In clause (ha)

- The tariff heading 9819.1300 has been substituted with “CPC Codes 61 and 62, relatable to tariff heading 9819.1300 in the Second Schedule to the Act as was in force on the 30th June, 2025.”

iv. In clause (i)

- The tariff heading 9846.0000 has been substituted with “CPC Codes 64115 and 85514, relatable to tariff heading 9846.0000 in the Second Schedule to the Act as was in force on the 30th June, 2025.”

v. In clause (ia)

- The tariff heading 9856.0000 has been substituted with “CPC Code 679, relatable to tariff heading 9856.0000 in the Second Schedule to the Act as was in force on the 30th June, 2025.”

vi. In clause (j)

- The tariff heading 9814.0000 has been substituted with “CPC Codes 546 and 547, relatable to tariff heading 9814.2000 in the Second Schedule to the Act as was in force on the 30th June, 2025)”
- The tariff heading 9814.0000 has been substituted with “CPC Codes 541, 542, 543, 544, 545 and 547, relatable to tariff heading 9824.0000 in the Second Schedule to the Act as was in force on the 30th June, 2025)
- The words “No. SRB-3-4/8/2013 dated 1st July, 2013” have been substituted with “under S. No. 2 of the Table in Part-II of the Second Schedule to the Act”

b. Rule 2, sub-rule (1)

i. In clause (2)

- The reference to tariff heading 98.02 and the sub-heads and description thereunder has been replaced with “CPC Code 8363 (relatable to tariff heading 98.02 and the sub-headings thereof in the Second Schedule to the Act as was in force on the 30th June, 2025)”

For Details: [Notification No. SRB-3-4/42/2025 dated 16.07.2025](#)

TAX INSIGHTS JULY 2025

About Us

Enfoque Consulting (Private) Limited is a premier advisory firm dedicated to delivering top-quality consultancy services in taxation, corporate affairs, regulatory issues, and accounting. Founded in 2015, the firm is spearheaded by a team of seasoned professionals who assist an impressive range of clients—from major multinational corporations to discerning high-net-worth individuals. As the exclusive member firm of WTS Global in Pakistan, we are committed to upholding global standards while providing personalised attention and innovative solutions to our valued clients.



Enfoque Consulting (Pvt.) Ltd.
144, First Floor, St. 82 | FECHS, E-11/2
Islamabad 44000
Pakistan.
T +92 (0) 51 835 1551
enfoque.com.pk | info@enfoque.com.pk

Please also follow us on:



The above information is intended to provide general guidance with respect to the subject matter. This general guidance should not be relied on as a basis for undertaking any transaction or business decision, but rather, the advice of a qualified tax consultant should be obtained based on a taxpayer's individual circumstances. Although our contents are carefully reviewed, we accept no responsibility in the event of any inaccuracy or omission. For further information, please contact us.