

TAX INSIGHTS NOVEMBER 2025

Welcome to our latest newsletter, packed with insightful updates and vital information on Income Tax, Sales Tax, Federal Excise, and Customs duties in Pakistan. This edition presents the latest developments and changes in fiscal laws and regulations that will affect businesses and individuals. Furthermore, additional supplements on the global permanent establishment study 2025 have also been featured in this edition. Stay ahead of the curve with our newsletter and ensure compliance with the ever-evolving tax landscape in Pakistan.



INCOME TAX

1. Draft Amendment in Income Tax Rules, 2002: S.R.O. 2107(I)/2025

The Federal Board of Revenue (FBR), through S.R.O. 2107(I)/2025, has made the following amendment to Rule 73, sub-rule (2DD) of the Income Tax Rules, 2002.

"(2DD) In case of an individual, electronic filing of income tax return and withholding statement shall be mandatory."

The amendment mandates that individuals submit their tax returns and statements via electronic filing, thereby discontinuing manual submissions.

For Details: [S.R.O 2107\(I\)/2025 dated 10.11.2025](#)

2. Amendment in Income Tax Rules, 2002: S.R.O. 2076(I)/2025

The FBR, through S.R.O. 2076(I)/2025, has finalised the previously draft amendment to Rule 231C(11) of the Income Tax Rules, 2002, introducing a lump-sum remuneration for the Alternative Dispute Resolution (ADR) committee based on the tax liability involved. The remuneration scale is as follows:

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If the tax liability is up to Rs. 50 million

- For Chairperson: PKR 300,000
- For Member (excluding the Chief Commissioner Inland Revenue): PKR 150,000

If the tax liability exceeds Rs. 50 million

- For Chairperson PKR 500,000
- For Member (excluding the Chief Commissioner Inland Revenue) PKR 250,000

TA/DA equivalent to BPS-22 (for chairperson) & BPS-21 (for members) is also allowed.

For Details: [S.R.O 2076 \(I\)/2025 dated 06.11.2025](#)

3. Support Measures for Taxpayers Previously Filing Manually

The FBR, through Circular No. 06 of 2025-26 (IR-Operations), has discouraged the manual return submissions and has implemented facilitation measures for taxpayers who have previously submitted manual returns. Dedicated units have been established in all tax offices to offer legal and technical assistance. The deadline for return filing for such taxpayers has been extended to 30th November 2025, in accordance with section 214A. Additionally, tax offices will provide support such as free registration, return filing, and legal assistance during this period.

For Details: [C.No.6\(I\)S\(IR-Operations\)/2024/139820-R](#)

4. Amendment in Civil Servants Rules, 2023: S.R.O 2263(I)/2025

FBR through S.R.O. 2263(I)/2025 has finalised the following amendments to the Civil Servants Rules, 2023:

- The word "civil" has been replaced with "public" in Rules 1, 2, 3, 5 and Annexure.
- Clause (i) has been omitted.
- After clause (ii), a new clause (ii-a) has been inserted to define Public Servants.
"Public Servant" means any officer of Federal or any of the Provincial Governments or autonomous bodies, corporations and companies owned by such governments having pay grade in 17 and above or equivalent, and includes an employee governed by the Civil Servants Act, 1973 (LXXI of 1973), but does not include the persons excepted under sub-clause (iv) of clause (n) of section 5 of the National Accountability Ordinance, 1999 (XVIII of 1999);

For Details: [S.R.O 2263\(I\)/2025 dated 27.11.2025](#)

Compliance Calendar Income Tax – December 2025

S. No.	Compliance Activity	Due Date	For
1.	Advance Tax Payment for December Quarter	15.12.2025	Individuals
2.	Advance Tax Payment for December Quarter	25.12.2025	AOPs & Companies
3.	Annual Income Tax Return for Tax Year 2025	31.12.2025	Companies

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SALES TAX

1. Amendments in the Sales Tax Rules, S.R.O. 2071(1)/2025

The FBR through S.R.O 2071(1)/2025 has introduced a new sub-rule (3) to Rule 150Q of Sales Tax Rule 2006,

"(3) Retailers whose deductible withholding tax under sections 236G or 236H of the Income Tax Ordinance, 2001, during the immediately preceding period exceeds Rs. 100,000 or, as the case may be, Rs. 500,000, shall be required to integrate their business for the purposes of clause (g) of sub-section (43A) of section 2 of the Sales Tax Act, 1990."

For Details: [S.R.O 2071\(1\)/2025 dated 03.11.2025](#)

2. Electronic Monitoring of Tobacco Production Through IP-CCTV

FBR, through Circular No. 2(3)/T&Ts/Tobacco/2021/142664-R, has reiterated its directive for electronic monitoring of tobacco manufacturing. Following the earlier communications issued on 18th August 2025, and 21st August 2025, all tobacco manufacturing units are now mandated to install IP-CCTV cameras at locations specified by the Board. No tobacco products may be removed from business premises unless the production process has been properly monitored through the IP-CCTV system. This directive has been issued with the approval of the Member Inland Revenue (Operations) and is effective immediately.

For Details: [Circular No. 2\(3\)/T&Ts/Tobacco/2021/142664-R dated 10.11.2025](#)

3. Electronic Monitoring of Cotton Bale Production Through Video Analytics

FBR has mandated that all registered persons involved in textile spinning install video analytics-based monitoring systems. The processing of cotton bales at textile spinning units will now be monitored through video surveillance and analytics systems installed at production lines, blendomats, and auto plucker machines by approved vendors.

All textile spinning units are required to complete the installation of the prescribed video analytics hardware and software by 31st December 2025. Chief Commissioners have been directed to appoint focal persons to coordinate with registered individuals and authorised vendors to ensure the timely implementation of this requirement, with priority given to high-risk units utilising undocumented cotton bales.

FBR has notified the following authorised vendors:

- SSM Labelling Solutions (Contact: Haider Shafique, 0310-5463614, haider.shafiq@issm.ai)
- Obsidian Technologies (Contact: Naveed K. Latif, 03464333333, naveed@obsidian.com.pk)

Vendors are required to comply with Rule 150ZQT, including real-time data capture, object detection and counting, data transmission to FBR's Central Control Unit, detection of production stoppages, as well as quantitative analysis and data analytics for enforcement purposes. This

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directive has been issued with the approval of the Member Inland Revenue and is effective immediately.

For Details: [F.No.6 \(17\)/TTS/Textile/2025/147373-R dated 20.11.2025](#)

Compliance Calendar Sales Tax – December 2025

S. No.	Compliance Activity	Due Date	Authority	For
1.	Payment of Sales for November 2025.	15.12.2025	FBR, PRA, SRB, KPRA, BRA	All registered persons
2.	Filing Monthly Sales Tax Return for November 2025.	18.12.2025	FBR, PRA, SRB, KPRA, BRA	All registered persons

Additional Topics

In this edition, we are pleased to present the following new global publications.

Permanent establishment (PE) study 2025

Our Global PE Study 2025 provides an overview of the taxation of permanent establishments in more than 70 jurisdictions. Understanding permanent establishments (PEs) across borders can be challenging — especially with differing rules worldwide. This study offers clear initial guidance to help you navigate this complexity in more than 70 jurisdictions across the world. The publication serves as a first-step reference for cross-border activities and outlines both general PE principles and more specific areas such as **double taxation agreements, construction and installation PEs, and agent PEs.**

Download the full [Global PE Study 2025](#)

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