Tax Insights | August 2026

Pakistan Tax Updates | Income Tax · Sales Tax · Customs

Editorial

Welcome to the August 2026 edition of Tax Insights. The defining development of the month is the completion of the Independent Case Scrutiny Committee framework for Customs. Through S.R.O. 1413(I)/2026, the Board has inserted Chapter L into the Customs Rules, 2001, finalising the draft published as S.R.O. 1141(I)/2026 in July and bringing Customs into line with the parallel committees already operating under the Income Tax, Sales Tax and Federal Excise statutes. Departmental references and petitions arising from Customs disputes will now be subject to the same pre-filing scrutiny that has reshaped litigation practice across the other tax statutes since July, and taxpayers with pending Customs matters at the appellate stage should factor this into their litigation timelines.

A second theme is the continued calibration of the electricity based sales tax regime for the steel sector. The Board issued three successive general orders during the month, STGO 14, superseded within two days by STGO 16, narrowing and then re confirming the list of manufacturers eligible for the concessionary Rs. 5 per unit rate, while the voluntary corporatization scheme for iron and steel manufacturers continued to expand through STGO 18, 21 and a corrigendum to STGO 13. Taken together, these instruments suggest the Board is still actively verifying eligibility on a rolling basis rather than treating the sector's documentation drive as settled, and manufacturers awaiting inclusion should expect further list revisions in the months ahead.

The month also brought a notable extension of enforcement capacity at the border. Through four near-identical notifications issued on 27 August, the Board entrusted Customs functions to the Pakistan Rangers and Frontier Corps (Khyber Pakhtunkhwa), the Frontier Corps (Balochistan), the Pakistan Coast Guard and the Pakistan Maritime Security Agency, superseding notifications that had lapsed or required renewal. Read alongside the new penalty schedule for delayed goods declarations and the Overstayed Cargo Management Rules, both notified on 13 August, the direction of travel is toward tighter, more automated enforcement of Customs timelines, with penalties now calculated by the Customs Computerised System rather than left to case-by-case discretion.

Finally, the Federal Constitutional Court delivered a significant ruling in favour of corporate taxpayers, holding that a tax credit under section 168 of the Income Tax Ordinance, 2001 is distinct from a refund under section 170 and may be adjusted directly against Super Tax liability under section 4C. The judgment, though dated 30 June 2026, was reported in mid-August and is discussed below; it is likely to be invoked immediately by taxpayers currently disputing Super Tax demands where withholding tax credits remain unabsorbed.

We hope this edition supports your compliance and planning as the year progresses.

Enfoque Consulting

Contents

1. Income Tax

1.1. Independent Case Scrutiny Committees — Revised Composition — S.R.O. 1286(I)/2026

The Board, through S.R.O. 1286(I)/2026 dated 5 August 2026, has further amended rule 231CB of the Income Tax Rules, 2002, adjusting the composition of the Independent Case Scrutiny Committees notified in July. The reference to "CTO Islamabad" has been omitted from Committee No. 1; "RTO Lahore" has been replaced with "RTO-I Lahore, RTO-II Lahore" in Committee No. 2; and "CTO Karachi" has been replaced with "CTO-I Karachi, CTO-II Karachi" in Committee No. 3. The changes are administrative, aligning the rule with the prior bifurcation of the Lahore and Karachi tax offices rather than altering the committees' functions or jurisdiction. Taxpayers with matters before these committees should confirm which successor office now handles their case.

For Details: S.R.O. 1286(I)/2026 dated 05.08.2026

1.2. Property Valuation E-8 Naval Headquarters, Islamabad—S.R.O. 1335(I)/2026

The Board, through S.R.O. 1335(I)/2026 dated 7 August 2026, has further amended S.R.O. 644(I)/2026 dated 16 April 2026 to insert valuation rates for six new categories of commercial property within Category C Shops, Class-III Shopping Center, E-8 (Naval Headquarters), Islamabad, ranging from Rs. 6,666 to Rs. 25,000 per square yard or square foot depending on category and location. The amendment brings previously unlisted commercial units within the statutory valuation framework under section 68 of the Income Tax Ordinance, 2001, and any taxpayer transacting property in this commercial block should check the notified value, as it now governs tax computation for such transactions regardless of declared consideration.

For Details: S.R.O. 1335(I)/2026 dated 07.08.2026

1.3. Property Valuation FOECHS, Rawalpindi—S.R.O. 1382(I)/2026

The Board, through S.R.O. 1382(I)/2026 dated 17 August 2026, has amended S.R.O. 1728(I)/2024 dated 29 October 2024 to revise the valuation rate of open plots of the Foreign Office Employees Cooperative Housing Society, Rawalpindi. The rate for commercial on-road plots at Entry No. 6166 has been reduced from Rs. 8,542.5 to Rs. 7,353 per square foot, a reduction of approximately 13.9 per cent, while the rate for residential off-road plots at Entry No. 6167 has been reduced from Rs. 5,025.1 to Rs. 1,431 per square foot, a reduction of approximately 71.6 per cent. The scale of the downward revision at Entry No. 6167 in particular is striking, and owners or prospective buyers in this locality should reassess any transaction pricing or tax provisioning that was based on the superseded rate.

For Details: S.R.O. 1382(I)/2026 dated 17.08.2026

1.4. Anti-Money Laundering and CFT Regulations for DNFBPs — S.R.O. 1439(I)/2026

The Board, through S.R.O. 1439(I)/2026 dated 27 August 2026, has amended the Federal Board of Revenue Anti-Money Laundering and Countering Financing of Terrorism Regulations for DNFBPs, 2020. The term "Jewellers" has been replaced throughout with "Dealers in Precious Metals and Dealers in Precious Stones (DPMS)", a term now defined to capture any person dealing in gold, platinum, diamonds, precious or semi-precious stones or pearls who engages in a cash transaction of Rs 2 million or more. The definition of "Real Estate Agent" has been broadened to expressly include builders, developers, title transferring authorities, property brokers and dealers involved in the execution of real property transactions. Regulated persons in both sectors should review their customer due diligence and record retention procedures against the revised definitions, since the broadened scope will bring a wider range of transactions and counterparties within the regulatory net.

For Details: S.R.O. 1439(I)/2026 dated 27.08.2026

1.5. Property Valuation Quetta — S.R.O. 1444(I)/2026

The Board, through S.R.O. 1444(I)/2026 dated 28 August 2026, has determined revised fair market values for immovable properties in Quetta under section 68(4) of the Income Tax Ordinance, 2001, superseding S.R.O. 1723(I)/2024 dated 29 October 2024. The notification restates valuation rates across three tables: general areas and categories of Quetta, specified localities and survey numbers, and properties within the Defence Housing Authority, Quetta, and should be consulted in full by taxpayers with property interests in the city, as this is a comprehensive replacement of the prior valuation table rather than an incremental amendment.

For Details: S.R.O. 1444(I)/2026 dated 28.08.2026

2. Federal Sales Tax

2.1. Electricity Based Sales Tax for the Steel Sector — Revised Eligible Manufacturer List — STGO 14 and 16 of 2026

The Board, through Sales Tax General Order No. 14 of 2026 dated 4 August 2026, first notified the list of iron and steel manufacturers eligible for the concessionary Rs. 5 per unit electricity based sales tax rate under S.R.O. 1245(I)/2026. Within two days, this list was superseded by Sales Tax General Order No. 16 of 2026 dated 6 August 2026, which revised the list to 31 eligible manufacturers meeting the prescribed criteria, namely, that scrap purchases and imports under the specified HS codes account for more than 70 per cent of total eligible scrap purchases over the preceding twelve months, and that the manufacturer's operations are integrated with the Board's computerised system. The concessionary rate applies to all electricity connections of the listed manufacturers with effect from 1 July 2026, and the Board has reserved the right to revise the list further, whether on its own initiative or on the recommendation of the concerned Commissioner. Manufacturers should treat this list as provisional rather than final, and should be prepared to substantiate eligibility on an ongoing basis rather than relying on a single point in time listing.

For Details: STGO 14 of 2026 dated 04.08.2026; STGO 16 of 2026 dated 06.08.2026

2.2. Printing Requirements for Confectionery Products — STGO 15 and 17 of 2026

The Board, through Sales Tax General Order No. 15 of 2026 dated 5 August 2026, clarified the printing requirements prescribed under Sales Tax General Order No. 08 of 2026 in respect of confectionery products such as chocolates, candies and toffees, where the small size of individual wrappers makes item level printing impractical. The initial relaxation permitted the retail price and sales tax to be printed on packages of up to 100 pieces, provided the per piece retail price did not exceed Rs.5. Sales Tax General Order No. 17 of 2026 dated 12 August 2026 subsequently widened this relaxation, raising the package limit to 250 pieces and the per piece price threshold to Rs. 10, subject to a new condition that per piece weight does not exceed 10 grams. Manufacturers who adjusted packaging to the initial 100piece/Rs.5 threshold should note that the current position is now materially more permissive and may wish to revisit packaging economics accordingly.

For Details: STGO 15 of 2026 dated 05.08.2026; STGO 17 of 2026 dated 12.08.2026

2.3. Steel Sector Excluded from Section 8B Restriction — S.R.O. 1343(I)/2026

The Board, through S.R.O. 1343(I)/2026 dated 12 August 2026, has further amended S.R.O. 1190(I)/2019 dated 2 October 2019 to add a new Serial No. 15 to Table-I, thereby excluding steel melters, re-rollers and composite units paying sales tax under the section 6(2) electricity based regime from the input tax adjustment restriction under section 8B until 30 September 2026. The relief is time bound and sector specific: it applies only to steel sector entities within the specified electricity based regime and lapses at the end of September unless separately extended. Affected taxpayers should plan their input tax utilisation strategy around this deadline, rather than assuming the relief will be renewed as a matter of course.

For Details: S.R.O. 1343(I)/2026 dated 12.08.2026

2.4. Voluntary Corporatization of Iron and Steel Manufacturers Continued Expansion of the Entity List — STGO 13, 18 and 21 of 2026

Following the introduction of the corporatization facility under Sales Tax General Order No. 10 of 2026 and the initial entity list under Sales Tax General Order No. 12 of 2026 dated 31 July 2026, the Board has continued to expand the list of newly incorporated entities eligible to avail the scheme. Sales Tax General Order No. 18 of 2026 dated 12 August 2026 and Sales Tax General Order No. 21 of 2026 dated 27 August 2026 each added further entities meeting the prescribed SOPs, without altering the underlying framework or eligibility conditions. Separately, Sales Tax General Order No. 13 of 2026 (Corrigendum), dated 31 August 2026, corrected the recorded name of M/s A-One Re-Rolling Steel Mills (Private) Limited at serial number five of the original list. The recurring pattern of monthly additions suggests the corporatization drive remains an active enrolment exercise, and entities that applied but have not yet appeared on a published list should follow up with the Board.

For Details: STGO 18 of 2026 dated 12.08.2026; STGO 21 of 2026 dated 27.08.2026; STGO 13 of 2026 (Corrigendum) dated 31.08.2026

2.5. Substitution of Annexure A to STGO 11/2026 — Corrigendum — STGO 19 of 2026

The Board, through Sales Tax General Order No. 19 of 2026 dated 20 August 2026, has issued a Corrigendum to Sales Tax General Order No. 11 of 2026 dated 17 July 2026, withdrawing the original Annexure-A governing the levy, assessment and collection of sales tax on supplies covered under Serial No. 65 of the Third Schedule, and substituting a revised Annexure A in its place. The Corrigendum has been given retrospective effect from 1 July 2026, meaning taxpayers dealing in Serial No. 65 supplies should apply the revised Annexure A for the entirety of tax year 2026-27 to date, and should review any returns already filed on the basis of the original Annexure-A for consistency with the revised implementation matrix.

For Details: STGO 19 of 2026 dated 20.08.2026

2.6. Time Bound Registration for Low Risk Applicants — STGO 20 of 2026

The Board, through Sales Tax General Order No. 20 of 2026 dated 24 August 2026, has introduced a risk based, time bound mechanism for processing sales tax registration applications. Applications assessed as low risk under the Board's computerised risk parameters are to be processed and registration granted within three working days where the application is complete, and registration offices are barred from demanding additional information beyond what is specifically required by law, needed to verify furnished information, or flagged by a risk indicator. Where an application is incomplete, the deficiency must be communicated within seven days with specific, traceable reasons and vague or general objections are no longer permitted. The order also permits sectoral trade associations under the FPCCI umbrella to provide pre-registration certification for manufacturer members, though this is expressly facilitative only and does not substitute for statutory verification. This is a welcome procedural tightening for genuine low risk applicants who have historically faced open ended information requests, though the accountability the order places on certifying trade associations for inaccurate certifications is worth flagging to clients who intend to rely on it.

For Details: STGO 20 of 2026 dated 24.08.2026

3. Customs

3.1. Draft Auction Rules Physical Inspection Undertaking — S.R.O. 1277(I)/2026

The Board, through draft S.R.O. 1277(I)/2026 dated 5 August 2026, has proposed further amendments to Chapter V of the Customs Rules, 2001, requiring the auctioning Collectorate to ensure goods are available for inspection three days prior to the auction date, and requiring bidders to submit a signed undertaking confirming physical inspection of the goods prior to bidding. The draft is intended to reduce post auction disputes arising from bidders claiming the goods delivered did not match what was inspected. Comments or objections may be submitted to the Board for consideration.

For Details: S.R.O. 1277(I)/2026 dated 05.08.2026

3.2. Revised Penalty Schedule for Delayed Goods Declarations — S.R.O. 1346(I)/2026

The Board, through S.R.O. 1346(I)/2026 dated 13 August 2026, has notified a revised penalty schedule under section 82(1) of the Customs Act, 1969, superseding S.R.O. 1387(I)/2025 dated 31 July 2025. Penalties are now graded by scenario: for goods declarations not filed within 20 days of arrival, Rs. 25,000 per day for the first five subsequent days and Rs. 50,000 per day thereafter; for goods not removed within five days of assessment where the declaration preceded berthing, Rs. 15,000 rising to Rs. 20,000 per day; for declarations filed after berthing, Rs. 10,000 rising to Rs. 20,000 per day; and for export goods not loaded within 15 days of port entry, Rs. 5,000 rising to Rs. 15,000 per day, each capped at Rs. 1 million per case. The notification takes effect from 1 October 2026, giving importers and exporters roughly five weeks to review clearance workflows before the higher, automated penalty regime becomes operative.

For Details: S.R.O. 1346(I)/2026 dated 13.08.2026

3.3. Overstayed Cargo Management Rules, 2026 — New Chapter XLIX — S.R.O. 1347(I)/2026

The Board, through S.R.O. 1347(I)/2026 dated 13 August 2026, has inserted a new Chapter XLIX into the Customs Rules, 2001, introducing the Overstayed Cargo Management Rules, 2026, which finalise the draft published as S.R.O. 1081(I)/2026 dated 6 July 2026. The rules exclude goods imported under Chapter 99 of the First Schedule, goods in transit or under international transshipment, personal baggage, LCL export cargo and bulk cargo from their scope. Where a penalty becomes leviable under section 82(1), the Customs Computerised System will automatically determine the amount at the time of filing the goods declaration, or within 24 hours of the release message, and issue an electronic notice to the owner or authorised agent. The shift to system generated, real time penalty calculation from manual assessment is a significant operational change, and importers should ensure their WeBOC linked systems, and internal alerts are configured to flag overstay risk before the automated notice issues.

For Details: S.R.O. 1347(I)/2026 dated 13.08.2026

3.4. Pakistan Uzbekistan Preferential Trade Agreement — Expanded Concession List — S.R.O. 1349(I)/2026

The Federal Government, through S.R.O. 1349(I)/2026 dated 13 August 2026, has amended S.R.O. 329(I)/2023 dated 10 March 2023 to expand the list of goods eligible for duty and tax concessions on import from Uzbekistan under the Pakistan–Uzbekistan Preferential Trade Agreement, adding new entries after serial number 31. The expansion takes the list from 31 to 90 eligible items, broadening the range of Uzbek origin goods that can benefit from preferential treatment, subject to the Rules of Origin notified by the Ministry of Commerce under S.R.O. 289(I)/2023 and the prevailing Import Policy Order. Importers sourcing from Uzbekistan should check the revised HS code list closely, since the expansion may bring standard rated product lines within the concessionary regime for the first time.

For Details: S.R.O. 1349(I)/2026 dated 13.08.2026

3.5. Independent Case Scrutiny Committee Rules for Customs New Chapter L — S.R.O. 1413(I)/2026

The Board, through S.R.O. 1413(I)/2026 dated 19 August 2026, has inserted a new Chapter L into the Customs Rules, 2001, establishing the Federal Board of Revenue Independent Case Scrutiny Committee (Customs) Rules, 2026, and finalising the draft published as S.R.O. 1141(I)/2026 dated 22 July 2026. The rules constitute committees to examine referred cases and recommend whether a reference to the High Court under section 196 of the Customs Act, or a petition under Article 183(3) of the Constitution or to the Federal Constitutional Court, should proceed. This completes the set of parallel ICSC frameworks across Income Tax, Sales Tax, Federal Excise and now Customs, and importers and exporters with pending or contemplated Customs litigation should expect the same pre filing scrutiny timelines already observed under the other statutes since July the departmental references will no longer be filed as of right.

For Details: S.R.O. 1413(I)/2026 dated 19.08.2026

3.6. Customs Enforcement Powers Extended to Law Enforcement Agencies — S.R.O. 1435, 1436, 1437 and 1438(I)/2026

Through four notifications dated 27 August 2026, the Board has entrusted specified Customs functions to law enforcement agencies operating along Pakistan's borders and coastline. S.R.O. 1435(I)/2026 entrusts functions to the Pakistan Rangers and Frontier Corps (Khyber Pakhtunkhwa, North/South), superseding S.R.O. 901(I)/2023 dated 7 July 2023. S.R.O. 1436(I)/2026 entrusts functions to the Pakistan Coast Guard, superseding S.R.O. 903(I)/2023 dated 7 July 2023. S.R.O. 1437(I)/2026 entrusts functions to the Pakistan Maritime Security Agency, superseding S.R.O. 902(I)/2023 dated 7 July 2023. S.R.O. 1438(I)/2026 entrusts functions to the Frontier Corps (Balochistan, North/South), superseding S.R.O. 1508(I)/2024 dated 24 September 2024. In each case, the entrusted personnel are confined to a fifty kilometre band from the international border or coastline, excluding city municipal limits, Customs areas, ports and bonded warehouses, and are directed to act in aid of, not in substitution for, Pakistan Customs. Businesses operating in these border and coastal zones should be aware that a wider set of uniformed agencies may now check goods than before, each acting under Customs powers rather than its own parent legislation.

For Details: S.R.O. 1435(I)/2026 dated 27.08.2026; S.R.O. 1436(I)/2026 dated 27.08.2026; S.R.O. 1437(I)/2026 dated 27.08.2026; S.R.O. 1438(I)/2026 dated 27.08.2026

3.7. Amendment to Customs Intelligence and Enforcement Notification — S.R.O. 1448(I)/2026

The Board, through S.R.O. 1448(I)/2026 dated 31 August 2026, has further amended S.R.O. 1637(I)/2024 dated 18 October 2024, adding the Collectorate of Customs, Sambrial (Sialkot) to the list of jurisdictions in Table-I, and revising the WeBOC based intelligence monitoring clause in Table-II to cover import and export cargo at ports, off-dock terminals, land Customs stations, dry ports and airports without interfering with routine clearance operations at the relevant Collectorates.

For Details: S.R.O. 1448(I)/2026 dated 31.08.2026

4. Case Law Updates

4.1. Super Tax Adjustable Against Section 168 Tax Credit — Federal Constitutional Court

M/s CM Pak Limited v. Federation of Pakistan, F.C.P.L.A. Nos. 1276 and 1277 of 2026, Federal Constitutional Court of Pakistan (Chief Justice Amin-ud-Din Khan, Justice Aamer Farooq), order dated 30 June 2026, reported in August 2026.

The Court was invited to determine whether Super Tax paid under section 4C of the Income Tax Ordinance, 2001 is adjustable against a tax credit available under section 168, or whether a taxpayer in that position is confined to the refund mechanism under section 170. The petitioner, a telecommunications company, held excess tax deducted at source of approximately Rs. 2.2 billion for tax year 2022 and sought to adjust it against a Super Tax demand raised for tax year 2023; the tax authority declined the adjustment, and the Islamabad High Court upheld that refusal.

The Court reasoned that section 4C(3) serves two distinct functions: it fixes the date and manner of payment by reference to section 137(1) and separately imports "all provisions of Chapter X" of the Ordinance. Reading the second limb as merely procedural, the Court held, would render it redundant, since section 137(1) already governs procedure. Accordingly, Chapter X's incorporation extends to its substantive provisions, including the section 168 tax credit regime. The Court further held that a section 168 credit is conceptually distinct from a section 170 refund, the latter requiring a formal application to the Commissioner, and that nothing in the statutory scheme confines a taxpayer with an available credit to the refund route alone. Consistent with the established interpretive principle that fiscal statutes are construed in the taxpayer's favour, the Court set aside the High Court's judgment and remanded the matter to the competent tax authority to determine the actual quantum of adjustment.

Practical significance: This is a materially favourable ruling for companies that carry withholding tax credits and are simultaneously exposed to Super Tax under section 4C, a combination common in high-earning sectors since the Super Tax was extended in recent Finance Acts. Taxpayers who have been directed by field formations to pursue a refund claim under section 170 rather than a direct adjustment now have Federal Constitutional Court authority to seek an adjustment instead, which is typically faster and avoids the separate application and verification process that section 170 requires. Companies with pending Super Tax notices and unabsorbed withholding credits should consider raising this judgment proactively in their response.

For Details: Judgment dated 30.06.2026, F.C.P.L.A. 1276 and 1277 of 2026

5. Compliance Calendar

5.1. Income Tax

S. No.	Compliance Activity	Due Date	Applicable To
1	Advance Tax Instalment — Quarter ending 30 September 2026	15.09.2026	Individuals
2	Advance Tax Instalment — Quarter ending 30 September 2026	25.09.2026	Associations of Persons and Companies
3	Filing of Income Tax Return — Tax Year 2026	30.09.2026	Individuals, AOPs and companies following a special tax year

5.2. Sales Tax (Tax Period: August 2026)

S. No.	Compliance Activity	Due Date	Authority	Applicable To
1	Submission of Annexure-C	10.09.2026	FBR, PRA, SRB, KPRA, BRA	All Registered Persons
2	Payment of Sales Tax for August 2026	15.09.2026	FBR, PRA, SRB, KPRA, BRA	All Registered Persons
3	Filing of Monthly Sales Tax Return for August 2026	18.09.2026	FBR, PRA, SRB, KPRA, BRA	All Registered Persons

About Us

Enfoque Consulting (Private) Limited is a premier advisory firm specializing in innovative tax, accounting, and regulatory advisory services. Established in 2015, our team of experienced professionals serves a diverse range of clients, from multinational corporations to high-net-worth individuals. As the exclusive member firm of WTS Global in Pakistan, we are dedicated to upholding global standards while offering personalized solutions and cutting-edge expertise to meet today's complex financial landscape.

Contact Partners/Editorial

Muzammal Rasheed | T +92 333 5077 820
muzammalr@enfoque.com.pk

Laeeq Siddique | T +92 333 5541 233
laeeqs@enfoque.com.pk

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

ITR WORLD TAX
RECOGNISED FIRM
2025

Follow us on:

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