

A Brief on New Procedure for Licensing, Issuance of Electronic Sales Tax Invoices, and Integration of Registered Persons

Preamble

In order to move towards digitization and documentation of economy, the Federal Board of Revenue [the “FBR”] introduced Chapter XIV of the Sales Tax Rules 2006 [the “Rules”] through Notification No. S.R.O. 470(I)/2007 dated 9 June 2007 which specified the procedure for issuance of electronic invoices.

Moving towards enhancing transparency, the FBR further introduced online integration of Tier-1 retailers under Chapter XIV - AA of the Rules through Notification No. S.R.O. 1360(I)/2028 dated 12 November 2018, making it mandatory for all Tier-1 Retailers (B2C) to integrate their retail outlets with the FBR’s computerized system for real-time reporting of sales, in the mode and manner, as prescribed therein.

The FBR then also introduced Chapter XIV - BB in the Rules regarding integration of Tier-1 retailers and licensing thereof through Notification No. S.R.O. 1063(I)/2021 dated 24 August 2021 requiring that no person shall carry out integration of the retailers through software unless he has obtained a license. Chapter XIV-BB was further amended through Notification No. S.R.O. 1788(I)/2023 dated 11 December 2023 requiring that no person shall carry out integration of the registered persons including Tier-1 retailers through software unless he has obtained a license from the FBR.

Now, through Notification No. S.R.O. 69(I)/2025 dated 29 January 2025 [“S.R.O.”], FBR has replaced Chapter XIV of the Rules. The new Chapter XIV not only prescribes new rules for licensing, integration and issuance of electronic invoices but has also merged the rules / requirements in Chapter XIV-AA and XIV-BB in Chapter XIV. As a result, Chapter XIV-AA and XIV-BB of the Rules have been omitted.

This brief narrates a summary of the changes introduced through the new Chapter XIV as compared to the old Chapter XIV, XIV-AA, and XIV-BB of the Rules:

Rule 150Q - Integrated Person

Under the new amended Rule 150Q, the power to notify the registered persons, referred to as “integrated persons” in terms of sub-rule (1) of Rule 150R, remains with the FBR, however, the proviso in Rule 150Q Sub-Rule (2) also provides that the registered persons who have already registered and integrated their point of sale with the FBR’s computerized system shall be treated to have been integrated with the FBR’s computerized system under these rules.

Though, as discussed above, due to the omission of Chapter XIV-AA through the S.R.O., an ambiguity arises in relation to the status of Tier-1 retailers who have not yet registered and integrated their point of sale with the FBR’s computerized system since Chapter XIV-AA was specifically related to Tier-1 retailers. Therefore, as per the provisions of the substituted Chapter XIV and, in the absence of any notification by the FBR delineating Tier-1 retailers as integrated persons, Tier-1 retailers who have not registered and integrated with the FBR’s computerized system may not be considered as non-integrated persons.

However, as Chapter XIV-A of the Rules remains intact, therefore, the registered persons mentioned under this chapter shall still be considered as integrated persons which are as follows:

- Restaurants;
- Cafes;
- Coffee shops;
- Eateries;
- Snack bars; and
- Hotels.

Rule 150R - Obligations and Requirement of Integrated Persons

Before the enactment of the S.R.O., the obligations, and requirements of integrated persons with respect to installation and capabilities of the Electronic Invoice Issuing Machines / Point of Sale [the “POS”] were addressed in old Rules 150ZEA to 150 ZEB. Now, after the issuance of S.R.O., the procedures have been comprehensively consolidated into the new amended Rule 150R.

New information regarding ‘invoice reference number’, ‘HS Code’, ‘unit of measurement’, ‘sales tax withheld at source’ have been added to requirements of a POS invoice in order

to align electronic invoice generated by the POS with the sales tax return data entry requirements in the IRIS. Also, information of 'extra tax', 'further tax', 'FED payable' and relevant 'SRO / serial number' have also been made applicable for manufacturers-cum-retailers and importers-cum-retailers.

Information regarding the 'address' and 'registration number' of the buyer were previously optional which have now been made mandatory part of the POS Invoice proforma. We consider it a harsh move from FBR as it will create hindrances in businesses, especially dealing with end-consumers.

Further, unlike the previous Chapter XIV, the new Chapter XIV does not come appended with a sample invoice for ease of replication.

This new amended rule has also brought leniency with respect to installation / availability of debit / credit card machines or any other digital mode facility, however, integrated person cannot refuse customers in case such facility is already installed.

Under this new amended rule, FBR may require integrated persons to install CCTV cameras at points of sale to record transactions, and the recordings, in that case, should be retained for at least one month and provided to the Commissioner Inland Revenue upon demand.

Previously, the requirement for issuing electronic invoices was not clarified as being applicable only to taxable supplies. However, under this new amended rule, integrated persons are now required to issue electronic invoices for exempt supplies as well.

Further, all integrated persons are now required to prominently display a signboard at each notified outlet, POS, or electronic invoicing machine, which should contain the following details:

- FBR's official logo;
- The text "Integrated with FBR"; and
- Registration number of the POS software, which can be verified through FBR's official verification services.

Under the new amended rule, integrated persons engaged in online sales, including marketplaces, must register their websites, software, and mobile applications with the FBR's computerized system for auto-electronic invoicing, as specified through a Sales Tax General Order.

We are of the understanding that the FBR will issue Sales Tax General Orders [STGO] regarding manner of the online integration in purview of this rule as the already issued STGO were specific to Tier-1 retailers which may now be considered redundant.

Rule 150S - Issuance of Electronic Invoice and Record

Before the amendments, the Rule 150S only covered the responsibilities of the integrated persons with respect to taxable supplies and record keeping.

The new amended rule now covers issuance of online debit / credit notes and electronic invoice issuance by online marketplaces requiring the integrated person to retain them for a period of six (6) years.

Rule 150XC - Responsibility of Integrated persons in Event of Internet Disruption

As per the new rule, in the event of internet or power disruption, the integrated person shall upload invoices generated in offline mode duly identified as invoices issued in the offline mode to the integrated system within twenty-four (24) hours of system restoration.

Rule 150XF - PRAL to act as a Licensed Integrator

Previously, only those persons were authorized to carry out the integration of the systems of notified registered persons who had a valid license issued by the Licensing Committee. Now, as per the new rule, the Pakistan Revenue Automation Authority i.e., PRAL has also been duly authorized to act as a Licensed Integrator. PRAL, under Sub-Rule (2) and (3) of Rule 150XF has the following obligations:

- Provide free of cost integration services to the registered person on demand; and
- As and when required by the FBR, make available, without charge, downloadable invoicing or point of sale software on the FBR's official website.

It is worthwhile to highlight that the conditions as laid down in the newly replaced Chapter IV regarding application and procedure for grant of license, validity of license for five (5) years, and renewal of the same are not applicable on PRAL.

Rule 150XM - Substitution of Member Digital Initiatives and Project Director by Board

Previously, under old Rule 150ZQE and 150ZQZI, the Project Director oversaw system supervision, while the Member Digital Initiatives served as the designated convener of the Licensing Committee. However, under this new rule, the primary responsibility now rests with the FBR, which has been tasked with appointing a team for overall system supervision and designating the convener.

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