

# Tax Alert

April 2026

## Income Tax

### **S. No 1: Exemption from the withholding requirements of Section 236C for taxpayers discharging liability under section 7F.**

The FBR has issued Circular No. 07 of 2025-26 dated 31 March 2026, issuing clarification regarding the applicability of advance tax under section 236C of the Ordinance to builders and developers operating under the special tax regime prescribed in section 7F of the Ordinance.

Under section 7F, income of eligible builders and developers is computed on a fixed-percentage basis against gross receipts, and not under the head "Capital Gains." As a result, withholding under section 236C, typically adjustable against capital gains on the sale of immovable property, creates an unintended liquidity burden for such taxpayers, especially where no other taxable income exists for adjustment.

To address this hardship, FBR has clarified that persons who have discharged their tax liability under section 7F and have no other chargeable income may seek exemption from advance tax under section 236C may apply for an exemption certificate under section 159, with Commissioners Inland Revenue instructed to evaluate applications on a case-to-case basis and issue decisions within the prescribed statutory timelines.

### **S. No 2: Extension of concessional withholding tax on sugar imports**

The Federal Government initially introduced the concessional 0.25% withholding tax rate on commercial imports of white crystalline sugar through SRO 1216(I)/2025, dated 08 July 2025. This notification added clause (9AD) to Part II of the Second Schedule to the Income Tax Ordinance, 2001 (the Ordinance), allowing imports of sugar through the Commerce Division via TCP or approved private importers, subject to

quota restrictions and prescribed conditions. The concession was originally available until 30 September 2025.

Through SRO 455(I)/2026 dated 05 March 2026, the FBR has now extended the applicability of the above concession until 28 February 2026.

## Sales Tax

### **S. No. 1: FBR Streamlines E-Invoicing Integration & Tightens Invoice Amendment Controls**

The FBR through Sales Tax General Order (STGO) 01 of 2026 dated 30 March 2026, has issued important compliance directions regarding the integration of electronic sales tax invoicing systems.

Building upon earlier requirements introduced via SRO 1413(I)/2025 dated 01 August 2025, which mandated all registered persons to integrate their invoicing systems with FBR's computerized platform through licensed integrators, the STGO now provides procedural flexibility by allowing taxpayers to engage one or more licensed integrators for system integration, wherever required.

Additionally, the STGO places strict controls on post-issuance modifications of electronic invoices by limiting integrated persons to cancel delete or edit of a valid invoice to within 72 hours of its generation. It states that any amendment beyond this time window shall only be permitted with the prior approval of the Commissioner Inland Revenue subject to prescribed conditions.

## S. No 2: Extension of Concessional Sales Tax on Sugar Imports

The Federal Government had reduced the rate of sales tax of 0.25% as well as the exemption from 3% minimum value addition tax on import and subsequent supply of white crystalline sugar introduced through SRO 1127(I)/2025 dated 8 July 2025 till 30 September 2025.

This concession has been extended till 28 February 2026 through SRO 527(I)/2026 dated 19 March 2026

## Customs

### S. No 1: FBR Revises EFS Rules, Utilization Timelines & Appeal Rights

The FBR through SRO 528(I)/2026 dated 19 March 2026, has introduced targeted amendments to the Customs Rules, 2001, primarily impacting the procedural framework governing the Export Facilitation Scheme (EFS). Following amendments have been made:

- Revision of multiple provisions, including clarification of references within Rule 877(15),
- Insertion of a new mechanism under Rule 878(5) allowing EFS users to import duty-free input goods proportional to inputs already consumed in exported outputs, subject to strict alignment of descriptions and PCT codes with approved IOCO or Regulatory Collector determinations, while explicitly disallowing such acquisitions where IORs are unapproved.
- New appeal mechanism has been incorporated under Rule 879(6), enabling aggrieved EFS users to contest orders before the relevant Chief Collector within thirty days.
- The rule 883 has been amended to extend the utilization period for inputs from nine months to eighteen months, effective 07 March 2025, with the subsequent extension window modified from “nine more months” to “six more months,” thereby recalibrating compliance timelines.
- Rule 892 has been substituted to require EFS users to submit a six-monthly reconciliation statement, detailing input acquisitions, output exports, domestic sales, wastages, and disposal within thirty days of each half-year period’s end.

These amendments collectively intend to enhance procedural clarity, strengthen oversight, and provide improved operational flexibility within the EFS framework.

## S. No 2: Comprehensive Amendments to Transshipment and IT Cargo Rules

Through SRO 525(I)/2026 dated 19 March 2026, the FBR has introduced significant amendments to the Customs Rules, 2001, impacting the regulatory framework for international transshipment (IT) cargo, containerized/LCL cargo movement, and the roles of shipping lines, airlines, Ground Handling Agents (GHAs), Off-Dock Terminals (ODTs), and Terminal Operators (TOs).

The amendments expand the scope of Rules 510A–510F by incorporating air cargo and airport-related operations alongside existing seaport procedures, inserting requirements such as mandatory declaration of HS codes, item descriptions, and quantities, and extending responsibilities to GHAs and airlines.

New Rules 510G to 510J establish stricter controls over international transshipment cargo, including 100% scanning, mandatory physical examination where discrepancies arise, enhanced liability for pilferage or mis-declaration, compliance requirements for ODTs, powers of Chief Collectors to suspend IT cargo movement, and mandatory monthly reconciliation reporting.

Collectively, these reforms aim to tighten supply-chain oversight, mitigate risk of misuse of IT cargo, align sea-air transshipment procedures, and improve coordination across Customs controlled logistics operations.

### S. No 3: FBR Approves Temporary Transshipment Cargo Storage Area for DP World (QICT)

In terms of section 78(1) of the Customs Act 1969, FBR through SRO 518(I)/2026 dated 18 March 2026, has authorized M/s DP World (QICT), Karachi to utilize a designated 16.9-acre berth backup area at Plot No. SP-05 within the North Eastern Industrial Zone of the Port Qasim Authority for the temporary storage of international transshipment cargo.

This authorization has been granted in response to the prevailing emergency and war-like situation in the Gulf region.

The notification clearly demarcates the boundaries of the approved area, bordered on the north, south, and west by PQA reserved roads and on the east by a two-acre FAP plot, ensuring controlled access and regulatory oversight.

## S. No 4: Addition of Jeerak (Panjgur) as Authorized Baggage Entry Point

Through SRO 530(I)/2026 dated 24 March 2026, the FBR has amended notification SRO 102(I)/83 dated 12 February 1983.

The amendment inserts a new entry, Serial No. 26: Jeerak (Pak-Iran Border, District Panjgur), into the list of designated border points authorized for handling passenger baggage.

This inclusion formally recognizes Jeerak as an additional customs control location, thereby strengthening regulatory coverage along the Pak-Iran border and enhancing monitoring of cross-border passenger movement.

### **Karachi Office**

Sheikh Sultan Trust Building No. 2  
Beaumont Road  
Karachi – 75530  
Telephone 92 (21) 3713 1900  
Telefax 92 (21) 3568 5095  
E-Mail [pk-fmkpmgpakistan@kpmg.com](mailto:pk-fmkpmgpakistan@kpmg.com)

### **Lahore Office**

351 – Shadman-1  
Main Jail Road  
Lahore, Pakistan  
Phone +92 (42) 111-KPMGTH (576484)  
Fax +92 (42) 3742 9907

### **Islamabad Office**

Sixth Floor, State Life Building  
Blue Area, Islamabad  
Telephone 92 (51) 282 3558  
Telefax 92 (51) 282 2671

[home.kpmg/pk](http://home.kpmg/pk)



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2026 KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are trademarks used under license by the Independent member firm of the KPMG global organization.