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Tax Alert

August 2026

Income Tax

Income Tax Independent Case Scrutiny Committees – Jurisdiction Refined

The FBR, through S.R.O. 1286(I)/2026 dated 5 August 2026, has amended rule 231CB of the Income Tax Rules, 2002 (earlier notified vide S.R.O. 1239(I)/2026 dated 30 July 2026), refining the territorial jurisdiction of the three Independent Case Scrutiny Committees constituted to vet cases before references or petitions are filed before the superior courts.

1. CTO Islamabad has been removed from Committee No. 1's jurisdiction.
2. RTO Lahore under Committee No. 2 has been split into RTO-I Lahore and RTO-II Lahore; and
3. CTO Karachi under Committee No. 3 has been split into CTO-I Karachi and CTO-II Karachi.

Valuation Rates Prescribed for Category C Shops in E-8 (Naval Headquarters), Islamabad

The Federal Board of Revenue through S.R.O. 1335(I)/2026 dated 07 August 2026, FBR amended S.R.O. 644(I)/2026 by inserting new valuation rates for Category C Shops, Class-III Shopping Center, E-8 (Naval Headquarters), Islamabad for the purposes of Section 68(4) of the Income Tax Ordinance, 2001.

Revision of Immovable Property Valuation

The Federal Board of Revenue through S.R.O. 1382(I)/2026 dated 17 August 2026, further amended S.R.O. 1728(I)/2024 dated 29 October 2024 relating to the valuation of immovable properties in RAWALPIND. The valuation rates for Entry No. 6166 were reduced from Rs. 8,542.5 to Rs. 7,353, while the rates for Entry No. 6167 were reduced from Rs. 5,025.1 to Rs. 1,431. Accordingly, the revised values apply for the purposes of section 68 of the Income Tax Ordinance, 2001.

Revised Valuation of Immovable Properties in Quetta

The Federal Board of Revenue (FBR), through S.R.O. 1444(I)/2026 dated 28 August 2026, issued under section 68 of the Income Tax Ordinance, 2001, and in supersession of Notification No. S.R.O. 1723(I)/2024 dated 29 October 2024, has notified revised fair market values of immovable properties in Quetta for the purposes of the Ordinance.

Revised Valuation of Immovable Properties in Quetta

The Federal Board of Revenue (FBR), through S.R.O. 1444(I)/2026 dated 28 August 2026, issued under section 68 of the Income Tax Ordinance, 2001, and in supersession of Notification No. S.R.O. 1723(I)/2024 dated 29 October 2024, has notified revised fair market values of immovable properties in Quetta for the purposes of the Ordinance.

Sales Tax

Extension of Section 8B Exemption for Steel Sector up to 30 September 2026

Through S.R.O. 1343(I)/2026 dated 12 August 2026, the Federal Board of Revenue (FBR) has amended S.R.O. 1190(I)/2019 by extending the exemption from the minimum value addition tax under Section 8B of the Sales Tax Act, 1990 in serial no.15 stated as, steel melters, re-rollers and composite units operating under the special sales tax regime prescribed under Section 6(2).

The exemption has been made applicable up to 30 September 2026. No sales tax rate has been revised under this notification; rather, it provides a continuation of the existing relief available to the steel sector by excluding these taxpayers from the Section 8B value addition requirements during the specified period.

Khyber Pakhtunkhwa (KPRA)

Confirmation of Sales Tax Rate on Planning & Engineering Consultancy Services

The Khyber Pakhtunkhwa Revenue Authority (KPRA), vide letter No. KPRA/HQ/DC-II/2026-27/3498-3502 dated 13 August 2026 has confirmed that services of engineers, planners, architects and other allied professionals for the preparation of master plans, land-use plans and other spatial planning assignments across the province are taxable under Serial No. 11 (previously Serial No. 14, prior to the amendment through the Khyber Pakhtunkhwa Finance Act, 2025) of the Second Schedule to the Khyber Pakhtunkhwa Sales Tax on Services Act, 2022.

The applicable rate is 5%, without adjustment of input tax.

Sindh (SRB)

Extension for E-filing of Sindh Sales Tax Return by Life Insurance Companies

The Sindh Revenue Board (SRB), through Circular No. 1/2026 dated 29 August 2026 issued under section 81 of the Sindh Sales Tax on Services Act, 2011, has extended the last date for e-filing of the Sindh Sales Tax return (Form SST-03) for life insurance services (CPC Code 71311) for the tax periods July 2026 and August 2026, originally due on 18 August 2026 and 18 September 2026, respectively, to 30 September 2026.

The extension is subject to three conditions:

a) it does not extend the due date for deposit of tax for these periods, which remains 15 August 2026 and 15 September 2026, respectively.

b) no further extension will be granted to life insurance companies or the Insurance Association of Pakistan (IAP); and

c) the extension cannot be used to seek adjournments in pending litigation referenced in IAP's letter No. C-1633(i)/61 dated 10 August 2026.

Customs

Concessionary Customs Duty Rates Extended to Additional HS Codes

The FBR, through S.R.O. 1349(I)/2026 dated 13 August 2026, amended Notification No. S.R.O. 329(I)/2023 dated 10 March 2023 relating to Pakistan Uzbekistan preferential trade agreement. The SRO has adding 59 new HS codes – spanning fresh and dried fruits, vegetables, cannabis resin, essences/concentrates for beverages, pharmaceutical preparations, textile yarns and other items – to the table of goods eligible for concessionary rates of customs duty, additional customs duty and regulatory duty, effective from 14 August 2026.

Introduction of Overstayed Cargo Management Rules, 2026

Through S.R.O. 1347(I)/2026 dated 13 August 2026, the Federal Board of Revenue inserted Chapter XLIX into the Customs Rules, 2001 to introduce the Overstayed Cargo Management Rules, 2026. Under these rules, the Customs Computerized System will automatically calculate the applicable penalty when a Goods Declaration is filed or within 24 hours of its release message and will issue an electronic notice through the system. The trader may accept and pay the penalty through We BOC or contest it before the relevant customs authority within 15 days. The S.R.O. does not specify the monetary rates of penalty, as the applicable amounts are to be prescribed separately by the Board through another notification. The rules will become effective from 1 October 2026.

Revised Penalties for Delayed Customs Clearance and Export Processing

Through S.R.O. 1346(I)/2026 dated 13 August 2026 the Federal Board of Revenue (FBR) has superseded S.R.O. 1387(I)/2025 and prescribed revised penalties under Section 82 of the Customs Act, 1969 for delays in customs clearance, warehousing, transshipment, and export procedures.

Independent Case Scrutiny Committees Established for Customs Litigation Review

Through S.R.O. 1413(I)/2026 19 August 2026 FBR has inserted a new chapter in the Customs Rules, 2001 introducing the Federal Board of Revenue Independent Case Scrutiny Committee (Customs) Rules, 2026. The notification provides for the establishment of four regional Independent Case Scrutiny Committees comprising a retired judge, an experienced advocate, and a serving or retired customs officer to review customs litigation matters. The committees will; examine cases before filing a reference before the High Court or a petition/CPLA before the Supreme Court or Federal Constitutional Court; periodically review pending litigation to determine whether it should continue; maintain a database of settled legal issues and precedents for consistent litigation decisions; and identify systemic issues and recommend legislative or administrative measures to FBR.FBR may also constitute a Search Committee to identify suitable committee members. The proceedings and records placed before the committees are required to remain confidential. Overall, the SRO aims to reduce unnecessary customs litigation and ensure that cases are pursued only after independent legal scrutiny.

Customs Powers Entrusted to Frontier Corps (Baluchistan, North/South)

Through S.R.O. 1438(I)/2026 27 August 2026 the Federal Board of Revenue (FBR) has entrusted specified powers of Customs officers under the Customs Act, 1969 to officers of Frontier Corps (Baluchistan, North/South), superseding S.R.O. 1508(I)/2024. The notification authorizes FC personnel of different ranks to exercise designated customs enforcement functions within their respective jurisdictions, primarily for the prevention of smuggling in Baluchistan. The powers are subject to prescribed conditions, including coordination with Pakistan Customs, reporting requirements, restrictions on checking bona fide passenger baggage cleared from customs areas, and mandatory deposit of seized goods in Customs State Warehouses within 15 days. The notification will remain effective until 30 June 2027, after which its continuation will be subject to performance review by FBR.

Customs Powers Entrusted to Pakistan Rangers and Frontier Corps (KP North/South)

The Federal Board of Revenue (FBR) through S.R.O. 1435(I)/2026 dated 27 August 2026 has authorized designated officers of the Pakistan Rangers and Frontier Corps, Khyber

Pakhtunkhwa (North/South) to exercise specified anti-smuggling powers under the Customs Act, 1969, within 50 kilometers of international borders. These powers exclude must be deposited in an approved Customs State Warehouse, and seizure reports must be submitted to the relevant Adjudication Collectorate within 15 days. Monthly seizure details must also be provided to the concerned Collector of Customs (Enforcement). The notification supersedes SRO 901(I)/2023, takes immediate effect, and will remain valid until 30 June 2027, subject to performance review and possible extension by FBR.

Customs Powers Entrusted to Pakistan Coast Guard for Anti-Smuggling Enforcement

Through S.R.O. 1436(I)/2026 dated 27 August 2026 FBR has entrusted specified powers of Customs officers under the Customs Act, 1969 to the Pakistan Coast Guard, superseding S.R.O. 903(I)/2023. The notification authorizes Pakistan Coast Guard officers of designated ranks to exercise customs enforcement functions within 50 kilometers of the coastline, excluding customs stations, ports, airports, bonded warehouses, and city municipal limits. The powers are aimed at strengthening anti-smuggling operations while ensuring that legitimate trade and bona fide passenger baggage remain unaffected. The notification also prescribes procedures for monthly seizure reporting, custody and disposal of confiscated goods, and coordination with Customs authorities. The notification shall remain effective until 30 June 2027, subject to performance review by FBR.

Customs Powers Entrusted to Pakistan Maritime Security Agency (PMSA)

Through S.R.O. 1437(I)/2026 dated 27 August 2026, FBR has entrusted specified powers of Customs officers under the Customs Act, 1969 to the Pakistan Maritime Security Agency (PMSA), superseding S.R.O. 902(I)/2023. The notification authorizes PMSA officers of designated ranks to exercise customs enforcement functions within their respective maritime jurisdictions to strengthen anti-smuggling operations. The powers are subject to conditions requiring coordination with Pakistan Customs submission of monthly seizure reports within prescribed timelines, and deposit of seized goods in approved Customs State Warehouses. The notification also prescribes procedures for disposal of confiscated goods and will remain effective until 30 June 2027, subject to performance review by FBR.

Reorganization of Customs Collectorates' Jurisdiction and Functions

Through S.R.O. 1448(I)/2026 31 August 2026, FBR has amended S.R.O. 1637(I)/2024 to rationalize and reassign the jurisdiction and functions of various Customs Collectorates across Pakistan. The amendments introduce changes relating to We BOC-based monitoring of import and export cargo, gate monitoring at Karachi ports and terminals, inclusion of Collectorate of Customs Sambrial (Sialkot), licensing of warehouses and clearing agents, administration of Export Processing Zones (EPZs), and management of Export Facilitation Scheme and manufacturing bond matters. The notification also reallocates responsibilities among collectorates in Sindh, Punjab, Baluchistan and Khyber Pakhtunkhwa to improve operational efficiency and strengthen Customs enforcement and trade facilitation functions. No customs duty or tax rates have been changed under this notification.

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