

RASG IMPACT

March, 2025

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RIAZ AHMAD, SAQIB, GOHAR & CO.
CHARTERED ACCOUNTANTS

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Result Assured Services for Growth

TECHNICAL UPDATES

SALES TAX LAWS

Electronic monitoring of the production of specified goods

The Federal Board of Revenue has through its SRO 364(I)/2025 dated March 14, 2025

issued amendments to the Sales Tax Rules, 2006 specifically addressing the electronic monitoring of the production of specified goods.

The updated guidelines mandate that the production of specified goods in Pakistan be monitored using video surveillance systems, video analytics solutions, and digital technologies such as the Digital Eye. These systems must be installed on production lines and approved by the FBR for real-time monitoring, capturing the production process, and collecting data on production activities through object detection and counting. Production of specified goods must be monitored via video surveillance, video analytics solution, and digital eye, with data transmitted to the Central Control Unit (CCU) at the FBR.

The monitoring data/analysis must include production counts, unexpected stops, and other analytics for legal actions.

The vendor onboarding process and vendor operational requirements provided in the amended rules are summarized as under:

- Vendors must submit an application for approval, accompanied by supporting documents such as technical profiles, client lists, and financial details.
- An unconditional bank guarantee of 5% of the project cost or Rs. 5 million is required before authorization is issued.
- Vendors are responsible for installing and maintaining the monitoring systems and ensuring they are operational 24/7.
- They must provide technical support and training for FBR officers and system users.
- Vendors are also required to handle system upgrades, bug fixes, and technical troubleshooting.
- Vendors may charge manufacturers fees for the installation and maintenance of monitoring equipment.
- The Approval Committee will determine the maximum fee, and the charges cannot be revised unless there is significant economic disruption.
- The FBR will oversee the approval of vendors, monitoring compliance, and ensuring the correct functioning of the systems installed by the vendors.

SECP

The directive for sale of life insurance savings products through technology-based distribution channels, 2025

The Securities and Exchange Commission of Pakistan (SECP) has through its SRO 356 (1) Dated March 11 2025, outlines regulatory requirements for life insurers offering savings products via technology-based channels, effective from April 1, 2025. Key points include:

- Life insurers can distribute products under Category A and Category B, with different limits and requirements for premiums, sum insured, and terms.
- Insurers must use digital tools for product sales, policyholder engagement, premium payments, and claim processing. Products must be available on insurers' websites/apps and independent comparison platforms.
- Category A products have stricter limits on premiums (Rs.200,000 annually), while Category B products have no such limits.
- Digital customer verification is required, including CNIC checks and mobile number pairing.
- Insurers must provide digital product illustrations, mandatory audio-visual clips for onboarding, and regular digital communication (e.g., SMS, email) with policyholders.

- Insurers must develop the necessary technology for digital operations, including back-up systems and security measures.

Constitution of sustainable finance advisory group of SECP

The Securities and Exchange Commission of Pakistan has constituted a sustainability Finance Advisory group through its Directive dated 21 March 2025.

The Advisory group will specifically concentrate on the following areas:

- 1- Incorporating sustainability, gender inclusivity into the capital market.
- 2- Collaborating on Advocacy and capacity-building initiatives
- 3- Promoting sustainable investment products.
- 4- Supporting adoption of sustainable reporting.

Holding of election of directors

The Securities and Exchange Commission of Pakistan has through its Circular dated March 13, 2025 allows the companies to hold election of directors in the AGM in case the election of directors is due to be held within 15 days after the date of holding the AGM.

The above mentioned initiative is taken in order to overcome administrative and practical difficulties for the companies.

SECP mandates postal ballot voting for special business at general meetings

The Securities and Exchange Commission of Pakistan has through its S.R.O.451(I)/2025 Dated 13th March, 2025, mandated that voting for special business at general meetings of listed companies must be conducted via postal ballot only. Voting by show of hands is prohibited for members attending physically. Members who did not vote electronically or by post before the meeting can vote using a ballot paper on the meeting day. The chairman and scrutinizer must ensure the integrity of the voting process and prevent vote duplication.

SECP directives for listed companies

The Securities and Exchange Commission of Pakistan has through its S.R.O.452(I)/2025 Dated 17th March, 2025 requires listed companies to:

- Explain the basis for valuation and other considerations in the notice for mergers, acquisitions, or asset sales.
- Send general meeting notices via email to members who have provided an email address, along with annual audited financial statements.
- Clearly state that no gifts will be distributed at the meeting.

Draft SECP regulations, 2025

The Securities and Exchange Commission of Pakistan has through its notification dated 20th March, 2025 has published draft Certification of Associated Professionals in the Financial Services Regulation, 2025, for information of all persons likely to be affected thereby and, notice is hereby given that objections or suggestions, if any, thereon are to be received within 30 days from the date of publication.

SECP amendments to insurance rules, 2017

The Securities and Exchange Commission of Pakistan has through its S.R.O. 313(I)/2025 Dated 3rd March, 2025 has amended Rule 16 of the Insurance Rules, 2017, to:

Add a new sub-rule (3) excluding the following from the computation of limits:

- Inter-fund receivables
- Right of use assets (except for vehicles, office equipment, and intangibles)
- Adjustable advances, withholding or refundable tax
- Outstanding subordinated debt as per Rules 13A and 13B.

Minimum paid-up capital requirement

Through S.R.O. 310(I)/2025 dated 3rd March 2025, the Securities and Exchange Commission of Pakistan has amended Rule 11 of the Insurance Rules, 2017. The amendments update the minimum paid-up capital requirements for life, non-life, microinsurers, and digital-only insurers to ensure financial stability and adequate capital reserves. Additionally, the notification sets clear capital requirements for new and digital-only insurers, with specific guidelines for life digital-only insurers offering life insurance saving products.

SECP amendments to insurance rules, 2017 regarding subordinated debt for solvency

The Securities and Exchange Commission of Pakistan, through S.R.O. 309(I)/2025 dated 3rd March 2025, has introduced new rules 13A and 13B in the Insurance Rules, 2017. These rules focus on the valuation and treatment of subordinated debt for solvency purposes. Rule 13A specifies how subordinated debt should be valued in solvency calculations, while Rule 13B outlines the characteristics that subordinated debt must possess. The amendments also include guidelines for reporting subordinated debt in regulatory returns and financial statements, aiming to enhance the financial stability and regulation of insurers in Pakistan.

Recording of advance, withholding or refundable tax

S.R.O. 312(I)/2025 introduces regulation 11A to the Insurance Accounting Regulations, 2017. It mandates that: Advance, withholding, or refundable tax attributable to life insurer's shareholders' fund is recorded in the shareholders' fund, and that attributable to the statutory fund, in the respective statutory fund.

The shareholders' fund must purchase tax related to the statutory fund, adjustable within one year, using cash, cash equivalents, or government securities.

SECP amendments to general takaful accounting regulations, 2019

The Securities and Exchange Commission of Pakistan, through S.R.O. 311(I)/2025 introduces amendments to the General Takaful Accounting Regulations, 2019, including:

- In Regulation 6, the terms "Window Takaful Operations" are clarified to include "(i.e. OPF and PTF)".
- A new sub-regulation 3A allows insurers with window takaful operations constituting 25% or more of their overall operations, based on gross contribution, to consolidate the assets, liabilities, incomes, and expenses of conventional and window takaful operations in their financial statements

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- The regulation also requires supporting notes and segment disclosures for General Takaful Operations in line with IFRS 8.

These changes aim to enhance transparency and clarity in financial reporting for insurers with significant window takaful operations.

CHALLENGES / OPPORTUNITIES

GLOBAL MINIMUM TAX

Mohammed Kamil Gohar, National Partner - Taxation

The Global Minimum Tax: A Step Toward Fairer International Taxation?

In recent years, global tax reform has been a hot topic, with nations looking for ways to curb tax avoidance by multinational corporations. Global tax reforms are being monitored closely, especially in this era of digitalization i.e. where businesses are not dependent on a physical presence to serve its customers globally.

One of the most significant developments in this area has been the introduction of a **global minimum corporate tax rate**. The aim of this reform is to prevent multinational companies from exploiting tax loopholes and shifting profits to low-tax jurisdictions, commonly known as **tax havens**.

In October 2021, 138 countries reached an agreement under the **Organisation for Economic Co-operation and Development (OECD)** framework to implement a global minimum tax rate of 15%. The goal was simple: set a floor for corporate taxes, ensuring that companies pay at least a minimum amount of tax, regardless of where they are based or operate. This initiative, part of a broader tax overhaul project, having a two-pillar approach of the OECD/G20 Countries against Base Erosion and Profit Shifting (BEPS), where companies artificially shift profits to low-tax jurisdictions.

The global minimum tax is seen as a significant step in creating a fairer and more equitable international tax system. Countries with higher tax rates are often at a disadvantage when multinational corporations choose to relocate profits to jurisdictions with lower taxes. The global minimum tax aims to level the playing field, making it less appealing for corporations to dodge taxes by incorporating in countries with artificially low tax rates.

However, challenges persist. While many nations have agreed to the policy, Pakistan had abstained from agreeing to the implementation of the global minimum tax in October, 2021, stating that ***"Pakistan will decide whether to join or not once the blueprints of Multilateral Conventions for Pillar One and Pillar Two are finalized"***

Additionally, in 2025, Donald Trump's first executive decision in his second term as the President of the United States was the withdrawal from the agreement, which raised concerns about the future of the global minimum tax framework. Key countries like the U.S. pulling out or refusing to adopt could result in this initiative facing significant setbacks.

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Despite the hurdles, the global minimum tax could lead to a more transparent, fair tax system. As the international community continues to refine this agreement, the push for a more cohesive and just global tax framework will remain a critical discussion in economic and political circles.

In conclusion, the global minimum tax is a major step toward reforming international taxation. It promises to combat tax avoidance and ensure that multinational companies contribute fairly to the countries where they generate profits. However, its future depends on continued global cooperation and commitment to fighting tax avoidance in an increasingly interconnected world.

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RASG and Morgen Consulting Forge Strategic Alliance to Deliver Comprehensive High-End Consultancy Services

RASG is pleased to inform its valued clients and associates of the signing of a strategic Memorandum of Understanding (MoU) with Morgen Consulting, a firm with a growing international reputation specializing in high-end consultancy services.

This collaboration represents a powerful synergy between RASG's deep regional expertise and Morgen Consulting's international best practices. Together, we are poised to deliver transformative impact across public and private sectors, creating new opportunities and value for all our stakeholders.

Through this partnership, RASG and Morgen Consulting will jointly offer a comprehensive portfolio of consulting and training services, including:

Management Systems and Compliance

1. ISO Standards' Implementation, Auditing, and Compliance
2. Quality Management
3. Strategic Ethics and Integrity Consulting

Technology and Digital Transformation

4. IT Consultancy / IT and AI Governance
5. Digital Transformation Strategy and Implementation
6. Cybersecurity and Information Security Management
7. ERP and Enterprise Systems Advisory

8. IT Service Management (ITSM) Best Practices
9. Digital Capability Maturity Assessments
10. Technology Risk and Compliance
11. Innovation and Product Development

Risk, Safety, and Sustainability

12. Enterprise Risk Management
13. Health, Safety, and Security
14. Environmental, Social, and Governance (ESG)

Operations and Process Excellence

15. Project Management
16. Operations Management
17. Supply Chain Management
18. Productivity / Process Improvements
19. Cost Reduction and Resource Management
20. Japanese Management Techniques

Organizational Development and Change

21. Organizational Development and Cultural Transformation
22. Change Readiness and Adoption Programs
23. Leadership Development and Executive Coaching

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Human Capital and Learning

24. Talent Acquisition and Retention Strategies
25. Competency Framework Development
26. Performance Management Systems
27. Workforce Planning and Succession Management
28. Employee Engagement and Experience Design
29. Diversity, Equity, Inclusion, and Belonging (DEIB) Programs
30. HR Digitalization and HRIS Implementation
31. Organizational Behavior and Workforce Analytics
32. Training Needs Assessment and Capability Building
33. Culture Assessments and Transformation Roadmaps
34. Learning and Development through Customized Training Solutions

Together, RASG and Morgen Consulting are shaping the future of consultancy—locally rooted, globally inspired.

This MoU reflects a shared commitment to excellence, innovation, and sustainable growth. Clients of RASG will now have access to global insights and advanced methodologies that will drive measurable results and long-term value.

Disclaimer: This technical details have been prepared to the best of our knowledge and understanding. It provides a general overview of the matters discussed and is not intended to be comprehensive or sufficient for decision-making purposes. It should not be used as a substitute for professional advice. Riaz Ahmad, Saqib, Gohar & Co. Chartered Accountants does not accept any responsibility for any loss resulting from actions taken or not taken based on the contents of this publication.

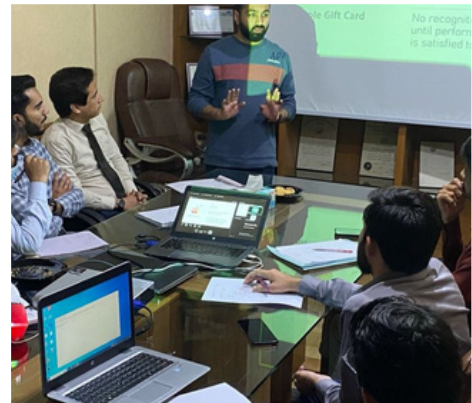
LIFE AT RASG

Successful Completion of IFRS 15 Training!

We are thrilled to share the success of our recent session on **“Challenges in IFRS 15 – Revenue Recognition”**, held under the banner of our flagship **Audit360 Training Series**.



Led by **Hafiz Salman Aslam**, an experienced Chartered Accountant, the session explored into the Five-Step Revenue Recognition Model, Variable Consideration, and industry-specific complexities. It was a highly engaging and practical learning experience that enriched participants with deep insights and real-world applications.



A heartfelt thank you to all participants for their energy and active engagement.



Stay connected for more impactful learning sessions with RASG!

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Celebrating Results

Congratulation to our trainee students!

Result: Appeared in 3; cleared 3

Muhammad Ahmad, Umar Farooq, Izzah Batool, Rizwan Sikander and Emaan Tariq.

Result: Appeared in 3; cleared 2

Asif Shabeer, Ali Hamza, Usama Tariq, Hasnain Atta and Talha.

We are incredibly proud of our students for their **outstanding achievement**.

At **RASG** we provide the **support, guidance and industry exposure** needed to qualify exams and build a successful future in diverse industry.

Your hard work and dedication have paid off - this is just a beginning of a bright career ahead.

Articleship Completion Announcement

We extend our heartfelt congratulations to **Moiz ul Hassan**, CA Trainee, on the successful completion of his articleship.



This milestone marks the culmination of years of dedication, perseverance, and professional growth. We are proud to have witnessed Moiz's journey and contributions during his training period.

We wish him continued success, fulfillment, and happiness in all his future endeavors. May this achievement pave the way for greater accomplishments ahead.

Best of luck, Moiz!

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