

# RASG IMPACT

April, 2025

## Inside the Issue

- Technical Updates
- Challenges / Opportunities

**RIAZ AHMAD, SAQIB, GOHAR & CO.**  
CHARTERED ACCOUNTANTS

**RASG**

---

Result Assured Services for Growth

**TECHNICAL UPDATES****FEDERAL INCOME TAX LAWS****Tax exemption for ICC CHAMPIONS TROPHY 2025 - S.R.O. 579(I)/2025**

The Federal Board of Revenue (FBR) of Pakistan has through its SRO 579(I)/2025 dated April 09, 2025, with the approval from the Economic Coordination Committee (ECC) and the Federal Cabinet on April 9, 2025, has inserted Clause (98AA) into Part I of the Second Schedule of the Income Tax Ordinance, 2001 according to which:

- Income earned by the ICC, IBC, and their non-resident staff, players, officials, partners, and media representatives from activities related to the ICC Champions Trophy 2025 in Pakistan is exempt from income tax.
- This exemption does not apply to residents of Pakistan.

**Amendments to inland revenue reward rules, 2021 - S.R.O. 604(I)/2025**

The Federal Board of Revenue has through its SRO 604(I)/2024 dated April 16, 2025 has proposed amendments to include monetary rewards for Inland Revenue Officers (BS-17 and above) as per their ranking under the performance management regime under the FBR Transformation Plan 2024.

**SALES TAX LAWS****Minimum ex-mill price of sugar linked to pbs retail rates**

The Federal Board of Revenue through S.R.O. 577(I)/2025 dated April 8, 2025, has set a minimum ex-mill value (taxable price) for domestically produced white sugar.

This value is determined by subtracting Rs. 16 from the average national retail price published by the Pakistan Bureau of Statistics (PBS) and is updated fortnightly—on the 1st and 16th of each month.

**Amendments to sales tax rules, 2006 - S.R.O. 608(I)/2025**

The Federal Board of Revenue has through its notification dated April 17, 2025 proposed following amendments to Sales Tax Rules, 2006.

*Key Changes in Rule 11 – De-registration Process*

- De-registration must now be applied online via the FBR's system and not through the Commissioner manually.
- The time to complete the de-registration process has been reduced from 90 to 60 days.

## RASG IMPACT

### *Restrictions During De-registration:*

- Applicant cannot file Annex-C, Annex-D, or sales tax returns after applying.
- No input tax adjustment or refund will be allowed during the de-registration period—for the applicant or anyone using their invoices.
- Audit Provision: Commissioner may audit before approving de-registration, which is to be completed within 90 days.
- System will auto-de-register the applicant after 90 days of final return submission and liability clearance.

### *Key Changes in Rule 12 – Suspension of Registration.*

- All references to "LTUs" are changed to "LTOs".
- Broader Grounds for Suspension of registration have been introduced as under:
  - a) Committing tax fraud as per law.
  - b) Non-existence of business (vs. previous "non-availability").
  - c) Refusal to provide records or allow access under certain sections.
  - d) Business activity exceeding 5 times the declared capital and liabilities.
  - e) Make more than 10% of purchases from, or sales to, a suspended person in a month (excluding suspensions under Clause B), or The value of such transactions exceeds Rs. 50 million, whichever is higher.
  - f) Non-filing for 3 months or null filing for 6 months.

- Several powers moved from Commissioner to the FBR Board.
- Suspension revocation decisions must be made within 30 days of the taxpayer's reply.

### **Electronic integration of registered persons**

The Federal Board of Revenue (FBR), under Section 50 of the Sales Tax Act, 1990, requires the following registered persons to integrate their systems with FBR's electronic invoicing system via a licensed integrator or PRAL:

Category	Integration Date
Corporate registered persons	1st May 2025
Non-corporate persons	1st June 2025

\*Subsequently, this due date has been further extended by one month. They must generate and transmit electronic invoices with effect from the specified date.

### **Introduction of revised annexures A, C & new ANNEX-C1 – S.R.O 578(I)/2025:**

The Federal Board of Revenue has through its SRO 578(I)/2025 dated April 08, 2025 has proposed following amendments to Sales Tax Rules, 2006:  
Annex-A: Now requires detailed data on domestic purchase invoices.

## RASG IMPACT

Annex-C: Updated to capture more comprehensive information on domestic sales invoices.

Annex-CI: A new annexure to report payments received against domestic sales invoices, improving reconciliation of sales and cash flow.

### **Minimum ex-mill price of cement linked to pbs retail rates – S.R.O 746(I)/2025 (Effective from May 1, 2025)**

The Federal Board of Revenue, through its S.R.O. 746(1)/2025 dated 29 April, 2025, has set the minimum retail price (MRP) of cement for sales tax purposes as the average national retail price published by the PBS's weekly SPI before the 1st and 16th of each month. This MRP will apply for the respective fortnight and be taxed at the rate specified in Section 3(2)(a) of the Sales Tax Act, 1990.

## **PROVINCIAL SALES TAX LAWS**

### **SRB**

### **Amendment to sindh sales tax on services rules 2011 – S.R.B/16/2025**

The Sindh Revenue Board has through its notification No. 3-4/16/2025 dated April 9, 2025, made amendments to the Sindh Sales Tax on Services Rules 2011. These changes will be effective from May 1, 2025.

- Rule 13A Amendments:

The rule heading now includes "Annex-CI."

A new sub-rule (3) is added, requiring registered persons acting as collection agents to e-file Table-I of Annex-CI in their tax return (Form SST-03) on the SRB web portal, specifying the tax collected and related details.

- Rule 42FF Amendments:

A new sub-rule (10) is added, detailing the responsibilities of collection agents collecting tax on behalf of medical practitioners and consultants. They must declare the tax collected in Table-I of Annex-CI and deposit it without adjustments.

Medical practitioners and consultants must file their tax returns, declaring services in Annex-C, while Table-II of Annex-CI will be auto-filled based on the collection agent's declaration.

- Form SST-03 Amendments:

Changes to Annex-C include the removal of references to "CA = Collected Amount" and the omission of note (6).

A new Annex-CI is introduced for tax collected under section 9(3), with detailed tables for collection agents and service providers to declare tax information.

### **Amendment to sindh sales tax special procedure (tax on specified services) rules, 2023 – S.R.B-3-4/17/2025**

The Sindh Revenue Board has through its notification No. 3-4/17/2025 dated April 9, 2025, made amendments to the Sindh Sales Tax Special Procedure (Tax On Specified Services) Rules, 2023, effective from May 1, 2025.

Substitution of Rule 3(3): 1 Collection agents must declare the tax collected in Table-I of Annex-C1 of their tax return (Form SST-03), specifying the relevant tariff heading. The tax amount must be reflected in row '14b' of the monthly return and e-deposited into Sindh Government's account "B-02384" by the 15th of the month following the tax period, without adjustments or deductions.

### **Amendment to sindh sales tax special procedure (collection agent) rules, 2024 – S.R.B-3-4/18/2025**

The Sindh Revenue Board has through its notification No. 3-4/18/2025 dated April 9, 2025, made amendments to the Sindh Sales Tax Special Procedure (Collection Agent) Rules, 2024, effective from May 1, 2025.

The amendment modifies sub-rule (3) of rule 3, specifying:

- Collection agents must charge and collect sales tax at the specified rate on the gross value of services, including any commission.

- The collected tax must be declared in Table-I of Annex-C1 of the monthly return (Form SST-03) and reflected in row '14b'.
- The collected tax must be e-deposited into the Sindh Government's account "B-02384" by the 15th day of the month following the tax period.
- Service providers using collection agents must file their tax returns as prescribed in Chapter III of the Sindh Sales Tax on Services Rules, 2011, and declare the full tax amount payable. The computerized system will automatically fill Table-II of Annex-C1 based on the collection agent's declaration, allowing credit for the collected tax.

## **CORPORATE LAWS**

### **Key amendments to companies regulations, 2024 (section 42 companies) – S.R.O 601(I)/2025:**

The Securities and Exchange Commission of Pakistan has through its S.R.O.601(I)/2025 dated 11 April 2025, introduced major amendments to the Companies Regulations, 2024, primarily focusing on Section 42 (not-for-profit) companies. Key changes include:

- Standardization and Transparency
  - Introduction of standardized object clauses (Annexure-U) and mandatory website disclosures (Annexure-V).

## RASG IMPACT

Section 42 companies must display detailed organizational, governance, and financial information on their websites in English and Urdu.

- Eligibility and Experience Requirements
  - At least three promoters; all active taxpayers, and graduates.
  - CEO must have relevant experience in the company's objectives and be a full-time employee (for large companies).
  - Medium and large companies must have at least one female director.
- Classification of Companies
  - Section 42 companies would now be categorized as follows:

Size	Revenue
Small	Upto 50M PKR
Medium	Greater than 50M but not exceeding 200M PKR
Large	Exceeding 200M PKR.

Audit requirements vary by size (QCR-rated auditors for medium, AOB-registered for large).

- Governance and Compliance

- Amendments in the object clause require prior SECP approval.
- No foreign funding from blacklisted or unregistered INGOs.
- Directors must also be promoters or members.
- Section 42 Companies classified as large companies shall submit evidence of registration with the Pakistan Centre for Philanthropy (PCP) or the respective charity commission to the Commission within six months of their registration with SECP. For existing large companies, within six months of the promulgation of these Regulations.
- Conversion from Trusts/Societies
  - Trusts/societies may convert to Section 42 companies if no legal barriers exist.
  - Dissolution within 90 days required, along with submission of evidence.
- Foreign Directors and Members
  - Require security clearance from the Ministry of Interior.
- New Documentation Requirements
  - Updated checklists for promoters/CEOs, including educational qualifications, experience, and NOCs for government servants.



## RASG IMPACT

### Updated seventh schedule of companies act, 2017

The Securities and Exchange Commission of Pakistan has through its notification updated the fee schedule for various services provided by the Registrar and the Securities and Exchange Commission of Pakistan under the Companies Act, effective from April 21, 2025.

It specifies fees for submission of documents electronically and in physical form across different categories of companies, including those with share capital, companies limited by guarantee, companies established outside Pakistan, and companies registered under Section 42.

## CHALLENGES / OPPORTUNITIES

### Mediation in Business

Prof. Dr. Muhammad Ovais, Executive Director

#### What is Mediation?

Mediation is a structured, voluntary, and confidential process where a neutral third party—called a mediator—facilitates communication between disputing parties to help them reach a mutually acceptable solution. Unlike arbitration or litigation, the mediator does not impose a decision; instead, the process empowers parties to find common ground and resolve issues collaboratively.

#### Why is Mediation Useful for Businesses?

Mediation offers several strategic benefits for businesses:

1. **Cost-Effective:** Mediation typically costs significantly less than litigation or prolonged arbitration proceedings.
2. **Time-Saving:** Disputes are often resolved in days or weeks instead of months or years.
3. **Confidentiality:** Proceedings are private, protecting sensitive business information and reputations.
4. **Relationship Preservation:** Mediation promotes cooperation, often preserving or restoring business relationships.
5. **Flexible Solutions:** Parties can craft creative outcomes that a court or arbitrator may not be able to order.
6. **Control and Empowerment:** Businesses maintain control over the outcome rather than leaving decisions to external authorities.

In commercial contexts—such as contract disputes, partnership disagreements, and employment issues—mediation can be a powerful tool for proactive conflict management and corporate governance.

#### Legal Framework of Mediation and Arbitration in Pakistan

Pakistan has made notable efforts to institutionalize mediation and arbitration as part of its alternative dispute resolution (ADR) strategy.

##### 1. The Arbitration Act, 1940

- Governs domestic arbitration.
- Allows parties to settle disputes outside court based on agreed arbitration clauses.
- Courts may stay proceedings if valid arbitration agreements exist.

##### 2. Recognition and Enforcement (Arbitration Agreements and Foreign Arbitral Awards) Act, 2011

- Incorporates the **New York Convention 1958**, making foreign arbitration awards enforceable in Pakistan.
- Encourages international business confidence by supporting cross-border dispute resolution.



### 3. The ADR Mechanism under Civil Procedure Code (CPC) Amendment

- Section 89-A of the CPC enables courts to refer cases for **mediation, conciliation, or arbitration**.
- This promotes a culture of court-annexed mediation.

### 4. Sindh and Punjab ADR Acts

- Provincial laws such as **Sindh Civil Courts (Amendment) Act, 2015** and **Punjab Alternate Dispute Resolution Act, 2019** formally recognize mediation panels and court referrals to ADR centers.

### 5. Small Claims and Minor Offenses Courts Ordinance, 2002

- Establishes small claims courts with jurisdiction over minor civil and criminal matters.
- Encourages ADR, particularly **mediation**, before formal trial begins.

### 6. Companies Act, 2017 – Dispute Resolution Provision

- Allows companies to include **arbitration clauses** in their constitutional documents or agreements to resolve internal/member disputes.

### 7. Family Courts Act, 1964 (with ADR focus in amendments)

- Encourages **mediation in family disputes**, such as divorce, maintenance, and custody.
- Often involves court-appointed conciliators or mediators to resolve sensitive issues.

### 8. The Securities and Exchange Commission of Pakistan Act, 1997 (and related regulations)

- Empowers SECP to facilitate dispute resolution mechanisms, including mediation and arbitration, in matters related to the capital markets, corporate governance, and investor protection.
- SECP has introduced ADR-friendly policies, particularly under its regulatory framework for securities brokers, listed companies, and insurance entities.

### 9. The Banking Companies Ordinance, 1962 and State Bank Guidelines

- Through the Banking Mohtasib (Ombudsman) Pakistan, the State Bank of Pakistan provides an ADR framework for resolving banking disputes involving consumers and financial institutions.
- Encourages out-of-court settlements via conciliation and mediation, especially for customer complaints related to services, fraud, and negligence.

### 10. FBR Alternative Dispute Resolution (ADR) Mechanism

#### Legal Basis:

- **Section 134A of the Income Tax Ordinance, 2001**
- **Section 47A of the Sales Tax Act, 1990**
- **Section 38 of the Federal Excise Act, 2005**

## RASG IMPACT

- These sections authorize the **formation of ADR Committees** for resolving tax disputes between the taxpayer and the FBR.

### Key Features:

- ADR Committees are formed on **application by the taxpayer**, subject to FBR's approval.
- Each committee typically includes:
  - A **retired judge or tax expert**
  - A **chartered accountant or legal practitioner**
  - A **representative from FBR**
- The committee examines the facts, holds meetings with both parties, and presents recommendations.

### Benefits:

- Faster resolution compared to lengthy appellate processes.
- Reduces litigation burden on tax tribunals and courts.
- Helps businesses settle disputes **without compromising confidentiality.**
- Decisions, once accepted by both parties and the Board, become **binding.**

Mediation is not just an alternative to litigation—it is a vital strategic resource for modern businesses in Pakistan. With an evolving legal landscape favoring ADR, Pakistani enterprises stand to benefit from embracing mediation to resolve disputes efficiently, protect commercial relationships, and enhance corporate resilience.

Organizations are encouraged to engage professional mediation services to resolve disputes efficiently, preserve valuable relationships, and achieve mutually beneficial outcomes. Certified mediators bring expertise, impartiality, and a results-driven approach to every engagement.

**For inquiries, please contact:**  
**[ovais@rasgco.com](mailto:ovais@rasgco.com)**

***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.***

## Key Contacts

### Head Office: Karachi

5 - Nasim C.H.S. Major Nazir Bhatti Road,  
Off: Shaheed-e-Millat Road. Karachi.  
Phone: 92 21 3493 2629 , 34946112  
Email: rasgkhi@rasgco.com

### Lahore

Building No. 35 - D / E, Ali Block, New  
Garden Town Lahore.  
Phone: 92 42 35940246-7  
Email: rasglhr@rasgco.com

### Islamabad

Office No. 06 & 07, 3rd Floor, Plot No. 08  
Pak Land Business Centre I - 8 Markaz,  
Islamabad.  
Phone: 92 51 2804245 - 46  
Email: rasgisld@rasgco.com

### Peshawar

TF-371, Dean's Trade Centre, Saddar,  
Peshawar Cantt.  
Phone: 92 91 5253201  
Email: rasgpew@rasgco.com



GOHAR MANZOOR  
Founder and Managing Partner  
Email: gohar@rasgco.com



MUHAMMAD ALI RAFIQUE  
National Partner - Audit  
Email: muhd.ali@rasgco.com



MUHAMMAD KAMAL GOHAR  
National Partner - Advisory  
Email: kamal@rasgco.com



MOHAMMED KAMIL GOHAR  
National Partner - Taxation  
Email: kamil@rasgco.com



FAREED HUSSAIN SIDDIQUE  
Director - Taxation  
Email: fareed@rasgco.com



PROF. DR. MUHAMMAD OVAIS  
Executive Director  
Email: ovais@rasgco.com



info@rasgco.com



www.rasgco.com



rasgco



company/rasgco