

RASG IMPACT

December, 2025

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CHARTERED ACCOUNTANTS

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TECHNICAL UPDATES**FEDERAL INCOME TAX LAWS****Amendment in rule 81B (ATL) of the income tax rules, 2002 – SRO 2423(I)/2025**

The Federal Board of Revenue has through its S.R.O.2423(I)/2025 dated December 11, 2025 issued a draft amendment to the Income Tax Rules, 2002.

The draft allows persons listed as active taxpayers in Azaad Jammu and Kashmir (AJK) or Gilgit-Baltistan (GB) to be included in Pakistan's Active Taxpayer List (ATL).

This applies only if their CNIC address is in AJK or GB.

While doing so the Commissioner Inland Revenue must verify through IRIS that the person has no job or business in Pakistan likewise AJK or GB tax authorities must confirm that the person has employment or a business in AJK or GB. If later it is found that the person was liable to file a return in Pakistan and the person fails to comply, their name will be removed from the ATL under section 181A of the Ordinance.

Draft amendment to inland revenue reward rules – SRO 2485(I)/2025

The Federal Board of Revenue has through its S.R.O.2485(I)/2025 dated December 23, 2025 issued the draft

amendment proposing to cap the maximum reward for Inland Revenue employees at 24 salaries per financial year for meritorious services, while inviting public objections or suggestions within seven days before finalization by FBR.

Temporary continuation of previous islamabad property valuation rules - notification No.2/15/2024/R&S

The Federal Board of Revenue has issued its notification No. 2/15/2024/R&S dated December 16, 2025 discussing the valuation of properties situated in Islamabad. The notification is summarized as under:

- Valuation tables for Pakistan were revised on 29.10.2024, except Islamabad due to a pending FTO complaint.
- SRO 2392(I)/2025 (08.12.2025) notified fair market values for Islamabad properties.
- Real Estate Associations raised objections, claiming some values were above actual market rates.
- FBR reviewed and found some objections valid.
- SRO 2392(I)/2025 is now held in abeyance until 31.01.2026 or issuance of a revised SRO, whichever is earlier.
- In the interim, SRO 1180(I)/2022 (as amended) will remain effective.

SALES TAX LAWS

Amendments in the sales tax rules, 2006 – SRO 2071(I)/2025

The Federal Board of Revenue has through S.R.O. 2402(I)/2025 dated December 10, 2025 has re-fixed the minimum values of locally produced steel goods for sales tax on ad valorem basis.

Minimum values specified are as under:

Steel bars & long profiles: Average national retail price (Lahore, Karachi, Peshawar, Quetta, Rawalpindi, Islamabad) as published by Pakistan Bureau of Statistics on its website every month reduced by Rs.1,500 per metric ton.

Steel billets: 85% of steel bars value stated above.

Steel ingots/bala: 80% of steel bars value stated above.

Ship plates: 75% of steel bars value stated above.

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CORPORATE LAWS

SECP circular on motor insurance repository (MIR) participation – non-life insurers & takaful operators - circular No. 33

The Securities & Exchange Commission of Pakistan has through its circular No. 33 dated December 03, 2025 directed all non-life insurers and general takaful operators which are engaged in underwriting motor vehicle insurance to participate in the Motor Insurance Repository (MIR).

MIR is a centralized electronic database managed by CDC for storage, validation, and access of motor insurance policy and claims data.

The Insurers must sign a Service Level Agreement (SLA) with CDC within 60 days of this circular.

Additionally, they are required to share accurate, complete, and secure insurance data in accordance with the SLA.

The CDC may share this data with federal/provincial authorities for policy validation, subject to confidentiality. Furthermore, Insurers starting motor insurance business after this circular must also comply upon registration and commencement.

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Growth rate scenarios for life insurance & family takaful illustrations – 2026 – circular No. 34

The Securities and Exchange Commission of Pakistan has through its circular No. 34 dated December 04, 2025 directed that all Life insurers and family takaful operators must use two nominal growth rate scenarios in policy illustrations.

For 2026, the growth rate scenarios are set at 9% and 13%, in consultation with the Pakistan Society of Actuaries.

All new illustrations for policies covered under the Directive must continue using these specified growth rates.

SECP declaration of admissible assets for solvency requirements – 2026 - circular No. 35

As empowered under Section 32(1)(d) of the Insurance Ordinance, 2000, the Securities and Exchange Commission of Pakistan has through its circular No. 35 dated December 04, 2025 declared assets admissible for solvency purposes for the period from 01 January 2026 to 31 December 2026.

Related party assets admissible will include:

- Cash deposits in banks that are related parties.
- Premiums receivable from related parties (≤ 3 months).

- Reinsurance recoveries and prepaid reinsurance premiums from related parties.
- Investments in listed equities, term finance certificates/sukuk, and mutual funds of related parties (within prescribed limits).

Other assets will include:

- Investments in unit-linked mutual funds (fund of fund) per UL Rules, 2015.
- Cash/margin deposits against guarantees/bonds up to the corresponding liability.

All other assets will remain inadmissible for solvency purposes. Any existing declarations specific to insurers will remain valid as per their original terms.

Replacement of IAS-1 with IFRS-18 and IFRS-19 for preparation of financial statements – SRO 2444(1)/2025

The Securities and Exchange Commission of Pakistan, has through its SRO 2444(I)/2025 dated December 12, 2025 replaced IAS-1 (Presentation of Financial Statements) with IFRS-18 (Presentation and Disclosure in Financial Statements) and IFRS-19 (Subsidiaries without Public Accountability: Disclosures).

These standards are mandatory for annual financial statements for periods beginning on or after January 01, 2027.

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Only unlisted subsidiaries without public accountability, (i.e. unlisted companies other than those specified in clauses 1(b) (ii), 1(b)(iia), and 1(b)(iii) of the Third Schedule to the Act) may apply IFRS-19. All other companies must follow IFRS-18.

Amendments to futures brokers licensing & operations regulations 2018 – SRO 2445(I)/2025

The Securities and Exchange Commission of Pakistan has through its S.R.O. 2445(I)/2025 dated December 12, 2025 issued amendments in the Futures Brokers (Licensing and Operations) Regulations 2018, the same having been previously published vide S.R.O. 1448(I)/2025 dated 5th August 2025.

Key Amendments include:

- Regulation 13: Future brokers must obtain written, electronic, online, or digital acknowledgment from customers confirming understanding of risk disclosure documents.
- Additionally, qualification requirements for directors, CEOs and compliance officers have been amended.

SECP direction on categorization of open-end collective investment schemes (CIS) – investment in one-year GOP ijarah sukuk circular No. 36

The Securities and Exchange Commission of Pakistan has through its Circular No. 36 dated December 17, 2025 allowed Asset Management Companies managing Money Market Schemes to invest in one-year GoP Ijarah Sukuk (GIS) listed on Pakistan Stock Exchange, with maturities over 6 months and up to 1 year.

Conditions to be met for such investment:

- Weighted average time to maturity of net assets (including government securities) must not exceed 90 days.
- Monthly fund manager reports must disclose actual exposure to one-year GIS as a percentage of net assets.
- All other existing regulations, risk profiles, and circulars for money market schemes remain applicable.

This has been done to promote capital market growth and wider participation of mutual funds in government securities while maintaining risk management standards.

CHALLENGES / OPPORTUNITIES

ESG in Action: A Practical Case Study from the Transport Sector in the UAE

Prof. Dr. Muhammad Ovais, Executive Director

This month's **RASG Impact** highlights a real-world ESG assignment undertaken for a large public-sector transport organization in the UAE, illustrating how ESG evolves from policy intent into **measurable, operational outcomes**.

Background and Context

The transport sector operates at the intersection of **environmental impact, public safety, and social responsibility**. Large fleets, geographically dispersed sites, and continuous interaction with employees and the public create ESG considerations that cannot be effectively addressed through high-level disclosures alone.

Recognizing this reality, the client engaged our team to conduct a **site-based, integrated ESG and QHSE assessment**, with a clear emphasis on **implementation depth rather than narrative compliance**.

Assignment Objectives

The assignment was structured around three clear objectives:

- **Assess ESG maturity at the operational level**, beyond corporate policy statements
- **Understand material ESG, safety, and environmental risk themes** across multiple sites

- **Establish a traceable foundation** to support governance oversight, audit readiness, and continuous improvement

Methodology Applied

The team applied a **hybrid** Environmental, Social, and Governance (ESG) and Quality, Health, Safety, and Environment (QHSE) **methodology**, aligning global ESG principles with on-ground operational realities.

Key elements of the approach included:

- Multi-site physical inspections
- Evidence-based ESG risk identification
- Mapping of site observations to **Environmental, Social, and Governance pillars**
- Integration with safety, fire life safety, environmental controls, and contractor management practices
- Development of standardized risk registers supported by documented evidence references to record and track risks for effective oversight and control

This structured approach ensured **consistency across sites**, enabling meaningful comparison, prioritization, and management visibility.

ESG Insights from the Assignment

Rather than viewing ESG through isolated indicators, the assignment provided a **holistic picture of how ESG principles are embedded into day-to-day transport operations**. The engagement highlighted several cross-cutting ESG themes that are particularly relevant for large, multi-site organizations.

Environmental Perspective

The assessment underscored the value of **consistent environmental practices across geographically dispersed operations**. Harmonized approaches to managing materials, waste streams, and site conditions emerged as key enablers for reducing environmental exposure and strengthening compliance confidence at scale.

Social Perspective

From a social standpoint, the assignment reinforced the central role of **workforce safety, accessibility, and emergency preparedness** in transport-sector ESG performance. Visible safety practices, clear emergency information, and inclusive site design contribute directly to trust, workforce protection, and a strong safety culture.

Governance Perspective

At the governance level, the engagement demonstrated how **central policies achieve practical impact when supported by structured site-level ownership and traceability**.

Clear documentation flows, defined responsibilities, and consistent application across locations were identified as essential to strengthening governance assurance and audit readiness.

A Broader ESG Lesson

Collectively, these insights point to a fundamental ESG lesson:

Strong ESG outcomes are driven by alignment between policy intent and operational execution.

When ESG principles are embedded into everyday processes and site practices, organizations move decisively from compliance toward performance.

Value Delivered

The assignment moved beyond issue identification to **enabling governance clarity and decision support**. Key deliverables included:

- Site-wise ESG and Quality, Health, Safety, and Environment (QHSE) risk registers
- Prioritized risk visibility to support management decision-making
- Clear linkage between ESG considerations, operational evidence, and improvement actions
- A structured foundation for future ESG disclosures and regulatory readiness

Why This Case Matters

This case reinforces a critical ESG insight: **ESG effectiveness is proven on the ground, not in reports**.

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Even organizations with strong central policies can face ESG exposure if implementation varies across locations. Site-level ESG visibility transforms ESG from a reporting exercise into a **practical risk management and performance tool**.

Looking Ahead

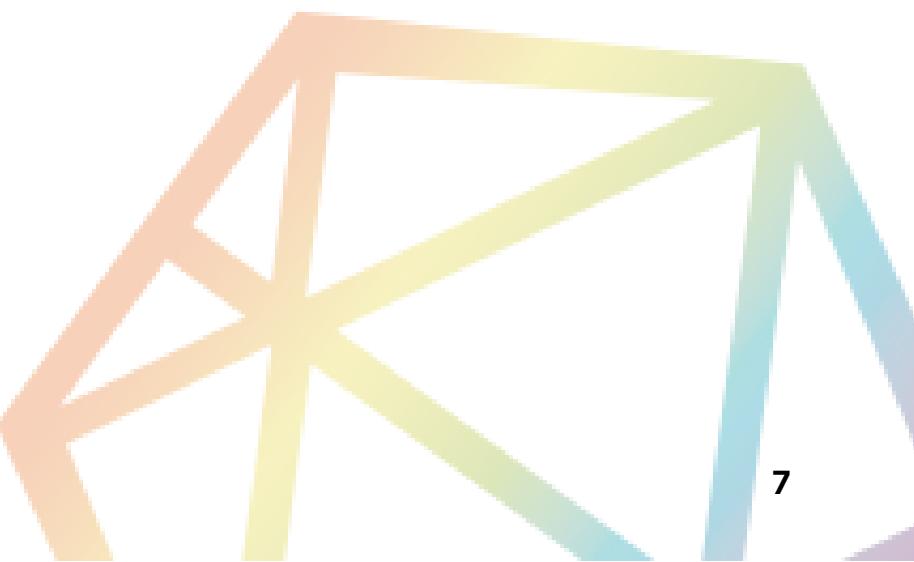
The outcomes of this assignment position the organization to:

- **Strengthen ESG governance traceability**
- **Improve safety and environmental performance consistently across sites**
- **Enhance readiness for audits, disclosures, and stakeholder scrutiny**

This engagement reflects our core ESG philosophy: **practical, evidence-driven, and improvement-focused ESG that delivers real operational value**.

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RASG Impact will continue to share insights from live assignments to bridge the gap between ESG theory and execution.



LIFE AT RASG

Team members selected for the international secondment to Oman.

Congratulations to our team members selected for the international secondment to Oman.



Your selection reflects professional competence, commitment, and readiness to grow beyond boundaries. This secondment is an opportunity to further strengthen your skills through real-world exposure.

At RASG, we strongly believe that learning happens best through experience. By investing in international assignments, we reinforce our commitment to continuous learning, leadership development, and global professional standards.



We are confident they will represent RASG with excellence, integrity, and professionalism.

Congratulations and best wishes for a successful learning journey ahead.



RASG IS HIRING

RASG Placement

Job Title: Audit Manager

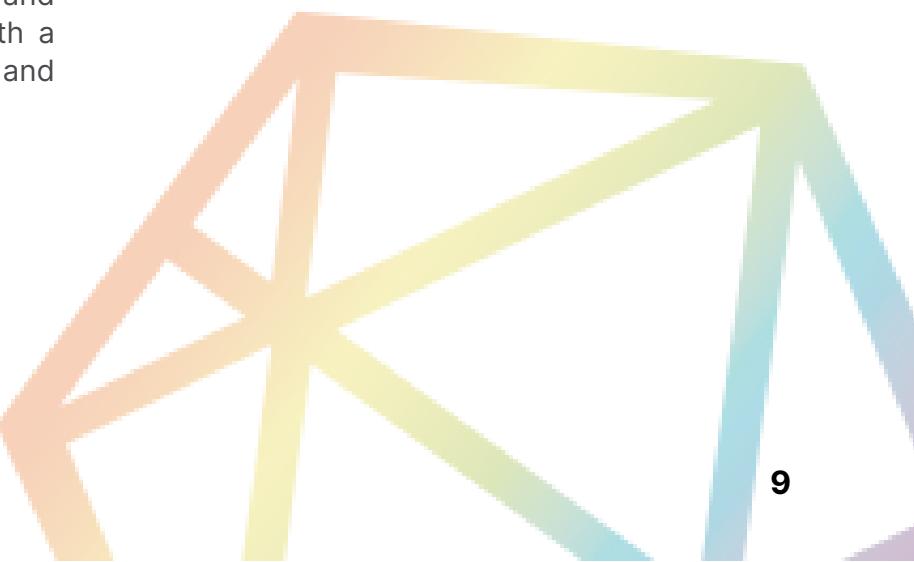
Location: Karachi

We are looking for an experienced Audit Manager with a CA Pakistan qualification and a strong track record in managing complex audit engagements. The ideal candidate will demonstrate exceptional leadership, technical expertise in auditing standards, and the ability to guide teams toward high quality deliverables.

Key Requirements

- Proven experience in external audit management
- Strong analytical and problem-solving skills
- Ability to lead teams and manage multiple assignments
- Excellent communication and client handling capabilities
- Proficiency in MS Office
- Hands-on experience with audit software such as CaseWare, ACL, or similar platforms
- Strong understanding of ERP environments and data extraction tools

you are ready to embrace a leadership role in a dynamic audit environment, offering exposure to both local and international engagements along with a market competitive package and benefits,



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