

From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>
Date: Thu, Dec 11, 2025 at 1:19 PM
Subject: TLQC3388= Member (Strategic Transformation) for 4 FBR Members, etc

530+ Taxes & Levies Quick Commentary – TLQC 3388

I. Background (BG)

1. This refers to the related **TLQC in trail, blue, italic and double Line** (a) 3329 of 30.10.25 about Collection by FBR; while New Tax Policy Office is directly report to MoF (b) 3264 of 11.9.25 about IRIS Portal Issues affecting TY 2025 IT Return submission - LTBA (c) 3047 of 6.3.25 about PRAL: Restructuring Plan Approved BY ECC
2. We also refer to several Other TLQCs including (a) 3337 of 11.11.25 about One Pakistani with Rs 4.77 Trillion Brain Drain VS Rs 12.5 Trillion whole Pakistan Budget (b) 2918 of 9.10.24 about FBR Transformation/Restructuring Notification (c) 2884 of 30.8.24 about High Taxes, Bills & Corrupt System but Brain Drain not Advisable (d) 2876 of 17.8.24 about Heavy Taxes IMF programme & challenges

II. Updated Commentary

1. Further KQU 3682 of 3.12.25, **being an important matter**, we would inform you about [Instructions for Seeking Guidance related FBR letter of 2.12.25 \(Attachment 3388.1\)](#) in the ensuing paragraph, with emphasis in **bold & Underline**, ours for quick reading.
2. Whereas it has been observed by the FBR that various wings of Inland Revenue need greater synergy in the backdrop of transformation plan being implemented in FBR. Therefore, the Competent Authority has been pleased to direct that following Members of FBR will seek guidance from Member (Strategic Transformation), FBR in performance of their functions whenever such function requires a critical or strategic input:

S.No.	Designation
1	Member (IR- Operations)
2	Member (IR Policy)
3	Member (Audit/CRM)
4	Member (Organizational Audit)

3. The Letter has been addressed to (a) SA to Secretary Revenue Division/Chairman, FBR (b) All Members concerned

III. Further Details & Services

Should you require any clarification or explanations in respect of the above or otherwise, or require Income Tax, Federal & Provincial Sales Tax or Withholding Tax Statement, Advisory, Return Filing or Review services, please feel free to email Mr Amsal at amsal@kasbati.co with CC to info.kasbati@professional-excellence.com, asif.s.kasbati@professional-excellence.com.

Best regards for Here & Hereafter
Asif S Kasbati (FCA, FCMA & LLB)

Managing Partner

Kasbati & Co (900+ Tax, Levies, Companies, Banking, Finance, Economy, Inflation, etc
Quick Commentary Service Provider and High Level 416+ Tax & Levies Laws Consultants)

From: Asif Siddiq Kasbati <asif.s.kasbati@professional-excellence.com>

Date: Thu, Oct 30, 2025 at 6:24 PM

Subject: TLQC3329= Collection by FBR; while New Tax Policy Office is directly report to MoF

I. Background

*1. This refers to the related Important TLQCs **in trail, blue, italic and double line** (a) 3047 6.3.25 about PRAL: Restructuring Plan Approved by ECC (b) 2931 of 21.10.25 about FBR Restructuring story by Mr Shabbar Zaidi, when he was Chairman*

2. We also refer to several Other TLQC including 2918 of 9.10.24 about FBR Transformation/Restructuring Notification

II. Updated Commentary

A. Govt limits FBR to tax collection, strips policy role under IMF condition

*1. Further to KQU 3620 of 27.10.25, **being an important matter**, we would inform you about Govt limits FBR to tax collection, strips policy role under IMF condition (Attachment 3329.1) in the ensuing paragraph, with emphasis in **bold & Underline** for quick reading and matters in **Brackets, Italic & Bold ours with KC prefix for better understanding.***

2. The federal government has implemented another condition set by the IMF by curtailing the powers of the FBR, which will now function solely as a tax collection agency rather than a policymaking body.

3. The government has activated the Tax Policy Office within the Ministry of Finance as part of the IMF's structural reforms. With this move, the authority to formulate tax policies has been transferred from the FBR to the new office.

4. According to official sources, Dr Najeeb Ahmed Memon has been appointed (KC: by PM Office for 2 years) as the head of the Tax Policy Office for a two-year term, while several other key appointments have also been finalised. Naeem Hasan has been named Director Business Taxation, Mr Fida Muhammad as Director International Taxation, Mr Munir Ahmed as Director Direct/Indirect Taxation, and Ijaz Hussain as Director Personal Taxation.

5. All officials will serve under a Special Professional Pay Scale (SPPS). Sources said, the Tax Policy Office will become fully operational next week, (KC: from 27.10.25) after finalising its rules and regulations.

6. According to the Finance Ministry, the new office will be responsible for framing policies related to income tax, sales tax, and federal excise duty, while preparations for tax policies for the 2027 fiscal year will begin next week.

B. PM Shehbaz appoints first director general for Tax Policy Office (KC: Deleted duplication matters which are cover above)

*1. Further to KQU 3620 dated 27.10.25, **being an important matter**, we would inform you about PM Shehbaz appoints first director general for Tax Policy Office (Attachment 3329.2) in the ensuing paragraph, with emphasis in **bold & Underline** for quick reading and matters in **Brackets, Italic & Bold ours with KC prefix for better understanding.***

2. In line with commitments to the IMF, the TPO has been placed under the Finance Division, removing the FBR from the policy-making process. The Finance Division, through the TPO, will now lead preparations for the 2026-27 federal budget.

3. Although notified in February 2025, the TPO became operational after the appointment of its head on Friday.

4. **Dr Memon has over two decades of experience in tax administration, policy design and research, with expertise in income tax, VAT and federal excise.**

5. **He has worked on International Tax Reform projects with the World Bank, GIZ, HM Revenue & Customs and Tax Inspectors without Borders.**

7. According to the official notification, **(KC: Govt of Pakistan Finance Division Notification No. F.3(22)PFMR-II/2024: of 13.2.25 - refer to para C for Details)** the TPO will analyse tax proposals through data modelling, revenue forecasting and economic assessment. It will also manage matters related to international tax treaties and obligations, reporting directly to the finance minister. Staffing will be carried out with the approval of the Establishment and Finance Divisions.

8. The federal cabinet may revise the office's structure and mandate to improve its effectiveness.

C. Notification of 13.2.25

1. The Federal Cabinet vide decision No. 16/Rule-19/2025/01 dated 13.1.25 has been pleased to approve the establishment of a Tax Policy Office (TPO) at the Ministry of Finance to build on the Government's economic reform agenda.

2. The TPO will lend support to the analysis of tax policies and proposals through data modeling, revenue and economic forecasting as well as the country's international tax treaties and obligations.

3. The TPO shall report directly to the Minister for Finance & Revenue. Staffing of the TPO, as approved by the Federal Cabinet, shall be undertaken with the approval of Establishment Division and Finance Division on terms and conditions prescribed by the Government.

4. The responsibilities and structure of the TPO may be amended as deemed necessary for its optimal functioning with the approval of the Federal Cabinet.

III. Further Details & Services

Should you require any clarification or explanations in respect of the above or otherwise, or require Income Tax, Federal & Provincial Sales Tax or Withholding Tax Advisory, Statement or **Return Filing or Review services**, or related accounting matters like the above, please feel free to email Mr Amsal at amsal@kasbati.co with CC to info.kasbati@professional-excellence.com. **Your Good self may continue to get other services from your current Tax & Legal Advisors.**

Best regards for Here & Hereafter
Asif S Kasbati (FCA, FCMA & LLB)

From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>

Date: Thu, Sep 11, 2025 at 6:16 PM

Subject: TLQC3264= IRIS Portal Issues affecting TY 2025 IT Return submission - LTBA

A. Background (BG)

1. This refers to the related Important TLQCs **in trail, blue, italic and double Line** (a) 3244 of 24.8.25 about Delayed 8 Types / Categories TY 2025 IT Return Forms – SRO 1562 (b) 3195 of 10.7.25 about Delayed Draft Electronic 8 IT Return Forms for TY 2025 - SRO 1212 & KCV (c) 1224 of 9.11.20 about Stepwise Deadlines for Timely notifying IT Return Forms.

2. We also refer to several Other TLQC including (a) 2805 of 25.6.24 about TY 2024 Delayed Draft E-IT Return Forms' for Companies, AOP & Salaried & other Individual Persons and Action (b) 2382 of 21.6.23 about TY 2023 Draft IT Return Forms' SRO 746 Companies and Way Forward.

B. Updated Commentary

Further to KQU 3547 of 9.9.25, **being an important matter**, we would inform you about Systemic glitches hindrance in IRIS portal Income Tax in filing of returns for Tax Year 2025 dated 8.9.25 – LTBA Letter dated 8.9.25 (Attachment 3264.1).

- 1) Non-adjustment of tax withheld under section 235 in the case of AOPS
- 2) Inconsistent treatment of tax withheld under sections 148 and 154s
- 3) Error message: "please provide correct receipt value
- 4) Adjustment errors in final computation tab
- 5) Working of tax credit and application of section 4ab on exempt share from AOP.
- 6) Excess tax collected/deducted
- 7) Apportionment of tax in minimum tax regime

C. Further Details & Services

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From: **Asif Siddiq Kasbati** <asif.s.kasbati@professional-excellence.com>

Date: Thu, Mar 6, 2025 at 1:15 PM

Subject: TLQC3047= PRAL: Restructuring Plan Approved BY ECC

I. Background (BG)

1. This refers to the related Important TLQCs **in trail, blue, italic and double line** (a) TLQC3040 of 22.25 about Key Processes 100% Automation completed - Guide Buyers & Sellers

2. We also refer to several Other QC including the following: (a) 2931 of 21.10.25 about FBR Restructuring story by Mr Shabbar Zaidi, when he was Chairman (b) 2918 of 9.10.24 about FBR Transformation/Restructuring Notification

II. Updated Commentary

A. Executive Summary

Further to KQU 3227 dated 23.1.25, **being an important matter**, we would inform you about Pakistan Revenue Automation Limited Restructuring plan approved by ECC (Attachment CS3047.1) in the ensuing paragraph, with emphasis in **bold & Underline** for quick reading.

2. The ECC of the Cabinet has approved the restructuring plan of PRAL along with requisite amount related to the current fiscal year.

3. The Revenue Division / FBR briefed the forum that the PRAL (Pakistan Revenue Automation Limited) is a company to support the revenue automation function of the FBR

4. This was an in-house IT setup for improving citizen interface, digitisation of income tax and sales tax returns and integration of data sets with other entities particularly with provincial revenue authorities

B. Details

1. In FBR's efforts to improve tax-to-GDP ratio, PRAL continues to be on the front line in data collection, compilation and processing. Based upon the overall fiscal pressures, detailed FBR transformation plan was presented to the prime minister in a meeting of 19.9.24.

2. Despite PRAL's crucial role as the IT arm of the FBR, it could not keep itself updated with modern day's requirements and recent technological advancements.

3. A working group within the FBR's Taskforce on Digitization for PRAL's Restructuring was constituted to identify gaps and detail potential improvement areas. Some of the key challenges faced by PRAL include governance, weak talent and capacity, inadequate working model and technology infrastructure.

4. In order to make PRAL a vibrant organisation that supports FBR in improving tax to GDP ratio in Pakistan, restructuring of PRAL on following lines was proposed:

(i) appointment of an independent and empowered board (already completed) Enhanced software development and maintenance capability with ability to resort to all three modes; in-house development, in-house maintenance only and outsource development to third party;

(ii) upgrading of hardware and data centre and replacement of end-of-life hardware (already being funded through existing development schemes of Revenue Division vis-à-vis PSDP No 981 (Pakistan Raises Revenue project));

(iii) establish analytics hub to conduct and consolidate data-driven insights for informed decision making (despite tons of data available with PRAL, the front end for data analytics is missing at FBR);

(iv) setting up procurement capabilities through dedicated procurement cell to streamline acquisition of technology solutions and other procurements;

(v) implement essential organisation structural reform at PRAL by hiring skilled professionals, establishing performance incentives, creating a task prioritization model, and collaborating with FBR to enhance communication and efficiency; and

(vi) streamline the financial flow and budgeting mechanisms as the current arrangement for funds flow from FBR to PRAL, based upon an SILA and is not efficient.

5. The Revenue Division/FBR further briefed the forum that there was a need to reflect a separate cost centre for PRAL under the Revenue Division.

6. Regular budgetary grants may be reflected as one-line or ERE (Employee Related Expenditure)/Non-ERE grants. The Board of PRAL shall approve the annual budget based upon the grants/other own source revenues of PRAL.

7. Once the mechanism is functional, the current year budgetary allocations may also be diverted towards the new mechanism.

9. As per Regulation 4 of Financial Management and Powers of PAO Regulations, 2021, the Revenue Division secretary shall be the principal accounting officer for PRAL.

10. The total financial implication of restructuring of PRAL for the current year was Rs3.7 billion, whereas, recurring cost shall be Rs4.5 billion for 2025-26 onwards. Currently, PRAL was being provided Rs1.00 billion annually, hence, net additional funds requirement from next financial year onwards shall be Rs3.5 billion.

11. The Revenue Division sought Rs3.7 billion as technical supplementary grant (TSG) for the current financial year 2024-25 and Rs4.5 billion for the next financial year 2025-26 for restructured PRAL.

12. During the ensuing discussion, it was informed that the PRAL Board had been reconstituted for bringing improvement in operations as well as revenue collection. It was further explained that the performance of the entity would be assessed annually against Key Performance Indicators (KPIs) based on quantitative outcomes.

13. The forum was also apprised that there were undue delays by the FBR in processing refund claims, and that the FBR was levying advance income tax based on the assessment of previous year. It was also explained that the Review Committee of the Finance Division would scrutinise demand for each expenditure prior to release of funds.

14. The forum opined that impact assessment of the initiative taken so far would be done at the closure of the current fiscal year before releasing funds for next fiscal year.

15. After a detailed discussion, the ECC approved the Revenue Division's approval and directed that the approval was given to the amount related to the current fiscal year and that the chairman/CEO PRAL Board shall apprise the committee about the progress in the follow-up meeting in the first quarter of the next fiscal year.

III. Further Details & Services

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