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Tahir Mahmood Butt - Lahore

Joint Secretary

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Information Secretary

Syed Moazzam Raheel - Faisalabad

Treasurer

Shiraz Khan - Karachi

30.01.2026

Mr. Rashid Mahmood Langrial,
The Hon'able Chairman,
Federal Board of Revenue,
Islamabad.

Subject:- ULTIMATE EFFECT ON THE ECONOMY DUE TO RECOVERY MEASURES FOLLOWING JUDGMENT OF THE HONORABLE FEDERAL CONSTITUTIONAL COURT ON THE ISSUE OF SECTIONS 4B & 4C OF THE ORDINANCE, 2001. SUBMISSIONS REGARDING.

Respected Sir,

We, being a representative body of the tax fraternity, draw your kind attention to the fallout of the recent judgment of the Honorable Federal Constitutional Court vide short order dated 27 January 2026, whereby all appeals filed against the judgments of various High Courts of Pakistan in respect of validity of Section 4B & 4C of the Income Tax Ordinance, 2001 have been dismissed. It has been publicly stated that the Federal Board of Revenue (FBR) expects recovery exceeding Rs.300 billion by virtue of enforcement of the aforesaid judgment.

In this regard, it would not be out of place to place on record the already deteriorating economic conditions of the country, which are worsening day by day. The purchasing power of the public at large is severely constrained. Needless to say, the expected recovery of Rs. 300 billion would be transferred from businesses to the national exchequer, which may adversely impact commercial activity across sectors and further aggravate the fragile economic environment.

It is also a grave matter of concern that several multinational companies have already closed their business in Pakistan and various other are reportedly winding up their businesses in Pakistan. The existing tax burden on Individuals and Associations of Persons, where rates go as high as 45%, coupled with additional levies such as 10% of tax payable under Section 4AB and now the enforcement of Sections 4B and 4C of the Income Tax Ordinance, 2001, has further jolted an already distressed taxpayer community.

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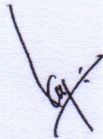
In light of the foregoing facts and circumstances, we humbly request your good self to kindly evolve a suitable modus operandi to mitigate the anticipated adverse consequences of immediate enforcement. In particular, we submit for your kind consideration:

- Avoidance of immediate coercive recovery measures u/s 140 of the Ordinance;
- Allowing payments in reasonable installments; and
- Granting waiver or reduction of default surcharge and penalties in deserving cases.

Timely remedial measures may help avert further contraction of business activity and preserve employment and economic stability during these challenging times.

We trust in your wisdom and sense of responsibility toward the national economy and the taxpayer community, and look forward to your kind consideration.

Yours sincerely,



SHEIKH AHSAN UL HAQ
Advocate High Court
President



TAHIR MAHMOOD BUTT
Advocate High Court
General Secretary