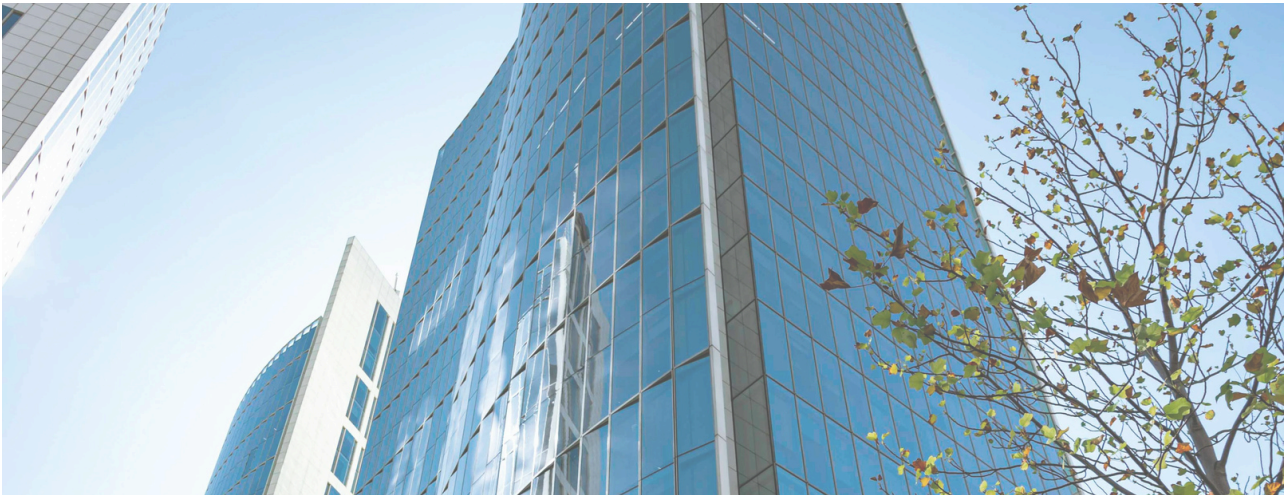


Tax Newsletter

March, 2026



DELETION / CANCELLATION / EDITING OF E-INVOICE

The Federal Board of Revenue (FBR) has issued Sales Tax General Order No. 01 of 2026 dated 30 March 2026, whereby registered integrated persons are permitted to automatically delete, cancel, or amend electronically generated invoices within 72 hours of their issuance in cases involving a *bona fide mistake*.

This facility, however, is available only within the prescribed 72-hour window. Upon expiry of this period, any such deletion, cancellation, or amendment shall require prior approval of the concerned Commissioner of Inland Revenue, to be obtained in the prescribed manner and subject to such conditions as may be specified by the Board.

We understand that for the purposes of this STGO, a "*bona fide mistake*" refers to an honest and good-faith error, free from any element of fraud or intentional misstatement. It is important to note that any adjustment relating to the value of supply, tax amount, or cancellation of supply based on factual considerations shall not fall within this facility and must be effected through debit or credit notes in accordance with the relevant provisions of the Sales Tax Act, 1990 and the rules framed thereunder.

TAXATION OF BUILDERS & DEVELOPERS

The FBR has issued Circular No. 07 of 2025-26 (Income Tax) dated 31 March 2026, providing important clarification regarding the applicability of withholding tax under section 236C of the Income Tax Ordinance, 2001 (the Ordinance) for persons operating under the special tax regime of section 7F of the Ordinance.

Background

Builders and developers are taxed on a prescribed percentage of gross receipts under Section 7F (Special Tax Regime) of the Ordinance; income is treated under the head "Income from Business". Hence, advance tax collected under section 236C (on sale of immovable property) is generally adjustable against capital gains tax. However, for persons under section 7F, such adjustment may not be available, resulting in an additional cash flow burden.

FBR Clarification

Taxpayers who have discharged their tax liability under Section 7F and do not have any other taxable income against which such tax can be adjusted may seek exemption from the collection of tax under Section 236C from the concerned Commissioner of Inland Revenue under Section 159 of the Ordinance to avoid the deduction of tax under Section 236C.

BALUCHISTAN SALES TAX ON SERVICES

In early 2026, the Balochistan Revenue Authority (BRA) issued the following important notifications affecting taxpayers under the Balochistan Sales Tax on Services Act, 2015 (BSTS Act) regime:

- 1) [BSTS Audit Rules, 2026](#)
- 2) [BSTS \(Best Judgement - Minimum Tax Rules, 2026\)](#)
- 3) [Special Procedure \(Online Integration of Business\) Rules, 2022](#)
- 4) [BRA's CPC Adoption Notification](#)

These rules have immediate effect (per their date of notification) and introduce stricter compliance measures. Below is a detailed analysis of the aforesaid Notifications:

1. BSTS Audit Rules, 2026

Through a Notification dated 03.02.2026, BRA has issued Audit Rules, 2026, whereby the procedure for selection and conduct of audits under the BSTS Act covers the following:

- Audits may be selected randomly, risk-based, or due to suspect cases.
- Written audit notice is issued in advance (typically 15–30 days).
- Audits can be conducted at the taxpayer's premises with the Commissioner's approval.
- Taxpayers must provide records, explanations, and cooperate fully.
- The auditor prepares preliminary findings or audit reports as per the prescribed format and shall be communicated through a computerised system.
- The taxpayer may respond before the final assessment.

2. BSTS (Best Judgment – Minimum Tax Liability) Rules, 2026

Vide Notification dated 03.02.2026, the BRA has issued BSTS (Best Judgment-Minimum Tax Liability) Rules, 2026. These rules provide methodology for tax assessment when records are incomplete, inaccurate, or unavailable. The following are the key aspects:

- BRA may estimate turnover and tax using benchmarks or industry norms.
- Establishes minimum tax liability in cases of willful concealment or record deficiencies.
- Non-payment of sales tax amount within 30 days from the issuance of a show cause notice shall trigger best-judgment assessment by the BRA Officer.
- The minimum tax liability shall be in addition to the default surcharge and penalties.
- Determination of tax liability for a period under these rules shall be provisional.

- The registered persons shall remain liable to discharge their actual tax liability after audit, special audit, or forensic audit.

3. BRA CPC Adoption Notification (UN CPC v2.1)

Similar to the Sindh Revenue Board (SRB), BRA has also adopted the UN Central Product Classification (CPC) v2.1 codes for standardised classification of services for BSTS. A Notification dated 15th September 2025 was issued to this effect by the BRA under section 78B of the BSTS Act. The key aspects of the notifications are as follows:

- The notification was issued on 15th September 2025, but it is applicable retrospectively with effect from 1st July 2025.
- All taxable services must now be classified according to CPC codes.
- Legacy service definitions replaced with CPC-based codes.

Segment II of the Notification provides modification/clarification about the classification of some services under CPC.

In view of the above, it is recommended that BRA-registered persons may map all services to CPC v2.1 codes and update billing/invoicing accordingly. Although the notification is effective from 1 July 2025, it has been made publicly available only in March 2026.

EXPORT FACILITATION SCHEME, 2021 (EFS)

Key Amendments in EFS Rules (SRO 528(I)/2026)

1. Authorisation to Import or Acquire Goods (Rule 878)

EFS users who have utilised input goods and exported output goods before the utilisation period may import duty-free input goods equivalent to the value already utilised/exported, subject to the following conditions:

- Value must not exceed approved limits, and description & PCT Codes of input and exported goods must match with Input-Output Ratios (IORs) approved by IOCO / Regulatory Collector.
- If IORs are unapproved or provisionally approved by the IOCO / Regulatory Collector, such benefits would not be available.

2. Appeals (Rule 879)

An appeal against the order passed by the Regulatory Collector shall be filed before the relevant Chief Collector within 30 days of the issuance of the impugned order. The appeal shall be decided by the Chief Collector within 30 days from the date of its filing.

3. Utilisation Period (Rule 883)

The utilisation period has been extended from 9 months to 18 months (effective from 07.03.2025). In exceptional cases, the already allowed utilisation period of 18 months may be extended further by an additional 6 months, subject to the approval of the Committee.

4. Reconciliation Statement (Rule 892)

EFS users are required to submit a six-monthly reconciliation statement, in the prescribed format (Appendix-IV), within 30 days of the end of each period. The statement should include details of input goods acquired, output goods exported, domestic sales, and the aggregate value of additions, wastages, and their disposal.

Principal Office	Lahore Office	Islamabad Office
C-253, P.E.C.H.S., Block 6, Off Shahrah-e-Faisal, Karachi, Pakistan. P: +92 21 34374811-15 E: info@mooreshekhamufti.com	Office # 23, Second Floor, Leeds Center Main Boulevard, Gulberg - III Lahore T: +92 42 32335958 E: info.lhr@mooreshekhamufti.com	The Hive, Plot No. 14-E, 1st Floor, Manzoor Plaza, Fazal-e-Haq road, Blue Area, Islamabad, Pakistan. T: +92 33 02321333 E: info.isb@mooreshekhamufti.com