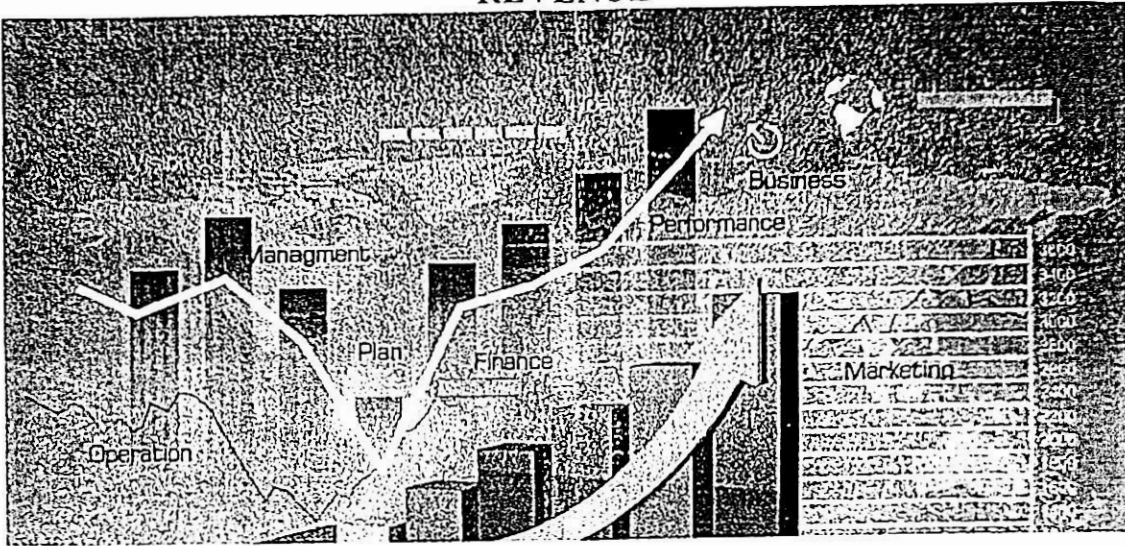


# SENATE OF PAKISTAN



## REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE



### REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE ON GOVERNMENT BILL TITLED "THE FEDERAL BOARD OF REVENUE (AMENDMENT) BILL, 2026"

PRESENTED BY  
SENATOR SALEEM MANDVIWALLA  
CHAIRMAN

by-laws, or through legislative provisions.

9. The Chairman Committee suggested reviewing the proposed amendments clause by clause on the basis of the comparative statement. He observed that the amendment primarily aimed to align the law with institutional changes following the Supreme Court judgment and the separation of the tax policy function. He further stated that FBR remained a highly specialized institution with extensive operational responsibilities, including frequent transfers and postings of senior officers, and emphasized that the head of the institution should retain sufficient administrative authority to manage day-to-day operations effectively.

10. Senator Anusha Rahman agreed that placing internal transfers and postings entirely under ministerial authority could overburden the Minister and hinder efficient functioning of the organization, and emphasized that the head of the institution should retain adequate administrative authority for operational management.

11. The Chairman FBR further explained that the amendments did not substantially alter the existing administrative structure but mainly removed references to the Policy Board from certain provisions of the Act, including Section 5, as the policy function was being shifted to the Finance Division. Administrative powers relating to the Board, its employees, and internal management would continue under the Federal Board of Revenue.

12. Members also raised broader concerns regarding governance within FBR, including allegations of assets beyond means involving certain officials. In response, the Chairman Committee constituted a sub-committee to examine such matters and report back to the Committee.

13. Sub-section (1) of section 3 of the Federal Board of Revenue Act, 2007 provides that the Chairman and Members of the Federal Board of Revenue (FBR) shall be appointed by the Federal Government. In practice, however, such appointments were being made by the Chairman, FBR/Secretary, Revenue Division. Historically, individuals appointed as Chairman, FBR were, in most instances, also entrusted with the additional charge of Secretary, Revenue Division, and exercised powers relating to transfers and postings of Members in that capacity.

14. In order to address the legal ambiguity and conformity with the Supreme Court Judgment in Mustafa Impex, and ensure administrative continuity, it is proposed that while the powers to appoint the Chairman and Members of the Board shall continue to vest in the Federal Government, the Secretary, Revenue Division shall also be empowered to appoint Members of the Federal Board of Revenue through transfers and postings of officers in BS-21 and above placed at the

disposal of the Federal Board of Revenue.

15. The establishment of independent Tax policy office renders the functions of the Policy Board redundant. Consequently, it is proposed to omit section 6 of the Federal Board of Revenue Act, 2007, along with all ancillary references to the Policy Board in the Act.

16. The Committee unanimously recommends that the Bill as introduced in the Senate may be passed. The Committee also gave approval for presentation of this report to the House. Copy of the bill is annexed.



(IFFAT MUSTAFA)  
Secretary Committee



(SENATOR SALEEM MANDVIWALLA)  
Chairman Committee

## SENATE SECRETARIAT

### REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE ON GOVERNMENT BILL TITLED "THE FEDERAL BOARD OF REVENUE (AMENDMENT) BILL, 2026" REFERRED BY THE HOUSE ON 13<sup>TH</sup> FEBRUARY, 2026

I, Senator Saleem Mandviwalla, Chairman Senate Standing Committee on Finance and Revenue have the honor to present the report of the Committee on Government Bill titled "The Federal Board of Revenue (Amendment) Bill, 2026" referred by the house on 13<sup>th</sup> February, 2026 to the Committee for Consideration and report.

2. The Committee comprises of the following honorable Members:-

1. Senator Saleem Mandviwalla	Chairman
2. Senator Farooq Hamid Naek	Member
3. Senator Sherry Rehman	Member
4. Senator Mohsin Aziz	Member
5. Senator Anusha Rahman Ahmad Khan	Member
6. Senator Muhammad Talha Mahmood	Member
7. Senator Shahzaib Durrani	Member
8. Senator Fesal Vawda	Member
9. Senator Ahmed Khan	Member
10. Senator Manzoor Ahmed	Member
11. Senator Syed Faisal Ali Subzwari	Member
12. Senator Muhammad Abdul Qadir	Member
13. Senator Dilawar Khan	Member
14. Senator Zeeshan Khanzada	Member
15. Minister for Finance and Revenue	Ex-Officio Member
16. Minister of State for Finance and Revenue	Ex-Officio Member

3. The Committee considered the Bill in its meeting held on 4<sup>th</sup> March, 2026 at 12:00 p.m. in Committee Room No.1, Parliament House, Islamabad. The meeting was attended by the following Members.

1. Senator Saleem Mandviwalla	Chairman
2. Senator Anusha Rahman Ahmad Khan	Member
3. Senator Muhammad Talha Mahmood	Member
4. Senator Shahzaib Durrani	Member
5. Minister for Finance and Revenue	Ex-Officio Member
6. Minister of State for Finance and Revenue	Ex-Officio Member

4. The Committee took up discussion on the bill titled "The Federal Board of Revenue (Amendment) Bill, 2026," introduced by Senator Rana Sanaulah Khan, Advisor to the Prime Minister on Inter-Provincial Coordination, on behalf of Senator Muhammad Aurangzeb, Minister for Finance and Revenue, in the sitting of the Senate held on 13 February 2026.

5. The Chairman, Federal Board of Revenue (FBR), briefed the Committee on the proposed amendments, containing two main proposals. The first related to the definition of the Federal Government in the FBR Act, 2007. He explained that following the judgment of the Supreme Court of Pakistan in the Mustafa Impex case, the Court held that the Federal Government acts through the Cabinet and that executive authority is exercised through the Prime Minister and the relevant Minister. Subsequently, several laws, including sales tax and income tax legislation, were amended to align with this interpretation; however, the FBR Act, 2007 had not been amended at that time.

6. He further explained that under the earlier practice, appointments of FBR members continued in the same manner even after the judgment. During this period, those members performed judicial and quasi-judicial functions, including granting approvals, allowing extensions of time, and deciding appeals. If examined strictly from a legal standpoint, these actions could potentially be challenged. The proposed amendment therefore seeks to validate past actions by providing retrospective legal cover to remove any legal ambiguity.

7. The second proposal related to the separation of the tax policy function from the Federal Board of Revenue. He stated that there had been a long-standing debate on whether the same institution should both formulate tax policy and administer tax collection. It was therefore decided that the tax policy function should be separated from FBR and placed within the Finance Division. Accordingly, a Tax Policy Office was established in the Finance Division. The office has now been fully staffed and will be responsible for preparing tax policy, including proposals for the upcoming federal budget. Consequently, the bill proposes removing the tax policy function from the FBR Act while leaving administrative and operational functions with the Federal Board of Revenue.

8. The Federal Minister for Finance and Revenue stated that the tax policy function had already been shifted to the Finance Division and that once the Tax Policy Office became fully operational, the relevant policy oversight arrangements would also operate there. He stated that the Policy Board had been established under Section 6 of the FBR Act, 2007 and was chaired by the Finance Minister. Since the policy function was being shifted to the Finance Division, clarification was required as to whether the new arrangement would operate through administrative notification,