

[AS PASSED BY THE SENATE]

A

BILL

further to amend the Federal Board of Revenue Act, 2007

WHEREAS it is expedient further to amend the Federal Board of Revenue Act, 2007 (IV of 2007) for the purposes and in the manner hereinafter appearing;

It is hereby enacted as follows: —

1. Short title and commencement. — (1) This Act shall be called the Federal Board of Revenue (Amendment) Act, 2026.

(2) It shall come into force at once.

2. Amendments in section 2, Act IV of 2007. — In the Federal Board of Revenue Act, 2007 (IV of 2007), hereinafter referred to as "the said Act", in section 2, clause (ja), shall be omitted.

3. Amendments in section 5, Act IV of 2007. — In the said Act, in section 5, in sub-section (1), in clause (k), the words and commas "Board, shall with the approval of the Policy Board," shall be omitted and shall be deemed to always have been so omitted.

4. Omission of section 6, Act IV of 2007. — In the said Act, section 6 shall be omitted.

5. Insertion of new section 25, Act IV of 2007. — In the said Act, after section 24, the following new section shall be inserted, namely: —

"25. Validation. — (1) All appointments of members made before the commencement of Federal Board of Revenue (Amendment) Act, 2026 shall be deemed to have always been validly made under sub-section (1) of section 3.

(2) The powers exercised and functions performed by the Board, Chairman or individually by the members appointed before the commencement of Federal Board of Revenue (Amendment) Act, 2026

under or in pursuance of the provisions of this Act, or the rules made thereunder or any other applicable law or the rules made thereunder, shall be deemed to have always been validly exercised and performed.

(3) Any actions or proceedings taken, orders passed, appointments, agreements, instruments, rules or regulations made, standards or criteria prescribed including grant of incentives and rewards to the employees and reward to the person assisting the employees in preventing evasion of duties and taxes, notifications, processes or communications issued, before the commencement of Federal Board of Revenue (Amendment) Act, 2026 shall be deemed to have always been validly done, taken, passed, made, prescribed, granted, issued and the provisions of this Act shall have, and shall be deemed always to have had, effect accordingly."

STATEMENT OF OBJECTS AND REASONS

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.

2. Prior to the judgment of the Supreme Court of Pakistan in *Mustafa Impex*, different Ministries and Divisions of the Federal Government interpreted and implemented the term "Federal Government" in accordance with their respective Delegation of Powers. In some cases, the Prime Minister exercised such authority; in others, the Federal Minister or Federal Secretary concerned exercised these powers. However, the Supreme Court of Pakistan, in *Mustafa Impex*, authoritatively interpreted the term "Federal Government" to mean the "Federal Cabinet." In order to address the legal ambiguity 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.

3. Furthermore, section 6 of the Federal Board of Revenue Act, 2007 provides for the establishment of a Policy Board, mandated to provide policy guidelines in framing fiscal policy and in achieving the goals and targets of the Board. Recently, the Federal Government has established a Tax Policy Office within the Ministry of Finance to independently analyze and develop fiscal policies on behalf of the Federal Government, thereby ensuring a clear separation between fiscal policy formulation and revenue administration functions of the FBR. The establishment of this 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.

4. The Bill is designed to achieve the aforesaid objectives

Minister-In-Charge