GOVERNMENT OF PAKISTAN
REVENUE DIVISION
FEDERAL BOARD OF REVENUE
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Islamabad, the 13th January, 2016.

NOTIFICATION
(Income Tax)

S.R.O. 31 (I)/2016.- In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Board of Revenue is pleased to direct that the following further amendments shall be made in the Income Tax Rules, 2002, the same having been previously published *vide* Notification No. S.R.O. 1191(I)/2015, dated the 1st December, 2015, as required by sub-section (3) of the said section, namely:-

In the aforesaid Rules, after rule 231D, the following new rule shall be inserted, namely:-

"231E.- Special Audit Panel.-(1) This rule shall under section 177 of the Ordinance apply to all cases for conducting audit by the special audit panel as determined by the Commissioner in the light of sub-section (1B) of section 210 of the Ordinance.

(2) The Board may appoint as many special audit panels as may be necessary, comprising two or more members from the following, namely:-

(a) an officer or officers of Inland Revenue;
(b) a firm of chartered accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961);
(c) a firm of cost and management accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966); or
(d) any other person as directed by the Board.

(3) Board shall invite firm of Chartered Accountant or Cost and Management Accountant through advertisement and shall determine their eligibility and remuneration on case to case basis or on the basis as determined by the Board.

(4) Special audit panel shall conduct audit, including a forensic audit of the income tax affairs of:-

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(a) any person, or
(b) classes of persons

(5) The Commissioner shall determine the scope of audit under sub-rule (4) on case- to-case basis.

(6) Special audit panel shall be headed by a chairperson who shall be an officer of Inland Revenue.

(7) The chairperson of special audit panel shall be responsible for the procedure which may inter-alia include the following, namely:-

(a) to decide in consultation with the Commissioner about the place of sitting of the special audit panel;
(b) to specify date and time for conducting audit;
(c) to supervise the proceedings of audit;
(d) to issue notices by courier or registered post or electronic mail to the taxpayer under audit;
(e) to requisition and produce records, documents, information from the taxpayer under audit and from other persons in respect of the taxpayer under audit; and
(f) to ensure attendance of the taxpayer for hearing in person or through an advocate or representative.

(8) The special audit penal may conduct inquiry or seek expert opinion as may be considered necessary.

(9) Powers under section 175 and 176 of the Ordinance for conducting audit under sub-section (11) of section 177 of the Ordinance shall be exercised by an officer or officers of Inland Revenue.

(10) Audit proceedings shall not be held invalid in case of absence of any member of the panel, other than chairperson.

(11) The chairperson shall consolidate audit findings and get signatures of all other members of the panel for further action in light of sub-section (6) or sub-section (14) of section 177 of the Ordinance as deemed fit.

(12) In case of difference of opinion among members of the special audit panel, the audit findings of majority members would carry weight, and the chairperson shall proceed as per sub-rule (11). In case the majority members do not include chairperson, then the special audit panel shall send the report of difference of opinion to the Commissioner and the Commissioner may decide either to constitute new special audit panel or send the said report to another officer or officers of Inland Revenue. The audit

findings either from the new special audit panel or from another officer or officers of Inland Revenue would suffice for further actions under sub-rule (11).

(13) Audit proceedings under sub-rule (12) shall include the taxpayer's record, documents, statements and difference of opinion by previous special audit panel and opportunity of being heard to the taxpayer under audit.".

[F.No. 4(30) R&S/2015]

(Rabia Yaser Durrani)
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