Government of Pakistan
Revenue Division
Federal Board of Revenue
*****

Islamabad, the 14th July, 2026.

NOTIFICATION

(Income Tax)

S.R.O. 1109 (I)/2026. – The following draft Special Procedure for Small Shopkeepers which the Federal Board of Revenue proposes to prescribe under section 99B of the Income Tax Ordinance, 2001 (XLIX of 2001), is hereby published for information of all persons likely to be affected thereby and, as required by sub-section (3) of section 237, notice is hereby given that objections or suggestions thereon may for consideration of the Board be given within seven days of the publication of the draft in the official Gazette. Objections or suggestions received from any person before the expiry of the said period shall be taken into consideration, namely: -

"Draft Special Procedure for Small Shopkeepers"

1. **Applicability. –** This special procedure shall apply to Individuals earning income mainly through retail shops with annual turnover up to PKR 200 million. This special procedure shall apply for tax year 2026.

2. **Exclusions.** – This procedure shall not apply to –

   (i) individuals whose turnover exceeded PKR 200 million in any one of the preceding 3 years; those owning more than one shop; Tier-1 retailers; sellers of jewellery; and providers of professional services (e.g. doctors, engineers, lawyers); and

   (ii) shop income other sources of income are excluded. Retailers who filed a return for tax year 2025 may also file a return under this Special Procedure for small shopkeepers, provided their payable tax is not lower than in 2025, and they have not split up or renamed their business to avail this special procedure.

3. **Registration. -** Shopkeepers may register with FBR through the IRIS web portal, shopkeepers' mobile application, or by visiting the nearest tax office for assistance in registration.

4. **Voluntary Nature. -** The procedure shall remain optional and a shopkeeper may either pay tax under this procedure or can file a regular income tax return.

5. **Tax Rate. -** Tax shall be charged at the rate of 1% of gross turnover. Shopkeepers may deduct withheld income tax from their payable amount. However, if withholding tax collected exceeds the minimum tax payable under this procedure, no refund shall be issued.

6. **Minimum Tax under this Special Procedure. -** To avail this special procedure, the shopkeepers must pay a minimum of PKR 25,000 in cash along with return of income regardless of any tax deduction or collection at source under the Ordinance. Tax payable (less withholding) or PKR 25,000 whichever is higher shall be the tax payable.

7. **Audit.** - Shopkeepers opting for this special procedure shall generally not be subject to audit. Departmental proceedings may be initiated only in consultation with representatives of trade associations – in case of third party information received by FBR about:-

(a) Significant or unusual economic transactions;
(b) Acquisition or ownership of expensive assets; and
(c) Gross misuse of this special procedure to avoid taxes.

8. **Return Filing.** - Shopkeepers shall file a simplified prescribed return (**Annex-I**) on IRIS web portal or through shopkeepers' mobile application, declaring total sales, total purchases, other expenses, and net profit. The same simplified form also provides an easy mechanism for shopkeepers to declare their legitimate assets. This form shall be available in Urdu and regional languages.

9. **Withholding & Other Provisions.** - Shopkeepers under this special procedure shall not be required to withhold tax on purchases of goods or services under section 153 of the Income Tax Ordinance. The provisions of minimum tax under section 113 of the Ordinance and tax at the rate of 1.25% shall also not apply.

10. **Default Surcharge.** - If a shopkeeper neither files a regular income tax return nor opts for this special procedure by the due date, penalties of PKR 10,000 on the first default, PKR 25,000 on second default, and PKR 50,000 on third default shall be imposed. There shall be a gap of at least one month between each default proceedings.

11. **POS or Digital Invoicing Exemption.** - Eligible bona fide shopkeepers under this special procedure are not required to install a sales tax POS system or digital invoicing infrastructure.

12. **Imputable Income.** – Shopkeepers opting for this special procedure shall be entitled to take credit of imputable income based on payment of tax in order to support their personal expenses and accretion of assets.

13. **Compliant Shopkeeper Plate.** – Every bona fide shopkeeper qualifying and opting for this special procedure shall be issued a compliant shopkeeper plate ("Green Plate") containing an FBR specified QR-Code, the shopkeepers' name and NTN, and the address of the shopkeeper, which shall be prominently placed outside the shop. This QR-code, shall contain information about location of shop and particulars of ownership. No officer or official of FBR shall enter the shop in presence of this plate in respect of tax matters of a bona fide shopkeeper.

Annex-I

Easy Tax Return for Small Retailers (Tax Year 2026)

Name:	**ID Card Number:**
Business Name:	**Business Address:**
Nature of Business (type of goods bought and sold):	

Income & Tax Details

Annual Sales of Goods:	
Annual Purchase of Goods:	
Business Expenses:	
Net Profit:	
Other Sources of Income (if any):	
Total Tax:	To be calculated by system
Imputed Income:	To be calculated by system
Tax Already Paid (Withholding):	
Tax Paid with Return:	

Assets (Balance Sheet)

Business Capital:	
Non-Movable Property:	
Cash in Bank:	
Cash in Hand:	
Other Assets:	
Total Assets:	

I certify/declare that the above statements are true to the best of my knowledge.

Signature: ______________________ **Date:** ______________________

[F No. 1(17)R&S/2026]

(Muhammad Amin Qureshi)
Secretary (Rules & SRO)