Government of Pakistan
Revenue Division
Federal Board of Revenue

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Islamabad, the 21st July, 2026.

NOTIFICATION

S.R.O. 1138(I)/2026.– The following draft of certain further amendments in the Income Tax Rules, 2002, which the Federal Board of Revenue proposes to make in exercise of the powers conferred by sub-section (4) of section 133A read with sub-section (1) of section 237 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 the said section 237, notice is hereby given that objections or suggestions thereon, if any, may for consideration of the Board be sent within three days of publication of the amendments in the official Gazette. Any objections or suggestions which may be received from any person, before the expiry of the aforesaid period, shall be taken into consideration by the Federal Board of Revenue, namely: -

Draft amendments

In the aforesaid rules, after rule 231CA, the following new rule shall be inserted, namely: -

"**231CB. Independent case scrutiny committees.** - (1) This rule shall provide for constitution of independent case scrutiny committees.

(2) In this rule, unless there is anything repugnant in the subject or context, -

(a) "Chairman" means the chairman of the independent case scrutiny Committee;

(b) "Commissioner" means as defined in clause (13) of section 2 of the Income Tax Ordinance 2001 (XLIX of 2001);

(c) "Committee" means any of the Independent Case Scrutiny Committees constituted under these rules for specified territorial jurisdiction;

(d) "petition" means a petition to the Supreme Court under Article185(3) of the Constitution of the Islamic Republic of Pakistan or Federal Constitutional Court, arising from any of the tax laws;

(e) "reference" means a reference to the High Court under Section 133 of the Income Tax Ordinance, 2001 (XLIX of 2001);

(f) "Secretary" means an officer of Inland Revenue nominated by the Board for the purposes of the Committee;

(g) "Serving member of the Committee" means an in service officer of BS 20 or above of Inland Revenue service; and

(h) "tax laws" means the Income Tax Ordinance, 2001 (XLIX of 2001), the Customs Act, 1969 (IV of 1969), the Sales Tax Act, 1990, and the Federal Excise Act, 2005 and includes any rules, regulations, or notifications issued thereunder.

(3) The Board by an order shall constitute the following committees with powers, functions and jurisdiction, namely: -

Committee No. 1			
S. No.	**Member**	**Status**	**Functions and Jurisdiction**
1	A retired Judge of the Supreme Court, Federal Constitutional Court or any of the High Courts of Pakistan	Chairman	(i) to timely examine each case and make recommendation to file or otherwise a reference before the High Court, a petition before the Supreme Court or Federal Constitutional Court; (ii) to review pending references and petitions periodically to determine whether continuation of litigation is warranted in the interest of revenue; (iii) to maintain a database of settled legal questions and relevant precedents to guide future litigation decisions and ensure consistency; and (iv) to identify systemic issues requiring legislative or administrative intervention and recommend appropriate measures to the Board. **Jurisdiction:** References to be filed before Islamabad High Court and CPLAs before the Supreme Court and Federal Constitutional Court by LTO Islamabad, CTO Islamabad, RTO Islamabad, RTO Peshawar, RTO Abbottabad DG I&I Islamabad and its Directorates
2	An Advocate having not less than fifteen years' experience in tax and commercial litigation before the High Courts and/or the Supreme Court of Pakistan	Member	
3	A senior serving or retired officer of the IRS of BS 20 or above	Member	

<table>
<tr><th colspan="4">Committee No. 2</th></tr>
<tr><th>S. No.</th><th>Member</th><th>Status</th><th>Functions & Jurisdiction</th></tr>
<tr><td>1</td><td>A retired Judge of the Supreme Court, Federal Constitutional Court or any of the High Courts of Pakistan</td><td>Chairman</td><td rowspan="3">(i) to timely examine each case and make recommendation to file or otherwise a reference before the High Court, a petition before the Supreme Court or Federal Constitutional Court;
(ii) to review pending references and petitions periodically to determine whether continuation of litigation is warranted in the interest of revenue;
(iii) to maintain a database of settled legal questions and relevant precedents to guide future litigation decisions and ensure consistency; and
(iv) to identify systemic issues requiring legislative or administrative intervention and recommend appropriate measures to the Board.

Jurisdiction: References to be filed before Lahore High Court and CPLAs before the Supreme Court and Federal Constitutional Court by LTO Lahore, LTO Multan, CTO Lahore, RTO Lahore, RTO Rawalpindi, RTO Gujranwala, RTO Faisalabad, RTO Multan, RTO Bahawalpur, RTO Sialkot, RTO Sargodha and RTO Sahiwal.</td></tr>
<tr><td>2</td><td>An Advocate having not less than fifteen years' experience in tax and commercial litigation before the High Courts and/or the Supreme Court of Pakistan</td><td>Member</td></tr>
<tr><td>3</td><td>A senior serving or retired officer of the IRS of BS 20 or above</td><td>Member</td></tr>
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Committee No. 3			
S. No.	**Member**	**Status**	**Functions & Jurisdiction**
1	A retired Judge of the Supreme Court, Federal Constitutional Court or any of the High Courts of Pakistan	Chairman	(i) to timely examine each case and make recommendation to file or otherwise a reference before the High Court, a petition before the Supreme Court or Federal Constitutional Court; (ii) to review pending references and petitions periodically to determine whether continuation of litigation is warranted in the interest of revenue; (iii) to maintain a database of settled legal questions and relevant precedents to guide future litigation decisions and ensure consistency; and (iv) to identify systemic issues requiring legislative or administrative intervention and recommend appropriate measures to the Board. **Jurisdiction:** References to be filed before Sindh High Court, Balochistan High Court and CPLAs before the Supreme Court and Federal Constitutional Court by LTO Karachi, CTO Karachi, RTO-I Karachi, RTO-II Karachi, RTO Sukkur, RTO Hyderabad and RTO Quetta.
2	An Advocate having not less than fifteen years' experience in tax and commercial litigation before the High Courts and/or the Supreme Court of Pakistan	Member	
3	A senior serving or retired officer of the IRS of BS 20 or above	Member	

(4) The Secretary as defined in clause (f) of sub-rule (2) of these rules shall provide secretariat and administrative support to the Committee and shall—

(a) convene meetings with the approval of the Chairman, circulate the agenda, maintain minutes and records of proceedings;

(b) coordinate with the concerned field formations and obtain records, comments, briefs or any other information required by the Committee;

(c) communicate the decisions, recommendations and directions of the Committee to the concerned Commissioners and field formations, and ensure necessary follow-up;

(d) maintain the records, database and correspondence of the Committee;

(e) keep the concerned Commissioners informed regarding the proceedings of cases before the Committee; and

(f) perform such other functions as may be assigned by the Committee, the Chairman or the Board.

(5) The Committee may co-opt a Chartered Accountant as a non-voting member, where it is deemed necessary. The remuneration of such non-voting member shall be determined by the Board.

(6) The Board may, for the purpose of identifying suitable candidates, constitute a Search Committee, the composition, terms of reference and procedure whereof shall be determined by the Board.

(7) Proceedings and records placed before the Committee shall be confidential. Any member having a conflict of interest in a matter shall recuse himself, and such recusal shall be recorded in the minutes.

(8) The Secretary shall convene meetings, circulate agenda, maintain minutes and a case register or docket, and communicate recommendations of the Committee to the Commissioner concerned.

(9) The Commissioner having jurisdictions for the purposes of this rule shall, within ten days of receipt of the order of the ATIR or the High Court, refer a case for pre-filing scrutiny, and the Secretary shall place such cases before the Committee accordingly.

(10) The referral shall contain all material particulars including the manner of reference, documents required, revenue implications involved, questions of law requiring interpretation, precedents and settled law, basis of the case, the original decision, the appellate decision, where applicable, and the recommendations of the Commissioner concerned, where applicable, and all relevant documents shall be attached thereto.

(11) The Board may for reasons to be recorded in writing transfer the jurisdiction of a case from one scrutiny committee to another Committee.

(12) The Committee may call for any record, document, brief, or clarification from any office or field formation through the Secretary.

(13) The Committee shall convene on a daily basis, whether in person or online, and shall prioritize its workload so as to ensure that every recommendation is finalized within a period of fifteen days from the date of referral:

Provided that where, for reasons to be recorded in writing, a recommendation cannot be finalized within the said period, the Committee may extend the said period to such further time but not beyond limitation period provided in the law as may be necessary, subject to intimation to the Board.

(14) Where the Committee recommends non-pursuance of any case, the Secretary shall intimate the Commissioner concerned for compliance of such directions.

(15) The quorum for a meeting of the Committees shall be two Members, including the Chairman.

(16) The decision shall be taken by majority vote and shall be recorded in writing; any dissenting opinion, if recorded by a Member, shall form part of the official record.

(17) While making decision of filing of reference or petition, the committee shall keep in view the binding precedents set up by the Supreme Court of the Pakistan or Federal Constitution Court, revenue involved in the particular case or other similar cases and interpretation of law and facts of the case.

(18) If the Committee may not render a decision within the prescribed timeline (including any extension granted), the case shall be deemed to have been cleared for filing, subject to compliance with all other applicable legal requirements and the Secretary shall record in writing that the prescribed period has been lapsed and intimate Commissioner concerned accordingly.

(19) Where the period of limitation for filing a reference or petition is expiring within fifteen days, or where there is imminent and substantial revenue loss requiring urgent intervention, the matter shall be placed before the Chairman as an emergency case.

(20) The Chairman may, after prima facie satisfaction of urgency, approve filing of reference or petition.

(21) Any emergency approval granted under sub-rule (19) shall be subject to post-facto review by the full Committee within thirty days of the decision and the committee may decide to withdraw the case if the law and facts so permits.

(22) The Committee shall cause to be published, on a yearly basis, anonymized summaries of its recommendations, excluding confidential commercial information and taxpayer identifying details. The published summaries shall include the questions of law considered, the decision criteria applied, and the recommendations made.

(23) The Secretary shall maintain a searchable database of published decisions for reference by field formations and to ensure consistency in future decisions.

(24) Members shall hold office for a term of one year which may be extendable for a further term on continued fitness and satisfactory performance, as may be decided by the Board.

(25) Chairman or any Member may resign from his office at any time by writing under his hand addressed to the Board with thirty days notice.

(26) Chairman or any Member may be removed by the Board on grounds of conflict of interest, misconduct, breach of confidentiality, or inability to perform functions, after providing an opportunity of being heard.

(27) The Chairman and Members of each Committee shall be paid fees as follows:-

(a) the Chairman shall be entitled to a monthly fee of twelve hundred thousand rupees, and in addition thereto, a per case fee of twenty-five thousand rupees in respect of which a recommendation is made, whether in favour of filing or otherwise, subject to a maximum of twenty cases per month;

(b) the Advocate Member shall be entitled to a monthly fee of eight hundred thousand rupees, and in addition thereto, a per case fee of twelve thousand and five hundred rupees in respect of which a recommendation is made, whether in favour of filing or otherwise, subject to a maximum of twenty cases per month;

(c) where a retired officer of Inland Revenue is nominated as a Committee member, he shall be entitled to a monthly fee of eight hundred thousand rupees, and in addition thereto, a per case fee of twelve thousand and five hundred rupees in respect of which a recommendation is made, whether in favour of filing or otherwise, subject to a maximum of twenty cases per month;

(d) the remuneration of the support staff shall be determined by the Board; and

(e) The serving Board Member and the Secretary shall not be entitled to additional remuneration; except as provided in rules related to reward and honorarium.

(28) All Members shall be entitled to TA/DA for official travel as admissible to a grade 21 officer of the Federal Government.

(29) The Committee shall submit an annual report to the Board by the 31st of March each year, covering the preceding financial year and shall consist of, —

(a) the number of cases reviewed, and recommendations made (to file, not to file, or to withdraw);

(b) the outcome of filed references and petitions (decided in favour, against, pending, or settled);

(c) analysis of success rate and factors contributing to favorable or unfavorable outcomes;

(d) revenue implications of decisions made pursuant to Committee recommendations;

(e) identification of recurring legal issues and systemic problems requiring legislative or administrative intervention; and

(f) recommendations for improving litigation management and enhancing the effectiveness of the Committee.

(30) The annual report shall be placed before the Board for consideration and appropriate action.".

[F.No.1(2)R&S/2026]

(Muhammad Amin Qureshi)
Secretary (Rules & SROs)