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

Islamabad, the 25th September, 2026.

NOTIFICATION

(Income Tax)

S.R.O. 1651 **(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 (1) of section 122E 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 Chapter XIX, the following new Chapter XX shall be inserted, namely: -

"Chapter XX

FACELESS AUDIT AND ASSESSMENT

233. Application and Commencement.— (1) These rules shall apply to every proceeding referred to in sub-section (1) of section 122E in respect of a person, class of persons, income, class of incomes, case or class of cases specified by the Board under sub-section (2) of that section.

(2) They shall come into force on such date as the Board may by notification in the official Gazette specify, and on different dates as may be specified for different classes of cases or different proceedings.

234. Definitions.— In this Chapter, unless there is anything repugnant in the subject or context,—

a) "allocation algorithm" means an algorithm designed by the Board under sub-section (1) of section 209B or sub-section (3) of section 227D, for assigning a case, function or jurisdiction to an authority or unit of the Centre;

b) "case" means the proceeding or set of proceedings in respect of a taxpayer for any tax year assigned to the Centre under section 209B;

c) "Centre" means the National Faceless Centre established under section 227D

d) "designated account" means the taxpayer's account on IRIS;

e) "Director General" means the Director General of the Centre;

f) "E-hearing" means a hearing conducted under section 227E of the Ordinance.

g) "electronic record" means the record maintained on IRIS or on any other computerised system of the Board in respect of a case, and includes every notice, order, submission, document, evidence, recording, log and communication in electronic form;

(2) Words and expressions used but not defined in this Chapter shall have the same meaning as assigned to them in the Ordinance and the Rules.

235. Composition and Functions of National Faceless Center.— (1) The centre shall comprise a Director General and as many Chief Commissioners, Commissioners, Additional Commissioners, Deputy Commissioners, Assistant Commissioners, and any of the Income Tax Authorities mentioned in section 207 along with support staff, as the Board may deem fit.

(2) The center shall comprise of the following wings:

a) Audit Wing
b) Assessment Wing
c) Quality Control Wing
d) Field Operations Wing

(3) Each wing shall comprise of as many units as the Board may deem fit.

(4) An authority mentioned in sub-rule (1) shall be in-charge of the unit as may be designated by the Board (hereinafter referred to as "Unit Officer").

236. Proceedings to be conducted in faceless manner.— (1) In respect of a case to which this Chapter applies, the following proceedings shall be conducted through the Centre in the manner provided in this Chapter, namely:—

(a) audit under section 177 or section 214C;

(b) proceedings and orders under section 111;

(c) assessment, amendment of assessment, best judgment assessment and provisional assessment under Part II of Chapter X, including sections 120, 121, and 122;

(d) any proceeding incidental or ancillary to a proceeding referred to in clauses (a) to (c) including the issue of notices under sections 176 and 177, the obtaining of information and evidence, and the imposition of penalty or default surcharge arising from the proceeding.

(2) Where the jurisdiction assigned to the Centre in respect of a case is concurrent, the functions and powers not assigned to the Centre shall continue to be exercised by the Commissioner having jurisdiction over the case under section 209 of the Ordinance, and the Board shall specify the functions and powers assigned to each.

237. Assignment of cases to the Centre.— (1) A case shall stand assigned to the Centre where the taxpayer, class of taxpayers, income, class of incomes, case or class of cases has been assigned to the Centre by the Board under sub-section (2) of section 122E.

(2) The allocation algorithm shall, at the time of assignment or thereafter be used by the Board to allocate the audit function, the assessment function and the quality control function in the case to separate officers or units, and no officer shall perform more than one of those functions in respect of the same case for the same tax year.

(3) The identity of the officer or unit to which a function has been allocated shall remain recorded in the electronic system of FBR but shall not be disclosed as provided under sub-section (5) of section 209B of the Ordinance.

238. Issue and service of notices and communications.— Every notice, order, requisition, audit report, intimation or other communication issued by the Centre shall—

(a) be generated on the Board's computerised system and bear a Digital Identification Number (DIN);

(b) be served as per procedure provided in section 218 of the Ordinance.

239. Communications by the taxpayer.— (1) Every reply, submission, document, evidence, application or other communication by the taxpayer or the authorised representative in a case assigned to the Centre shall be made through the designated account.

(2) Wherever so required, documents shall be electronically furnished in the format specified by the Board in IRIS.

240. Procedure for faceless audit.— (1) Faceless Audit unit shall perform the following functions:

(a) Audit of cases selected under section 177, including any subsequent action under section 111 discovered during the proceedings;

(b) Proceedings under section 122(4) arising out of definite information received by the unit from the Board;

(c) Proceedings under section 111 in case of an information received by the unit from the Board.

(2) Where a case selected for audit has been allocated to an audit unit, the unit officer shall proceed to conduct the audit as per provisions of section 177 of the Ordinance.

(3) The unit officer of audit wing may, in the course of audit,—

(a) issue further notices for information or explanation under section 176 or 177 of the Ordinance;

(b) obtain information from any other person required for conduct of audit;

(c) request the Chief Commissioner to seek physical verification under sub-section (4) of section 209B of the Ordinance and in accordance with rule 241 of the Income Tax Rules;

(d) request technical assistance, including valuation, forensic or sectoral expertise, from a unit or panel constituted for that purpose; and

(e) require a statement on oath under section 176 to be recorded through E-hearing.

(4) After considering the explanation and the record of any E-hearing, the unit officer shall issue the audit report under sub-section (6) of section 177 of the Ordinance, containing the audit observations and findings and the reasons for rejecting any explanation of the taxpayer.

(5) In case a notice under section 111 is required, the Unit Officer shall issue the notice and get response of the taxpayer as per the provisions of section 111 and record his findings for onward transmission to the Assessment Unit.

(6) Upon issuance of the audit report, the audit function in the case shall stand completed and the record shall be made available to the officer or unit performing the assessment function through automated allocation.

241. Physical verification.— (1) Where a unit officer of audit or assessment wing considers that physical verification of the nature or size of the business, assets, investments, expenditure or any other matter is necessary, the officer shall record the reasons and the specific matters requiring verification and refer the request to the Chief Commissioner.

(2) Chief Commissioner NFC shall, if satisfied, direct the Commissioner Field Operations Wing to conduct the verification.

(3) The Board may also allocate physical verification to an officer other than the one posted in the center, if deemed fit.

(4) The unit officer of Field Operations Wing or any other office assigned the task of verification shall have all the powers under section 175 and section 176 of the Ordinance to carry out such verification.

(5) The verifying officer shall upload the verification report to the electronic record within the time specified in the direction.

242. Quality control review.— The officer or unit performing the quality control function of audit reports, adjudication notices, and assessment orders, and shall examine it in accordance with the law and facts of the case and may provide its observations to the unit officer for the purpose of quality assurance.

243. Penalty and default surcharge.— Where in the course of a proceeding under this Chapter a penalty under section 182 or default surcharge under section 205 becomes leviable, the notice and order in respect thereof shall be issued through the Centre by the unit officer of audit or assessment wing, as the case may be, and the provisions of rule 238 relating to notice, reply and E-hearing shall apply.

244. Transfer of a case from the Centre.— (1) The jurisdiction so assigned under this Ordinance may be exclusive or concurrent. In case of concurrent jurisdiction, the powers and functions not assigned to the National Faceless Centre shall remain with the Commissioner having jurisdiction under section 209 of this Ordinance.

(2) The concurrent jurisdiction assigned to an officer as mentioned above shall be exclusive in terms of task(s), tax year(s), or tax period(s) assigned to the National Faceless Center. However, such jurisdiction, or part of it, shall automatically cease to exist as soon as the specific audit or assessment or order under section 111 or proceedings for penalty or default surcharge assigned to the officer is finalized. Such jurisdiction shall be automatically re-assigned to an officer as mentioned above, unless directed otherwise.

(3) The Chief Commissioner of the Centre may, at any stage, recommend to the Board under sub-section (3) of section 209B that a case may be transferred to the Commissioner having jurisdiction over the case under section 209 of the Ordinance where—

(a) the proceeding cannot be effectively conducted in a faceless manner by reason of the nature or volume of the physical record, the need for repeated physical verification, or the requirements of a search, seizure or prosecution proceeding;

(b) the case is connected with a proceeding pending before the Commissioner having jurisdiction over the case under section 209 of the Ordinance in such manner that separate conduct would be prejudicial to the revenue or to the taxpayer; or

(c) for any other reason the Chief Commissioner may deem fit.

(4) The Board may transfer a case allocated to the Center to any other authority on its own motion, or on the basis of the recommendation of the Chief Commissioner under sub-rule (1) of this rule.

245. Power to issue instructions.— The Board may issue instructions, standard operating procedures and formats for the effective implementation of this Chapter including incorporation of procedures and restrictions in IRIS, not inconsistent with the Ordinance and these rules.".

[F. No. 1(19)R&S/2026]

(Naveed Hassan)
Secretary (Rules & SROs)