



## THE FEDERAL BOARD OF REVENUE ACT, 2007

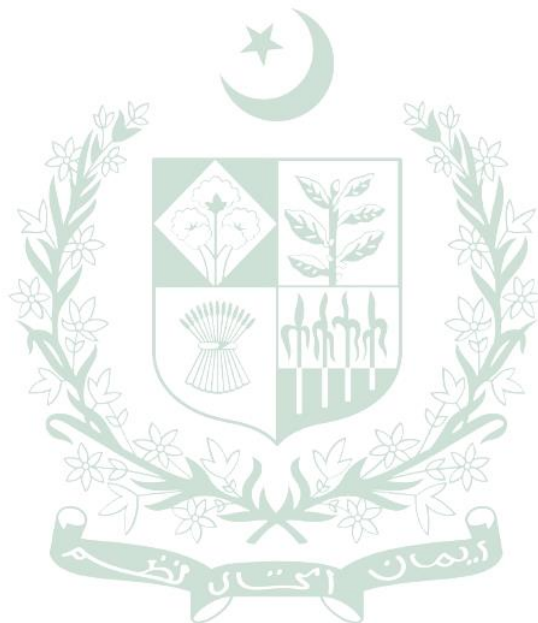


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## THE PAKISTAN CODE

**THE FEDERAL BOARD OF REVENUE ACT, 2007**  
**ACT No IV OF 2007**

[2<sup>nd</sup> July, 2007]

AN

ACT

*to provide for the establishment of Federal Board of Revenue and for matters connected therewith or ancillary thereto*

WHEREAS it is desirable to enhance the capacity of the tax system to collect due taxes through application of modern techniques, providing assistance to tax payers and creating a motivated, satisfied, dedicated and competent professional work force that is required to perform at an enhanced efficiency levels;

WHEREAS the Federal Board of Revenue must pursue its objective and vision to be a modern, progressive, effective, autonomous and credible organization by providing quality services and promoting compliance with tax related laws, while being mindful of upholding values such as integrity, professionalism, teamwork, courtesy, fairness, transparency and responsiveness;

WHEREAS it is expedient to regulate the matters relating to the fiscal and economic policies; administration, management; imposition, levy and collection of taxes and duties;

AND WHEREAS it is necessary to re-organize the Board of Revenue to enhance the scope of activities and operations and to have appropriate autonomy and reconstituting Central Board of Revenue as the Federal Board of Revenue;

It is hereby enacted as follow:—

**1. Short title, extent and commencement.**— (1) This Act may be called the Federal Board of Revenue Act, 2007.

(2) It extends to the whole of Pakistan.

(3) This section shall come into force at once and the remaining provisions shall come into force on such date as the Federal Government may, by notification in the official Gazette, appoint and different dates may be appointed for different provisions.

**2. Definitions.** In this Act, unless there is anything repugnant in the subject or context,—

- (a) “Board” means the Central Board of Revenue established under the Central Board of Revenue Act, 1924 (IV of 1924), and on the commencement of Federal Board of Revenue Act, 2007, the Federal Board of Revenue established under section 3 thereof;

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<sup>1</sup>clause (b) omitted by the Federal Board of Revenue (Amdt.) Act, 2011 (VI of 2011), s.2

- (c) “Central Board of Revenue” means the Central Board of Revenue established under the Central Board of Revenue Act, 1924(IV of 1924);
- (d) “Chairman” means the Chairman of the Board appointed by the Federal Government and shall include acting Chairman for the time being;
- (e) “Committee” means a committee constituted under this Act;
- (f) “employees” means the persons in the employment and service of the Board and its offices, organizations and its departments;
- (g) “fiscal laws” means a general reference to the laws relating to tax matters, including but not limited to, the Customs Act, 1969 (IV of 1969), Sales Tax Act 1990, Income Tax Ordinance 2001(XLIX of 2001), Federal Excise Act, 2005, and any other law imposing any tax, levy or duty or having nexus with taxation, or as the Federal Government, may by notification in the official Gazette, determine;
- (h) “human resource policy” means the policy related to employees for the purpose of enhancing efficiency in the functioning of the Board, which has been approved by the competent authority from time to time;
- <sup>1</sup>[(ha) “incentive” means the incentive as prescribed;]
- (i) “member” means any person appointed as a member of the Board;
- (j) “person” includes the natural person, entity, any company or association or body of persons, whether incorporated or not;
- <sup>1</sup>[(ja) “Policy Board” means the Policy Board established under section 6;]
- (k) “prescribed” means prescribed by rules;
- <sup>1</sup>[(ka) “reward” means the reward as prescribed;]
- (l) “rules” means the rules made under this Act;
- (m) “regulations” means the regulations made under this Act;

**3. Establishment of the Federal Board of Revenue.**— (1) There is hereby established a Board to be called the Federal Board of Revenue, which shall consist of not less than seven members to be appointed by the Federal Government.

(2)The Board shall exercise all the powers and functions as were exercisable by the Central Board of Revenue under the Central Board of Revenue Act, 1924 (IV of 1924), and all other powers and functions conferred on it under section 4.

(3)The Federal Government may appoint the Chairman on such terms and conditions as it may determine.

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<sup>1</sup>Clause (ha), (ja) and (ka) inserted by the Federal Board of Revenue (Amdt.) Act, 2011 (VI of 2011), s.2

(4) The Chairman may designate any member who shall act as an Acting Chairman in his absence.

(5) The Chairman shall appoint the Secretary of the Board who shall act under his direction and shall deal with all matters connected with the meetings of the Board.

(6) In case the appointment of the Chairman is delayed for any reason, the Federal Government may appoint or designate most senior member as an Acting Chairman.

(7) The Board shall meet at least once in two months but a special meeting of the Board may be convened by the Chairman at any time or on the request of any member.

(8) The Board may constitute one or more committees to consist of members that are appointed by the Board and they shall perform such functions as are entrusted to them by the Board.

(9) The Federal Government may delegate any of its powers under this Act to the Chairman on such terms and conditions as the Federal Government may determine.

**4. Powers and functions of the Board.**— (1) The Board shall exercise powers and perform all such functions that are necessary to achieve the objects and purposes of this Act and include the following, namely:—

- (a) to implement the tax administration reforms;
- (b) to promote voluntary tax compliance and to make the Board a service oriented organization; and to implement comprehensive policies and programs for the education and facilitation of taxpayers, stakeholders and employees, etc., in order to develop the Board into a modern efficient authority;
- (c) to adopt modern effective tax administration methods, information technology systems and policies in order to consolidate assessments; improve processes, organize registration of tax payers, widen the tax base, and make departmental remedies more efficient including enforcement of, or reduction or remission in, duty, penalty or tax, in accordance with the relevant law for the time being in force;
- (d) to improve the productivity through a comprehensive and effective human resource strategy;
- (e) to identify and select through Internal Job Posting process the employees for designated jobs;
- (f) to grant additional allowances or any other incentives and rewards to the employees and members of the Board;
- (g) to take appropriate measures including internal controls to combat corruption within the organizations under the Board and provide checks to ensure the integrity of employees that is verified periodically through applicable procedure which shall be made one of the criterion for promotion and incentives;

- (h) to re-designate existing posts within its jurisdiction, prepare job description of any post and create posts in accordance with the rules;
- (i) to direct or advise, where necessary, investigation or inquiry into suspected duty tax evasion, tax and commercial fraud, money-laundering, financial crimes cases and to coordinate with the relevant law enforcement agencies;
- (j) to introduce and maintain a system of accountability of performance, competence and conduct of the employees;
- (k) to implement the provisions of all the fiscal laws for the time being in force and to exercise all powers provided under the provisions of the fiscal laws and to take any action, make policy, issue rules or guidelines for the purpose to make the implementation of the fiscal laws clearer, transparent, effective and convenient;
- (l) to implement international obligations pursuant to a treaty, resolution or any international commitment;
- <sup>1</sup>[(m) to establish a Foundation and Fund relating thereto so as to provide support and facilities to the employees, and for the welfare of the serving and retired employees and their families, and to create, establish, organize, assist in the social and cultural activities.]
- (n) to create a surplus pool of employees as and when required;
- (o) to make regulations, policies, programs, strategies in order to carry out the purposes of this Act;
- (p) to engage any person or entity on contract basis to carry out assignments or for the consultancy in accordance with the rules of the Federal Government;
- (q) to regulate and enter into any agreement, contract, understanding, with any international organization or institution or donor agency or counter part entity with approval of the Federal Government;
- (r) to create field formations of Board for greater efficiency in implementation of fiscal laws and refer to them with appropriate titles;
- (s) to set up mechanism and processes that facilitate removal of grievances and complaints of the tax payers;
- (t) to carry out any other function, activity and acts, etc., as decided and determined by the Board;

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<sup>1</sup>Subs. by the the Federal Board of Revenue (Amdt.) Act, 2011 (VI of 2011), s.3.



- (u) to enable electronic communication in respect of all taxation matters such as e-filing, e-payments, e-notice, e-notification, digital imaging, protocols or agreements as may be prescribed; and
- (v) to perform any other functions entrusted from time to time by the Federal Government.

(2) The Board may, where appropriate, issue statutory rules and orders (SROs), orders, circulars and instructions for the enforcement of any of the provisions of fiscal law and the provision of this Act.

(3) The Board shall perform all other functions assigned by the Federal Government for the purpose of implementation of this Act.

**5. Human resource management.**— (1) The power of the Board in respect of its employees shall include, *inter alia* the following powers, namely:—

- (a) power to implement the human resource policy;
- (b) power to assess, identify, create, decrease and reduce or designate or re-designate posts and prepare, execute the internal job posting regime in accordance with the rules;
- (c) power to lay down qualifications and criteria for the posting of employees against specialized or available posts;
- (d) power to implement a transparent evaluation process to assess if the official is qualified for posting against a specialized or available post;
- (e) power to make assessment of integrity of the employees for the purpose of evaluation process or for the purpose of posting, promotion or transfer;
- (f) power to transfer, select or post the official or employees against any post on the basis of transparent criteria of selection for internal job postings or transfers;
- (g) power to transfer any official to any post in any entity owned by the Board;
- (h) power to prepare and recommend to the competent authority, the voluntary severance scheme and on approval subsequently implement the same;
- (i) power to take any action, make rules, regulations, guidelines, code of conduct, in order to fulfill the objects and purposes of the Act; <sup>1</sup>[\*].
- (j) powers to make rules for uniformed services with regard to maintenance and up keep of uniform and discipline and matter connected therewith or incidental thereto <sup>1</sup>[;and]

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<sup>1</sup>Omitted and subs. by the Federal Board of Revenue (Amdt.) Act, 2011 (VI of 2011), s.4.

- <sup>1</sup>[(k) power to grant incentives and rewards to the employees and reward to the person assisting the employees in preventing evasion of duties and taxes. The Board shall, with the approval of the Policy Board, prescribed performance standards for the employees and criteria for grant of incentives and rewards.]

(2) Notwithstanding the appointment of any official against any post, the official shall not have any vested right to retain the said post.

(3) Notwithstanding the policy of selection, incentives, award or any such benefit, no employee shall be treated by the Board on terms less favorable to the ones that he was availing as per terms and conditions of his employment except the allowances, benefits, incentive specific to any post under internal job posting process or any other consideration relatable to the assignment.

**<sup>1</sup>[6. Establishment of Policy Board.—**(1) The Federal Government may establish a Policy Board to provide guidance in matters relating to the vision, mission, and values of the Board, and to provide policy guidelines in framing fiscal policy and in achieving goals and targets.

(2) The Policy Board shall consist of the following Members, namely:—

- |     |   |                 |
|-----|---|-----------------|
| (a) | Minister for Finance.   | <i>Chairman</i> |
| (b) | Minister for Commerce.  | <i>Member</i>   |
| (c) | Minister for Industries.  | <i>Member</i>   |
| (d) | Minister for Textile Industries.  | <i>Member</i>   |
| (e) | Minister for Privatization.   | <i>Member</i>   |
| (f) | Chairman Senate Standing Committee on Finance and Revenues.                         | <i>Member</i>   |
| (g) | Chairman National Assembly Standing Committee on Finance and Revenue.               | <i>Member</i>   |
| (h) | Chairman, F.B.R.  | <i>Member</i>   |
| (i) | One Member from the Senate to be nominated by Chairman, Senate.                     | <i>Member</i>   |
| (j) | One Member from the National Assembly to be nominated by Speaker National Assembly. | <i>Member</i>   |

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<sup>1</sup>Added and Subs. by the Federal Board of Revenue (Amdt.) Act, 2011 (VI of 2011), s.5 and 6.



- (k) Such other members as the Prime Minister shall nominate having necessary qualifications experience and expertise from amongst sectoral specialists and business on honorary basis.

*Member*

(3) The Chairman of the Federal Board of Revenue shall act as Secretary for the Policy Board.

(4) The Policy Board shall hold a meeting at least once in each quarter of a financial year.

(5) The nominated members other than *ex-officio* members shall be subject to ratification by the Standing Committees on Finance and Revenue of the Senate and National Assemblies.]

**7. Representation to the Chairman.**—(1) Any person aggrieved by any action done or taken for the enforcement of the fiscal laws or due to any act of maladministration, corruption and misbehavior by any officer or employee of the Board or any unnecessary delay or hardship caused due to any administrative process may prefer representation to the Chairman for redressal of his grievance.

(2) The Chairman or the Board or any other designated officer, as the case may be, on behalf of the Chairman, shall take the appropriate action to redress such grievance.

**8. Delegation of functions and powers by the Board.** The Board may, subject to such conditions as it deems necessary, delegate any of its functions and powers to any Government agency, Chairman or any member or employee duly appointed under this Act.

**9. Validity of proceedings.** No act proceeding, decision or order of the Board or a committee of the Board shall be invalid by reason only of the existence of vacancy in, or any defect in the constitution of, the Board or any committee.

**10. Directions from Federal Government.** The Federal Government may, from time to time, direct or advise the Board to conduct its affairs and perform its functions in such manner as may be specified by the Federal Government in this behalf. The Federal Government may also entrust the Board the functions and powers under any law for the time being in force and such directions shall be binding on the Board.

**11. Budget and accounts of the Board.**—(1) The Board shall, in respect of each financial year, in accordance with the prescribed financial procedure, prepare its accounts of the receipts and payments and budget estimates and submit the same to the Finance Division for further process.

(2) Once the budget has been approved, the Board shall have the full powers to incur expenditure, or re-appropriate funds, subject to any general or specific instructions that the Finance Division or any other competent forum or authority may from time to time issue in this regard.

(3) The Board shall maintain its accounts in accordance with the procedure prescribed by the Controller General of Accounts and such accounts shall be audited by the Auditor-General of Pakistan.

(4) The Board shall provide an annual financial report to the Federal Government.

**12. Annual report.** The Board shall prepare an annual report of its activities and present it to the Prime Minister and the Board shall lay it before the National Assembly and the Senate.

**13. Indemnity.** No prosecution, suit or other legal proceeding shall lie against the Board, the Chairman, Members, officers and the other employees for anything done in good faith for carrying out the purposes of this Act, rules or regulations or orders made or issued thereunder.

**14. Power to create and maintain data bank.**— (1) The Board shall create and maintain a data bank containing information from third parties necessary to perform the objects and purposes of this Act. Such data shall be used for increasing the taxpayers base and to ensure accuracy of information submitted by existing taxpayers and for the financial analysis leading to proper economic assessments, audits, detection of tax evasion and policy decisions as may be necessary. The data shall be used further to evaluate the performance of the employees.

(2) The Board shall have power to share its data and obtain data from the data bases maintained by the Federal Government or a Provincial Government or any of its statutory body, law enforcement entity or utility companies, stock exchanges, State Bank, banks, financial institutions, the trade bodies and any other organizations.

(3) The Board may advise any entity in respect of collecting tax related information as may be required by the Federal Board under arrangement between the Board and such entity or person.

**15. Continuance in force.**— (1) All orders made, proceedings taken and acts done by the Central Board of Revenue which were in force and in effect before the commencement of this Act, shall continue in force unless modified pursuant to any provision of this Act or the rules and regulations made thereunder.

(2) All existing rules, regulations, procedures, notifications, statutory rules and orders (SROs) and orders in effect or in operation or adopted in or by the Central Board of Revenue shall continue to be in force unless they are not inconsistent with any provision of this Act and shall continue to be in force until rescinded, altered, revised or amended by the competent authority under the provisions of this Act or rules made thereunder.

(3) All existing contracts, agreements and commitments made by the Central Board of Revenue for the purpose of Central Board of Revenue Act 1924 or rules made or notifications issued thereunder or by any person under its authority, in effect, on the commencement of this Act, shall continue to be in force till amended or modified or rescinded by the competent authority.

**16. Properties and assets, etc., to vest in the Board.**— (1) All properties, assets and records which, before the commencement of this Act, were vested in or belonged or allocated to the Central Board of Revenue shall vest in and become the property of the Federal Board of Revenue from the commencement of this Act.

(2) The logo, insignia, stationary, printed forms, returns, challans and online communication shall continue to be utilized unless prescribed otherwise under the rules and in any other case as modified by the Board.

(3) All rights, liabilities and obligations of the Central Board of Revenue, whether arising out of contract or otherwise, shall be the rights, liabilities and obligations of the Board under this Act.

(4) All intellectual property rights arising from technical or professional report, analysis, or system, written, prepared or developed by the employees of the Central Board of Revenue shall vest in the Federal Board of Revenue.

**17. Continuance of service of the employees, etc., of the Central Board of Revenue after the reconstitution of Federal Board.**—(1) Subject to the provisions of this Act, any person who immediately before the commencement of this Act was in the employment and service of Central Board of Revenue, its field offices, organizations and attached departments, shall continue to be in the employment and service of Federal Board of Revenue, its field offices, organizations and attached departments, on the same terms and conditions as were applicable to him as an employee of the Central Board of Revenue, unless modified or amended under the provisions of this Act or the rules or regulations made thereunder.

(2) All the authorities and officers of the Central Board of Revenue throughout Pakistan exercising functions immediately before commencement of this Act shall continue to exercise their respective, powers, policies, programmes, reforms, projects, functions and processes etc. as were being carried out, or proposed to be carried out, unless modified under the provisions of this Act or rules and regulations made thereunder.

**18. Reference to Central Board of Revenue.** Subject to the provisions of this Act, reference to Central Board of Revenue (CBR) wherever occurring in any law or the rules, regulations, orders, statutory rules and order (SROs) or notifications, etc, for the time being in force shall be read as a reference to the Federal Board of Revenue.

**19. Board may impose any fee or charges.** The Board may levy any fee or charges for making expenditure on the provision of enhanced facilities for the taxpayers, or direct cost reimbursement of expenses, and reasonable return on investment or profit; where services are provided in the matters relating to or under any fiscal law under public-private partnership.

**20. Act to override other laws.** The provisions of sections 4, 5, 11, 13, 16, 18 and 19 shall have effect notwithstanding anything to the contrary contained in any other law for the time being in force and the rules made thereunder.

**21. Power to make rules.** The Federal Government may make rules for the purposes of this Act.

**22. Power to make regulations.** The Board may make regulations for the administration of this Act.

**23. Repeal and savings.**—(1) Subject to the provisions of this Act, the Central Board of Revenue Act, 1924 (IV of 1924) is hereby repealed.

(2) Except as otherwise provided in this Act, the repeal of the Central Board of Revenue Act, 1924 (IV of 1924), under sub-section (1), hereinafter referred to as the said Act, shall not,—

- (a) revive anything not in force or existing at the time of commencement of this Act;

- (b) affect the previous operation of the repealed Act or anything duly done under the said Act;
- (c) affect any right, privilege, obligation or liability acquired, accrued or incurred under the said Act;
- (d) affect any penalty, forfeiture or punishment incurred in respect of any offence committed under the said Act; or
- (e) affect any investigation, legal proceeding or remedy in respect of any such right, privilege, obligation, liability, penalty, forfeiture or punishment as aforesaid;

and any such investigation, legal proceeding or remedy may be instituted, continued or enforced, and any such penalty, forfeiture or punishment may be imposed as if the said Act had not been repealed.

**24. Removal of difficulties.** The Federal Government may, for the purposes of removing any difficulty or for bringing the provisions of this Act into effective operation, by order, direct that provisions of this Act shall, during such period as may be specified in the order, have effect subject to such adaptations whether by way of modification or addition or omission as it may deem to be necessary or expedient:

Provided that the power under this section shall not be exercised after expiry of three years from the commencement of this Act.



THE PAKISTAN CODE