

**Government of Pakistan**  
**(Revenue Division)**  
**Federal Board of Revenue**  
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**NOTIFICATION**

Islamabad, the 22<sup>nd</sup> March, 2024

**S.R.O. 428 (I)/2024.** – In exercise of the powers conferred by sub-section (1) of section 237 of the Income Tax Ordinance, 2001 (XLIX of 2001), 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. 1845(I)/2023, dated 22<sup>nd</sup> day of December, 2023 as required by sub-section (3) of section 237 of the said Ordinance, namely: -

In the aforesaid Rules, in chapter-VIIA, –

- (1) in the heading after the words “ONLINE INTEGRATION OF BUSINESSES”, the expression “PART-I PRELIMINARY” shall be inserted;
- (2) for rule 33A, the following shall be substituted, namely: -  
“33A. Application. – The provisions of this Chapter shall apply to all persons mentioned in column (2) of Schedule excluding those specified in column (4).”;
- (3) in rule 33B, –
  - (a) in sub-rule (1), –
    - (i) after the word “install”, the words “and integrate” shall be inserted; and
    - (ii) after the expression “software,”, the expression “through a licensed integrator” shall be inserted;
  - (b) in sub-rule (2), –
    - (i) after the words “Board”, the expression “on and after 1<sup>st</sup> July, 2024,”; shall be inserted;
    - (ii) in clause (e), the word “and” occurring at the end shall be omitted; and
    - (iii) in clause (f), for the full stop at the end, the expression “; and” shall be substituted and thereafter the following new clause (g) shall be added, namely: –  
“(g) licence number of licensed integrator.”;
  - (c) in sub-rule (3), the words “duly accredited”, shall be omitted;
- (4) for rule 33C, the following shall be substituted, namely: –

“33C. Licence of points of sales (POS) systems. - A licensed integrator, who wants to supply an electronic fiscal device and software must apply to the Board for the licence.”;

- (5) in rule 33E,-
- (a) in the heading, for the word “intervening” the word “Initial transitioning” shall be substituted;
- (b) in sub-rule (1), for the word “intervening” the word “Initial transitioning” shall be substituted;
- (c) in sub-rule (3), the words “seven clear days in any case”, the word “seven days or any extended period of time as determined by the concerned commissioner which shall not exceed sixty days.” shall be substituted;
- (6) for the SCHEDULE-I and SCHEDULE-II, the following shall be substituted, namely:-

**“THE SCHEDULE**  
**[see rule 33A]**

S.No	Description	Exclusion, if any
1	2	3
1.	Restaurants	Where — the facility of air conditioning is not installed.
2.	Hotels, motels, guest houses, marriage halls, Marquees, clubs including race clubs.	Where— the facility of air conditioning is not installed.
3.	Inter-city travel by road.	Where — (a) The taxpayer is only providing non air conditioned travel service; or (b) Travel service maintaining a fleet of less than five vehicles.
4.	Courier services and cargo services	
5.	Services provided for personal care by beauty parlours, clinics and slimming clinics, massage centres, pedicure centres.	Where — the facility of air-conditioning is not installed.
6.	All medical service providers including dentists, physiotherapists, plastic surgeons, hair implant surgeons, and veterinary doctors.	Where — the fee charges are less than Rs. 500/-.
7.	Pathological laboratories, medical diagnostic laboratories including X-Rays, CT Scan, M.R. Imaging etc.	

8.	Private hospitals or medical care centres providing medical consultation, hospitalization or other ancillary services	
9.	Health clubs, gyms, physical fitness centres, swimming pools and multipurpose clubs such as Lahore gymkhana, Islamabad club, Chenab Club, Karachi gymkhana, Royal Palm Lahore, Polo club etc. operated by any civilian/ non-civilian administration.	
10.	Photographers, videographers and event managers	Where The fee charges are less than Rs. 50,000 per event
11	Accountants defined as — (a) a Chartered Accountant within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961); or (b) a Cost and Management Accountant within the meaning of the Cost and Management Accountants Act, 1966 (XIV of 1966).	
12.	Retailers including manufacturer cum-retailer, wholesaler-cum retailer, importer-cum-retailer or such other person who combines the activity of retail sale with another business activity.	A retailer who does not fall in any of the following categories, namely: — (a) a retailer operating as a unit of national or international chain of stores; (b) a retailer operating in an air-conditioned shopping mall, plaza or center, excluding kiosks; (c) a retailer whose cumulative electricity bill during the immediately preceding twelve consecutive months exceeds rupees twelve hundred thousand; (d) a wholesaler-cum-retailer, engaged in bulk import and supply of consumer goods on wholesale basis to retailers as well as on retail basis to the general body of consumers; or (e) a retailer whose shop measures one thousand square feet in area or more.
13.	Foreign Exchange Dealers/Exchange Companies.	
14	Private schools, colleges, universities, professional institutes/ vocational training centers	Where The fee per child is less than Rs 1,000 per month.

**PART-II**  
**INTEGRATED ENTERPRISES AND LICENSING**  
**THEREOF**

Definitions. – Unless there is anything repugnant or contrary to the Income Tax Ordinance, 2001 (XLIX of 2001) and Income Tax Rules, 2002, the following words and expressions shall have meanings assigned to them as under: –

- (a) Applicant means any company or AOP which makes an application for a license under these rules;
- (b) Licensing Portal means a web portal, prescribed by the Board, used for: -
  - Registration, licensing, suspension and cancellation of the license of Licensed Integrators;
  - Registration of Integrated Enterprise;
  - Recording and reporting of invoices.
- (c) Integration means the real-time process through which the invoice can be read or utilized by Board's prescribed system on a prescribed format.
- (d) Licensed Integrator means any company or AOP having a valid license, issued by the Board to integrate Integrated Enterprise.

33H. Licensing. – (1) No person shall carry out Integration of the Integrated Enterprise through a software unless they have obtained a license under these rules.

- (2) No licensee under these rules shall maintain or operate a system or provide any other service, which is not authorized under these rules.
- (3) Every payment counter whether fixed or portable, which generates invoices for receipt of payment either in cash or through debit or credit card or any digital channel shall be integrated with the Board through the system licensed by the Board.
- (4) An Integrated Enterprise, who has already developed an in-house POS solution, may apply for license to the Board, with the condition that the license will be non-replicable and non-distributable to other businesses entities.
- (5) A Licensed Integrator, who has obtained a license under Sales Tax Rules, 2006, shall be considered as a licensed integrator under these rules.

33I. Functions of the Licensing Committee. — (1) The Board shall notify a licensing committee which shall function in accordance with the provisions of these rules or any other instructions, procedures issued in this respect.

- (2) An officer of Inland Revenue nominated by the Member Digital Initiatives shall be the convener of the licensing committee.

33J. Application for Grant of License. — (1) An application for grant of license for Integration of any Integrated Enterprise, shall be submitted through the Licensing Portal prescribed by the Board.

Provided that until a Licensing Portal is made available under sub rule (1), such applications shall be submitted manually or electronically in such form and manner as may be prescribed.

- (2) No application under sub rule (1) shall be considered, unless it is accompanied by
- (i) a comprehensive profile of the company or AOP.
  - (ii) brief about managerial and technical personnel indicating name, position, qualification and experience;
  - (iii) total number of current employees;
  - (iv) documents showing relevant capacity of the development and integration with enterprise resource planning systems and Payment Processing Systems;
  - (v) registration certificate issued by Pakistan Software Houses Association and Pakistan Software Export Board.  
In case of a consortium or joint venture, at least one member or partner needs to have this registration.
  - (vi) returns of Income filed for the last three tax years (must be on the Active Taxpayer's List);
  - (vii) list of major clientele;
  - (viii) incorporation certificate under the Companies Act, 2017 or relevant legislation;
  - (ix) National Tax Number (NTN) Certificate:
  - (x) the paid-up capital/business capital for the latest tax year is Rs.10 million or above;
  - (xi) Computerized National Identity Cards (CNICs) of directors of the company or members of the AOP, as the case may be;
  - (xii) undertaking that the company or AOP has never been blacklisted by any Government or Provincial department or organization and has not been involved in any cases of fiscal fraud;
  - (xiii) list of projects executed in the last three years; and
  - (xiv) any other documents required through instructions and orders issued by the Board.
- (3) The system-based solution offered by the applicant must:
- (a) Develop, test, and certify business software for real-time invoicing, ensuring compatibility with existing systems of an Integrated Enterprise;
  - (b) Employ Agile methodologies for rapid adaptation to changing tax regulations;
  - (c) Implement robust information security standards (encryption, multi-factor authentication, data integrity checks) and adhere to industry compliance standards including ISO 27001;
  - (d) Define and implement open standards for seamless integration with Enterprise Resource Planning (ERP) and POS systems;
  - (e) Utilize modern Application Programming Interface (API) and web services for efficient data transmission, supporting industry-standard protocols (e.g. OAuth) for secure authentication;
  - (f) Implement remote monitoring tools for proactive issue detection and resolution.
  - (g) Use advanced network and application tracing techniques for rapid troubleshooting;
  - (h) Provide real-time reporting on system health and performance;
  - (i) Employ anomaly detection algorithms to identify and report unauthorized activities;
  - (j) Monitor the use of uncertified hardware or software and implement real-time alerts for immediate response to potential security breaches;

- (k) Design the system with built-in redundancy for continuous real-time reporting;
- (l) Ensure high availability to prevent interruption or loss of sales reporting and data;
- (m) Implement failover mechanisms to switch seamlessly between redundant systems in case of failure;
- (n) Enforce compliance continuously through automated checks and real-time updates;
- (o) Implement mechanisms to adapt quickly to changes in tax regulations and compliance standards;
- (p) Provide comprehensive training for end-users to ensure effective use of the system;
- (q) Offer responsive support services for troubleshooting and issue resolution; and
- (r) Maintain a knowledge base for users to access relevant information and updates.

33K. Procedure for Grant of License. — (1) On receipt of application for grant of license in the Board, the licensing committee shall scrutinize the documents provided. The licensing committee may also carry out visits, if necessary for physical inspection to ascertain the eligibility of the applicant for licensing under these rules.

- (2) The licensing committee shall recommend or reject an application within forty five days of date of submission of the application, specifying reasons for rejection of any application under these rules:

Provided that in cases of unforeseeable or unavoidable events or circumstances, beyond the control of licensing committee, an application for extension in timelines may be made to the Member Digital Initiatives and the Member Digital Initiatives may consider such application for extension.

- (3) The licensing committee shall make recommendations to Member Digital Initiative for grant of license.

33L. Rights Granted to the Licensee.—

- (1) A licensee shall install, configure, integrate, operate and maintain the point of sale on real time basis in accordance with conditions of the license issued to him.
- (2) The license granted under these rules shall be subject to provisions of the Ordinance and shall be valid for five years from date of issuance.
- (3) The license granted under these rules shall be non-transferable and shall not be allowed to be used by any sub-contractor.

33M. Renewal of license.—

- (1) The application for renewal of license shall be made to the Board three months before its expiry.
- (2) The licensing committee shall evaluate the application and make recommendations to Member Digital Initiatives for the renewal of the license or otherwise.

33N. Technical support. —

- (1) The licensee shall be responsible for post deployment maintenance of Point of sale as detailed below:

- (a) setting up and maintenance of all information technology equipment;  
and
- (b) the licensee shall be authorized to, -
  - (i) upgrade and enhance the system;
  - (ii) all bug fixes; and
  - (iii) immediate response to trouble shooting of any post deployment problems for uninterrupted working of the system.

(2) The licensee shall be responsible for the provision of the system logs, if and when required by the Board.

(3) The licensee shall be responsible for safe and secure capture of real time transmission of invoices from its point of origin to the Board's computerized system at all times.

33O. Responsibilities of the Member Digital Initiatives.- An officer of the Inland Revenue, Member Digital Initiatives shall be responsible for overall supervision of the system and the steps taken to address problems encountered during operation of the systems.

33P. Procedure for suspension, cancellation or termination of license.—

(1) Member Digital Initiatives as a result of supervision of the system or on receipt of a report from any of the Commissioner Inland Revenue, or on a complaint, has reasons to believe that the licensee has;

- (a) failed to provide specified services to the satisfaction of the Board;
- (b) tempered with the system; or
- (c) contravened any provision of these rules or the Income Tax Ordinance, 2001.

Member Digital Initiative shall immediately refer the matter to the licensing committee for further action under these rules.

(2) Where the licensing committee, on the basis of material evidence, is satisfied that there are sufficient grounds against the licensee, the following procedure shall be followed, namely:

**Suspension and Cancellation.-** (i) The licensing committee shall suspend the license for the period of one month to safeguard public revenues and to prevent any other serious damage.

- (ii) Such suspension of the license shall take place through a system generated order of the licensing committee, specifying reasons for suspension.
- (iii) Following the suspension, the licensed integrator shall cease to have access to online portal and all the Integrated Enterprises integrated by such licensed integrator shall be sent notifications through the online system with an option to change their licensed integrator.
- (iv) The licensed integrator shall, within one month of issuance of order of suspension, satisfy the licensing committee, through a scheduled hearing, clearly indicating that the contraventions and violations pointed out in the suspension order or any practices of misreporting of invoice has been rectified.
- (v) After giving an opportunity of hearing to the licensed integrator through a scheduled hearing, if the licensing committee is satisfied, it may issue an order through system for revoking of

suspension of the licensed integrator; consequently, licensed integrator's access to the online portal will be reinstated.

- (vi) In case, after giving an opportunity of hearing, if the offence is confirmed, the licensing committee shall issue an self-speaking appealable order through system for cancellation of the license of the licensed integrator, and shall proceed to take legal and penal action under the relevant provisions of the Ordinance and Rules;
- (vii) Following the cancellation, the licensed integrator shall cease to have access to online portal and all the Integrated Enterprises integrated by such licensed integrator shall be sent notifications through the online system to change their licensed integrator within one month of the receipt of such notification.

**(3) Intervening Period.** – (i) After cancellation of license or change of licensed integrator, as the case may be, the licensed integrator authorized for integration of an Integrated Enterprise with Board's computerized system shall ensure provision of smooth, uninterrupted handing-over or migration of the system to the new licensed integrator for integration under these rules failing which proceedings under the act shall be initiated.

- (ii) In cases where a licensed integrator is delisting an Integrated Enterprise, such licensed integrator shall notify the licensing committee and ensure provision of smooth, uninterrupted handing-over or migration of the system to the new licensed integrator for integration under these rules failing which proceedings under the act shall be initiated:

Provided that where an Integrated Enterprise is changing licensed integrator or the license integrator is delisting an Integrated Enterprise, during the intervening period until the new licensed integrator has integrated the Integrated Enterprise, the Integrated Enterprise shall continue issuing invoices through the web API or offline local software data controller module as prescribed under the act and the relevant rules.

**(4) Appeals Against Suspension and Cancellation of License**

- (a) Board shall notify a grievance redressal committee which shall function in accordance with the provisions of these rules or any other instructions, procedures, issued by the Board.
- (b) An appeal against any appealable order passed under these rules, shall be filed to the grievance redressal committee, within 30 days of issuance of such order, through the licensing portal in the manner prescribed under these rules.
- (c) The grievance redressal committee may, after giving the concerned parties to the appeal an opportunity of being heard, pass such order, to confirm or cancel the order appealed against:

Provided that such order shall be passed not later than 60 days from the date of filing of appeal. Order passed by the grievance redressal committee shall be implemented by Member Digital Initiatives.

33Q. Audit of the License Integrator.- Member Digital Initiatives, on his own or on the written complaint by the concerned Commissioner, may authorize an officer of the Inland Revenue to conduct system audit of Licensed Integrator or Integrated Enterprise.

33R. Fee and Charges. — (1) The licensee shall charge the fee for configuration and integration of point of sale from the Integrated Enterprises.

(2) No fee shall be charged from any of the field formation or the Board.

33S. Responsibilities of the Integrated Enterprises.—

The Integrated Enterprises shall —

- (a) make all payment counters comprising of point of sale at each out let, available for installation of the systems;
- (b) be responsible for smooth functioning of point of sale;
- (c) report to the Board and the concerned Commissioner Inland Revenue within twenty four hours of any operational failure, damage disruptions or tampering of the system; or
- (d) report any inoperative point of issuance of invoice to the Commissioner Inland Revenue holding the jurisdiction.

33T. Functions of Commissioner Inland Revenue.—

- (1) The Commissioner having jurisdiction, shall ensure proper and uninterrupted operation of the system through periodic visits by an officer of Inland Revenue authorized in this behalf.
- (2) Where a Person does not account for sales without generating an invoice containing QR code or FBR invoice number, the commissioner shall take action in accordance to the provisions of the Ordinance and rules.”

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[F.No. 02-IT/POS/IR/2021]

  
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