

Government of Pakistan
Revenue Division
Federal Board of Revenue
Inland Revenue (Policy Wing)

C.No. 3(7) ST&FE-POLICY/2026/77634-R.

Islamabad, the 17th July, 2026

Sales Tax General Order No. 11 / 2026 / IR policy

Subject: IMPLEMENTATION OF SERIAL NO. 65 OF THE THIRD SCHEDULE TO THE SALES TAX ACT, 1990 IN RESPECT OF SUPPLIES MADE THROUGH FBR DIGITALLY INTEGRATED AND POS-COMPLIANT RETAILERS

Under section 3(2)(a) of the Sales Tax Act, 1990 (hereinafter referred to as the "Act"), sales tax on goods specified in the Third Schedule is chargeable on the basis of the retail price. Through the Finance Act, 2026, Serial No. 65 was inserted in the Third Schedule for footwear of all types, except where the manufacturer exclusively sells its products through FBR digitally integrated and POS-compliant retail outlets.

2. Following the aforesaid amendment, the Federal Board of Revenue (FBR) received representations from the Pakistan Footwear Manufacturers Association (PFMA) highlighting certain implementation and interpretational issues arising from the application of Serial No. 65 of the Third Schedule. The matter was accordingly examined in light of the provisions of the Sales Tax Act, 1990.

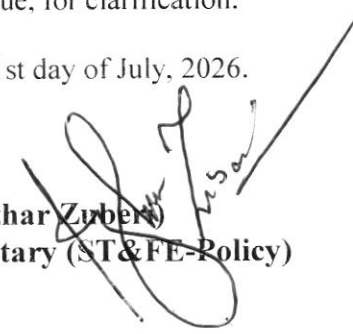
3. The Board observed that supplies made through documented supply chains, including supplies to, and supplies made by, FBR digitally integrated and POS-compliant retailers, are fully documented and electronically verifiable, and that the value of such supplies remains readily ascertainable under the Act. In case of footwear, manufacturers supplying goods to independent brand owners operating FBR digitally integrated and POS-compliant retail outlets ordinarily do not determine the ultimate retail price of such goods, which is fixed by the retailer in accordance with prevailing commercial practices. The Board is, therefore, satisfied that the legislative objectives underlying Serial No. 65 is duly achieved where such supplies remain within the documented and digitally verifiable supply chain.

4. Accordingly, the FBR hereby clarifies that the basis for the levy, assessment and collection of sales tax in respect of goods specified under Serial No. 65 of the Third Schedule shall be determined in accordance with the Implementation Matrix set out in **Annexure-A**, which shall form an integral part of this General Order. The said Implementation Matrix shall be uniformly applied by all Inland Revenue authorities in the administration and enforcement of the aforesaid provisions of the Act.

5. All Chief Commissioners Inland Revenue shall ensure the strict, consistent and uniform implementation of this General Order by the field formations under their respective jurisdictions.

6. Any question relating to the interpretation or implementation of this General Order shall be referred to the Inland Revenue (Policy Wing), Federal Board of Revenue, for clarification.

7. This General Order shall come into force with effect from the 1st day of July, 2026.


(Izhar Zuberi)
Second Secretary (ST&FE-Policy)

Sr. No.	Nature of Supply	Applicable Basis for Levy and Collection of Sales Tax under Serial Nos. 64, 65 & 71 of the Third Schedule
1	Supplies made by registered manufacturers through their own FBR digitally integrated and POS-compliant retail outlets.	Outside the scope of the retail price-based taxation regime prescribed under Serial No. 65 of the Third Schedule. Sales tax shall be charged on the value of supply as defined in section 2(46) of the Act. In the case of imports of goods specified under Serial No. 65 of the Third Schedule, sales tax is assessable and collectable on a value equal to one hundred and thirty per cent (130%) of the value determined under section 25 of the Customs Act, 1969 (IV of 1969), inclusive of the applicable customs duties and Federal Excise Duty.
2	Supplies made by importers to registered manufacturers or FBR digitally integrated and POS-compliant retailers.	Same as above
3	Goods imported directly by FBR digitally integrated and POS-compliant retailers for subsequent supply to end consumers.	Same as above
4	Supplies made by digitally integrated registered manufacturers or registered importers to registered corporate entities, Federal or Provincial Government departments, autonomous bodies or statutory bodies, as end-consumer for their own use.	Same as above