S2 – ADVANCED TAXATION
(Strategic Level-1)

Effective from February 2027 Examinations

INTRODUCTION

This course provides an advanced understanding of Pakistan's direct and indirect taxation framework, covering corporate taxation, special tax regimes, anti-avoidance measures, international taxation, provincial sales tax, federal excise and customs. It also examines digital economy taxation, tax dispute resolution and practical tax compliance, including digital tax filings and tax health checks, equipping learners with the knowledge and skills to address complex taxation matters in professional and business environments.

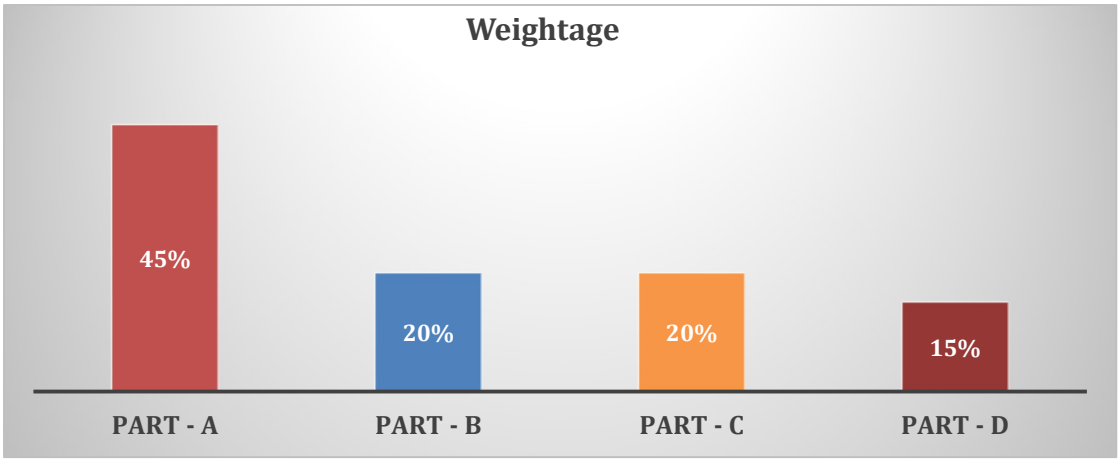
OBJECTIVE

The objective of this course is to develop expertise in Pakistan's tax laws with strategic applications, aligned with the Federal Board of Revenue's (FBR) digital transformation and global tax reforms. The syllabus is divided into four parts, each covering key topics with specified weightage: Part A (Advanced Income Taxation, 45%), Part B (Indirect Taxation, 20%), Part C (Contemporary Issues, 20%), and Part D (Tax Filings & Practical Compliance, 15%).

LEARNING OUTCOMES

By the end of this course, participants will be able to:

- Analyse and apply corporate taxation provisions, special tax regimes, tax losses and taxation of immovable properties under the Income Tax Ordinance, 2001.
- Evaluate anti-avoidance measures, including thin capitalization, transfer pricing, GAAR and group relief.
- Apply international taxation provisions relating to non-residents, foreign tax credits, permanent establishments and Double Tax Treaties.
- Interpret and apply provincial sales tax laws, the Federal Excise Act, 2005, and the Customs Act, 1969.
- Evaluate digital economy taxation, including e-commerce, digital services, online marketplaces and startups.
- Evaluate tax appeals and dispute resolution mechanisms, including ADR and the Federal Tax Ombudsman (FTO).
- Demonstrate practical competence in using the FBR IRIS Portal for income tax, withholding tax, sales tax and Federal Excise filings.
- Conduct SME tax compliance reviews and health checks, including blacklisted-supplier verification and POS integration compliance.



SYLLABUS CONTENTS

PART - A:
ADVANCED INCOME TAXATION

1. Corporate Taxation & Special Regimes

Provisions of the Income Tax Ordinance, 2001 (ITO 2001) and Income Tax Rules relating to the corporate sector:

a) Tax benefits available to small companies and Small and Medium Enterprises (SMEs).
b) Tax regimes: Normal Tax Regime (NTR), Separate Tax Regime (STR), Final Tax Regime (FTR) and Minimum Tax Regime (MTR).
c) Minimum Tax under section 113, Alternative Corporate Tax under section 113C and Super Tax under section 4C.
d) Taxation implications for assets taken on lease and special purpose vehicles (SPVs).
e) Tax losses, including unabsorbed tax depreciation, amalgamation and single fiscal unit.
f) Taxation of permanent establishments.

2. Anti-Avoidance Measures

a) Thin capitalization (section 106).
b) Restriction on foreign profit on debt (sections 106 and 106A).
c) Controlled foreign company (section 109A).
d) Tax provisions relating to amalgamation, single fiscal units and group relief.
e) Change in control of an entity (section 98).
f) Transactions between associates, including transfer pricing and GAAR (section 109 regarding recharacterization of transactions), avoidance of double taxation and anti-avoidance.
g) Special provisions for inactive persons (section 100BA and Tenth Schedule).

3. Taxation of Non-Residents & International Taxation

a) Short-term resident, returning expatriate and exemption of foreign-source salary income of a person resident in Pakistan.
b) Circumstances in which a citizen of Pakistan residing abroad may be considered resident in Pakistan for tax purposes.
c) Cross-border transaction relief, i.e. foreign tax credit under section 103.
d) Taxation of permanent establishments.
e) Double Tax Treaties.

4. Tax Provisions Relating to Immovable Properties

a) Tax on gain on disposal of immovable properties under the Separate Tax Regime (STR), including advance tax on acquisition and disposal.
b) Final Tax Regime (FTR) on acquisition and disposal of immovable properties in Pakistan by non-resident persons.
c) Purchase of assets through banking channels or digital means.

5. Taxation of Bonus Shares

Taxation of bonus shares, including Rule 231G, as compared to dividend income and dividend in specie; definition of dividend income, including advances to shareholders

PART - B:
INDIRECT TAXATION

6. Provincial Sales Tax on Services

Sales Tax Act, 1990, as applicable to provincial sales tax on services, including SRB, PRA, KPRA and BRA, together with the relevant withholding tax provisions. The list of items mentioned in the schedules of Provincial Laws will not be tested in the examinations.

7. Federal Excise Act and Rules

Federal Excise Act, 2005, Rules, Notifications, General Orders and Circulars relating to:

a) Chapter I — Preliminary and Definitions.
b) Chapter II — Levy, Collection and Payment of Duty.
c) Schedules (rates mentioned in the schedules will not be tested in the examinations).

8. Customs and Trade Taxes

Customs Act, 1969, including practical tasks such as calculating landed costs for imports, customs documents for imports and exports, and tariff rationalization. Customs tariff/rates will not be tested in the examinations.

PART - C: CONTEMPORARY ISSUES

9. Digital Economy Taxation

a) Definitions: digital means [section 2(17B)]; digitally delivered services [section 2(17C)]; e-commerce [section 2(19AA)]; IT services [section 2(30AD)]; IT-enabled services [section 2(30AE)]; online marketplace [section 2(38B)]; startup [section 2(62A)]; payment intermediary [section 153(7)(iib)]; and courier service [section 153(7)(iia)].
b) Tax on payments for digital transactions in e-commerce platforms (section 6A).
c) Tax benefits available to startups (section 65F and clause 43F, Part IV, Second Schedule), women enterprises (clause 19, Part III, Second Schedule) and online marketplaces.
d) Filing of statements by online marketplaces etc. (section 165C).
e) Restriction on economic transactions by certain persons — section 114C and Fifteenth Schedule.

10. Appeals and Tax Dispute Resolution

Appeals to appellate authorities, including reference to the High Court, Alternative Dispute Resolution (ADR) and Federal Tax Ombudsman (FTO).

PART – D: TAX FILINGS & PRACTICAL COMPLIANCE

11. Digital Tax Filing Systems

Practical training on the FBR IRIS Portal, including step-by-step corporate return filings under section 114 and withholding tax statements under section 165; filing of sales tax-cum-FED returns and provincial sales tax returns.

12. Tax Health Checks

Practical workshop on conducting compliance reviews for SMEs using FBR's Tax Directory for blacklisted-supplier checks and assessing POS integration penalties in the retail sector.