FBR splits tax depts in major organisational changes

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Introduction

The Federal Board of Revenue (FBR) has undertaken a significant reorganisation of its Inland Revenue structure by separating the administrative handling of sales tax and federal excise duty (FED) from income tax. As reported on November 14, 2026, the development involves the transfer and posting of 54 Inland Revenue officials, ranging from BS-17 to BS-21, to the newly established position of Member, Sales Tax & FED (Technical). The restructuring is expected to alter the manner in which taxpayers interact with the tax administration, particularly from January 2027.

A distinct administrative stream for Sales Tax and FED

The reported changes indicate the creation of a dedicated technical leadership position for Sales Tax and Federal Excise Duty at FBR Headquarters in Islamabad. Dr. Muhammad Sarmad Qureshi, an officer of the Inland Revenue Service in BS-21, has been appointed as Member, Sales Tax & FED (Technical). The revised reporting arrangement signals a move towards separate administrative streams for sales tax and income tax within the Inland Revenue framework.

Taxpayers may deal with separate Commissioners from January 2027

Under the proposed operational arrangement described in the report, taxpayers are expected to deal with separate Commissioners for Sales Tax and Income Tax from January 2027. Businesses may consequently have to engage with distinct tax authorities for their sales tax, income tax and customs-related matters. This could introduce additional administrative interfaces for organisations that currently manage multiple tax obligations through integrated or coordinated channels.

Questions surrounding the revised reporting structure

Although the new position of Member, Sales Tax & FED (Technical) has reportedly been approved by the FBR Board-in-Council, the corresponding post of Member, Income Tax (Technical) had not been notified at the time the report was published. The report further indicates that income tax matters may continue to fall under the oversight of the Member Inland Revenue (Operations), while separate sales tax zones may be established within field formations. The precise allocation of supervisory authority and reporting responsibilities therefore remains an important area requiring clarification.

Potential implications for businesses and taxpayers

The separation of sales tax and income tax administration may have practical consequences for businesses that routinely deal with both categories of taxation. Separate Commissioners, reporting channels and field formations could increase the number of administrative touchpoints, while the reported restructuring may also necessitate the redistribution of ongoing income tax and sales tax cases. If taxpayer records and case administration are maintained through distinct structures, businesses may need to coordinate their compliance matters across more than one office or authority.

Concerns regarding integration and tax harmonisation

The development has prompted questions about its consistency with broader efforts to integrate tax administration and harmonise procedures across federal and provincial jurisdictions. Tax experts quoted in the report have expressed concern that the separation could complicate taxpayers' dealings with the revenue authorities. They have also questioned the rationale for establishing a separate sales tax technical position while income tax administration appears, for the time being, to remain under the existing operational structure.

Need for an authoritative clarification from FBR

Tax experts have called upon the Chairman of the FBR to issue a comprehensive clarification setting out the powers, functions and jurisdiction of the Member, Sales Tax & FED (Technical), alongside the responsibilities retained by the Member Inland Revenue (Operations). Clear guidance would help taxpayers understand the revised chain of command, identify the appropriate authority for specific matters and minimise uncertainty during the transition. A transparent delineation of responsibilities would also be important to ensure continuity in case handling and routine compliance.

Conclusion

The reported organisational changes represent a consequential development in the structure of Pakistan's tax administration. While the creation of a dedicated Sales Tax & FED technical position may be intended to establish a more specialised administrative arrangement, the practical impact will depend on the final allocation of powers, reporting lines and field-level responsibilities. As the proposed structure is expected to take effect from January 2027, taxpayers and businesses will benefit from timely, authoritative guidance from the FBR. Until the relevant details are formally clarified, the precise operational implications should be treated with appropriate caution.

Reference: Business Recorder, "FBR splits tax depts in major organisational changes", published November 14, 2026. This blog is an editorial-style summary of the reported developments. It does not constitute confirmation of any additional statutory notification or legal amendment; readers should consult official FBR notifications for authoritative details.