

TAG NEWS UPDATE

APRIL 2026

SALUTATIONS

Iran War Aftershocks: Pakistan's Trade Deficit Hits 4-Year High as Inflation and Energy Crisis Deepen

The continuing Iran and Gulf war has compounded Pakistan's macroeconomic stress, with the country's trade deficit surging to **USD 4.07 billion in April 2026**, the highest level since **June 2022**. The deficit jumped **43.5% month on month** from **USD 2.84 billion in March 2026**, as a sharp spike in imports vastly outpaced a recovery in exports during the month, according to provisional data released by the Pakistan Bureau of Statistics (PBS). On a year on year basis, the trade deficit also widened by **3.82% from USD 3.92 billion recorded in April 2025**, adding to the mounting pressure on the country's external account.



Exports in **April 2026 recovered to USD 2.48 billion, registering a 9.5% month on month increase from USD 2.26 billion in March**, while imports surged far more aggressively to **USD 6.55 billion, up 28.41% month on month from USD 5.10 billion**. The disproportionate jump in imports relative to the export recovery drove a dramatic widening of the monthly trade gap, primarily due to an expansion in the energy import bill following the Strait of Hormuz disruption. Compounding this, the SBP raised its policy rate by **100 basis points to 11.50% (from 10.50%)** to contain rising inflation, while remittances and FDI continue to face strong headwinds from the prolonged regional conflict. Pakistan's Reko Diq copper and gold project also faces further delays announced by Barrick Mining. The macroeconomic outlook for **FY2026** remains deeply contingent on the de-escalation in the Gulf and restoration of the energy supply chain.

PAKISTAN MACROECONOMIC SNAPSHOT | APRIL 2026

Trade Deficit

USD 4.07 billion

Up 43.5% MoM and 3.82% YoY

SBP Policy Rate

11.50%

Raised by 100 bps from 10.50%

Imports vs Exports

\$6.55bn vs \$2.48bn

Up 28.41% vs Up 9.5% MoM

CPI Outlook FY26

7.5% average

Amid Gulf war, revised upward

FEDERAL CONSTITUTIONAL COURT OF PAKISTAN

SECTION 4C SUPER TAX | C.A. 1243/2020 AND CONNECTED CASES | DATED 27 JANUARY 2026

M/s DG Khan Cement Company Ltd. and Others vs The Federation of Pakistan

Constitutionality and Retroactive Application of Section 4C Super Tax, Income Tax Ordinance, 2001

Bench: Justice Amin ud Din Khan (CJ), Justice Syed Hasan Azhar Rizvi, Justice Syed Arshad Hussain Shah

SUMMARY OF FINAL FINDINGS SECTION 4C

The table below consolidates the Court's findings on each component of the final tax issue:

ISSUE	COURT'S FINDING / OUTCOME
Constitutional Validity of Section 4C	UPHELD intra vires the Constitution. Falls within Entry 47 (taxes on income). No violation of fundamental rights.
Retroactive Application Tax Year 2022 (General Taxpayers)	Section 4C APPLIES from Tax Year 2022 for all taxpayers other than banking companies. Doctrine of past and closed transactions not attracted. Promissory estoppel does not operate against the legislature.
Application to Banking Companies	Section 4C does NOT apply to banking companies for Tax Year 2022. Applies from Tax Year 2023 onwards at rates amended by Finance Act 2023.
Definition of 'Income' in Section 4C(2)	UPHELD as constitutionally valid. Legislature has plenary power to define the charge base. Inclusion of all sources of income permissible.
Capital Gains on Securities (Eighth Schedule)	SUBJECT to Section 4C. Capital gains fall within Section 4C(2)(i). Eighth Schedule prescribes mode of computation only, not exclusion.
First Proviso to Division IIB (15 sectors at 10%)	UPHELD as constitutionally valid. Intelligible differentia and rational nexus established. High Courts' findings of discrimination reversed.
E&P Companies	Section 4C applies to E&P companies, including to income from all sources. However, aggregate taxes on income from E&P operations under the Fifth Schedule shall not exceed the Rule 4 threshold.
Benevolent/Provident/Pension /Gratuity Funds	EXEMPT from Section 4C, subject to holding valid exemption certificates under the Second Schedule. Certificates to be furnished within 15 days.
Direction to FBR to Issue Circular (Islamabad HC)	Set aside as beyond the jurisdiction of the High Court.
Locus Standi of CIR and FBR	Preliminary objection rejected. Federation transposed as Appellant.

PRACTICAL IMPACT AND SIGNIFICANCE FOR TAXPAYERS

All taxpayers (other than banking companies) who paid no Super Tax or reduced Super Tax for Tax Year 2022 on the basis of earlier High Court orders are now subject to the full levy at rates prescribed in Division IIB. The FBR is expected to issue revised demand notices for TY 2022 and onwards. Taxpayers should quantify their outstanding Super Tax liability and make necessary provisions in their accounts. Those with Eighth Schedule capital gains must revise computations to include such gains in S.4C income. E&P companies should ensure aggregate tax does not exceed PCA Rule 4 thresholds. Benevolent, gratuity, pension, and provident funds must verify they hold valid exemption certificates under the Second Schedule.

NOTE:

The FCC judgment is binding nationwide. All earlier conflicting High Court rulings on S.4C and TY 2022 stand set aside, and pending challenges should be withdrawn or compliance plans expedited.

FBR CIRCULAR AND NOTIFICATIONS | INCOME TAX

CIRCULAR NO. 08 OF 2025-26 IR-POLICY | DATED 15 APRIL 2026

SUBJECT:

Clarification regarding the applicability of withholding tax under Section 236C on persons covered under Section 7F of the Income Tax Ordinance, 2001.

Reference No. 1(19)S(ITP)/2026 | Supersedes Circular No. 7 of 2025-26 dated 31 March 2026

BACKGROUND

Under Section 7F, a special tax regime is prescribed for certain categories of builders and developers, whereby income is determined as a fixed percentage of gross receipts under "Income from Business". Concerns were raised that the deduction of tax under Section 236C (withholding tax on the sale of immovable property) creates an additional liquidity burden where the taxpayer has no other taxable income for adjustment.

FBR CLARIFICATION | KEY POINTS

1. EXEMPTION NOW AVAILABLE

Persons who have discharged their tax liability under Section 7F and have no other income chargeable to tax may seek exemption from advance tax collection under Section 236C.

2. HOW TO APPLY

Apply to the concerned Commissioner Inland Revenue under Section 159 for the issuance of an Exemption Certificate authorizing non collection of tax under Section 236C on immovable property.

3. COMMISSIONERS DIRECTED

Examine applications on a case by case basis, ensure all conditions precedent are fulfilled, and decide in accordance with the law. Prescribed timelines apply ipso facto

4. AUTO PROCESSING IN 7 DAYS

If a complete application is filed and the Commissioner fails to act within 7 working days, the exemption certificate shall be automatically issued by IRIS a new safeguard for taxpayers.

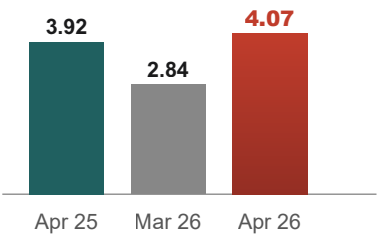
NOTE:

This Circular **supersedes Circular No. 07 of 2025-26 dated 31 March 2026**. The exemption applies only to persons covered under Section 7F who have fully discharged their tax liability and have no other taxable income. Application to the Commissioner is required, and the exemption is not automatic unless the 7 day rule triggers.

APRIL 2026 TRADE DEFICIT | IRAN WAR IMPACT

The April trade deficit of USD 4.07 billion reflects Pakistan's deepening external vulnerability. Imports surged 28.41% month on month driven primarily by elevated energy costs as Strait of Hormuz disruptions pushed up LNG and crude prices. Exports of USD 2.48 billion (up 9.5% MoM) represent a marginal recovery but remain insufficient to offset the import surge. With approximately 80% of Pakistan's energy sourced from the Gulf, the country remains acutely exposed to further escalation in the region.

Trade Deficit Trend
USD billion



SOCIAL MEDIA INCOME TAXATION | NEW SPECIAL PROCEDURES

S.R.O. 546(I)/2026 (Residents) AND S.R.O. 545(I)/2026 (Non Residents) | DATED 1 APRIL 2026

RESIDENT | S.R.O. 546(I)/2026

Scope (Rule 13ZJ):

Every resident person deriving income from interaction with users in Pakistan via social media platforms.

Income Formula (Rule 13ZK and 13ZL):

Minimum income equals (A minus B), where B equals expenses (max 30% of revenue).

Revenue per Mille (RPM):

PKR 195 per 1,000 YouTube views

Advance Tax:

Quarterly under Section 147.

NON RESIDENT | S.R.O. 545(I)/2026

Scope (Rule 19K):

Non resident persons earning Pakistan source income via social media (under S.101(3B)(b) of the Ordinance).

User Threshold (Rule 19L):

More than 50,000 users per tax year OR 12,250 users per quarter equals "systemic".

Computation:

Same formula and RPM as residents.

Status:

Draft | 7 day objection window.

KEY DEFINITIONS (RULE 13ZO AND 19R)

- 1. Social Media Platform:** An internet based service primarily enabling user interaction and user generated content sharing where economic value arises from participation, network effects, and monetization.
- 2. Remunerative Social Media Content:** Content that derives remuneration in any form including advertising, sponsorship, or any other monetization arrangement.
- 3. Revenue per Mille (RPM):** Revenue per 1,000 YouTube views, fixed at PKR 195 (subject to revision).

REVISED FAIR MARKET VALUES | ICT

S.R.O. 644(I)/2026 | DATED 16 APRIL 2026 | Section 68(4) ITO 2001

This SRO supersedes S.R.O. 163(I)/2026 (02.02.2026) and S.R.O. 332(I)/2026 (24.02.2026). It is used for computing CGT, withholding tax under S.236C, and other property related taxes for transactions in ICT.

SUPERSTRUCTURE VALUES	
Up to 5 years old Rs. 2,500 per sq. ft.	More than 5 years old Rs. 1,200 per sq. ft.

CONFLICT RESOLUTION RULE:
In case of any conflict in rates of a particular area, the **higher of the two values** shall apply.

Coverage: All major Islamabad sectors (B-17, C-14 to G-17, I-8 to I-16); Naval Anchorage, Bahria Enclave (A, B, C, Cl, F, G, H, L, M); Margalla Enclave and Orchard; Gulberg Residencia; Blue Area Jinnah Avenue; New Blue Area; Markaz areas; agro and poultry farms (Chak Shahzad, Tarlai); industrial land (I-9, I-10, Kahuta).

The notification is effective from 16 April 2026. Apply the higher of FMV or actual transaction price.

S.R.O. 662(I)/2026 | PUNJAB HOUSING SOCIETIES FMV

DATED 22 APRIL 2026 | AMENDS S.R.O. 1712(I)/2024 | Section 68(4) ITO 2001

Under Section 68(4) of the Income Tax Ordinance, 2001, FBR has notified revised Fair Market Values for 15 specific housing societies and schemes previously covered in S.R.O. 1712(I)/2024. These rates apply for CGT computation, withholding tax under Section 236C, and other property tax obligations.

Sr. No.	Housing Society and Scheme	Resi. Open (Rs/sq.ft.)	Resi. Built (Rs/sq.ft.)	Comm. Open (Rs/sq.ft.)	Comm. Built (Rs/sq.ft.)
113	Canal City	1,068	3,868	N/A	N/A
225	City Villas Harar Phase I (Residential)	2,574	5,374	N/A	N/A
226	City Villas Harar Phase I (Commercial)	N/A	N/A	7,134	9,934
227	City Villas Harar Phase II (Residential)	2,574	5,374	N/A	N/A
228	City Villas Harar Phase II (Commercial)	N/A	N/A	7,134	9,934
229	City Villas Harar Phase III (Residential)	2,574	5,374	N/A	N/A
230	City Villas Harar Phase III (Commercial)	N/A	N/A		8,462
244	Daimond City	3,860	6,660	N/A	N/A
265	Dream Land City	1,884	4,684	N/A	N/A
326	Golden City	1,930	4,730	N/A	N/A
545	Model City	3,474	6,274	N/A	N/A
749	Quba City	1,317	4,117	N/A	N/A
780	Safe City Housing Scheme	829	3,629	N/A	N/A
792	Sialkot City	1,480	4,280	N/A	N/A
793	Silk City	1,317	4,117	N/A	N/A

PRACTICAL IMPACT FOR TAXPAYERS

- 1. Effective Date:** 22 April 2026. Replaces older rates in S.R.O. 1712(I)/2024 (October 2024).
- 2. Applies to:** All buyers, sellers and owners of property in the 15 listed Punjab housing societies.
- 3. Tax Computation:** Used by FBR to determine Capital Gains Tax and S.236C withholding tax.
- 4. Higher of Two:** If actual sale price exceeds FBR FMV, the higher value may be used as the tax base.
- 5. All other entries** in S.R.O. 1712(I)/2024 remain unchanged for non listed societies.

NOTE:
Taxpayers dealing in properties located in these 15 societies must use the revised rates for all tax compliance purposes from 22 April 2026 onwards. Verify computations on every conveyance and registration.

FBR IRIS | NEW FEATURE FOR FTN HOLDERS (CONTINUED)

FBR’s IRIS portal continues to support the new application for credit against Sales Tax withheld by FTN holders under the Eleventh Schedule of the Sales Tax Act, 1990. Taxpayers should access this feature under the Sales Tax module to streamline credit claims and avoid duplication of tax burden.

SECP, PSX AND SBP UPDATES

A summary of the most significant changes in SECP, SBP, PSX and Labour Laws for April 2026 brought forth via S.R.O.s, Circulars and Notifications.

No.	KEY CHANGE	DESCRIPTION	COMPLIANCE IMPACT
1	UBO and Form 19 Compliance	SECP directs timely Form 19 submission via eZfile (S.123A, Companies Act 2017). Penalties up to Rs. 1m on directors and Rs. 10m on the company.	Verify Form 19 filing with annual return and update internal beneficial ownership register. The deadline is 30 April 2026 for any pending submissions.
2	AML and CFT Digital Onboarding	Proposed amendments to AML, CFT and CPF Regulations 2020 enable fully digital onboarding, IBAN verification, multi biometric authentication (NADRA aligned).	Brokers, AMCs, insurers, NBFCs to review onboarding flows, IBAN validation, biometric e KYC architecture, risk profiling and AML documentation.
3	ETF Market Revival Roadmap	SECP roadmap for digital onboarding, direct AMC sale of ETFs, fee sharing with brokers, and brokers launching and managing ETFs in phases.	Capital market participants to evaluate product opportunities, brokerage and AMC arrangements, distribution and fee structures.
4	Capital Market and Product Development	ESG mutual fund proposals, swing pricing for mutual funds, REIT investment for PSX investors, and multiple IPO approvals.	Issuers, AMCs, brokers and investors to track implementation, update offering docs, disclosure practices and investor communication.
5	Teenager Account Framework (SBP)	SBP framework for ages 13 to 18 to independently own and operate accounts and digital wallets across banks, MFBs and EMIs.	Banks, MFBs and EMIs to update account opening policies, CDD, transaction limits, parental controls and risk monitoring.
6	Closed Period and Insider Dealing	PSX Reg. 5.6.1(d) prohibits directors, CEO and executives from dealing in shares during the declared closed period.	Notify PSX in a timely manner, circulate internal trading restriction notices, obtain acknowledgements and preserve evidence.
7	SBP Policy Rate RAISED to 11.50%	SBP increased the policy rate by 100 basis points, from 10.50% to 11.50%, to address rising inflation and maintain economic stability.	Reassess loan pricing, working capital costs, KIBOR linked facilities and treasury strategy accordingly.

TRADEMARK LAW UPDATE | APRIL 2026

CASE: MUHAMMAD ABDULLAH vs SANOFI AVENTIS | 2026 SLD 658 and 2026 SHC 655

The Sindh High Court has clarified key principles of trademark law in a pharmaceutical dispute over the mark **"PROGREL" (Class 5)**. Initially refused on grounds of similarity with the INN **"CLOPIDOGREL"** and the common suffix **"GREL"**, the SHC set aside the refusal and allowed the registration, holding that:

- Trademarks must be assessed as a whole rather than by isolating suffixes or prefixes.
- Common industry elements such as **"GREL"** are public domain and **cannot be monopolized**.
- Distinctiveness is the key test, and invented marks are registrable if they identify their source.
- Mere theoretical similarity is insufficient, as **actual or likely consumer confusion** must be proven.

This judgment reinforces that trademark protection depends on overall impression and real likelihood of confusion.

DISCLAIMER

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