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Selected in past three years
FBR grants audit immunity to taxpayers

The Federal Board of Revenue (FBR) has given immunity from income tax audit to those persons whose income tax affairs have been selected for audit in any of the proceeding three tax years.

The FBR has issued an income tax circular to explain the Finance Act 2025.

According to the FBR, the original clause in this regard was introduced through Finance Act,2022 placing bar on selection of any case for audit under sections 177 and 214C for four years if audit of income tax affairs of that case has been audited in any of the four proceeding years. The original intension of the said clause was to avoid repeated audits which have been resulting in genuine hardship to taxpayers. However, multiple interpretation of said clause resulted in multiple outcomes resulting in inconsistency in application of the said clause by the field formation. Through Finance Act, 2025 the said clause has been redrafted for clarity which stipulates that a person whose income tax affairs have been selected for audit in any of the proceeding three tax years, such person will be immune from the selection for audit under sections 177 and 214C of the Ordinance during the currency of that time frame, FBR added.

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