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FBR introduces faceless appeals mechanism for tax disputes

BUSINESS RECORDER The Federal Board of Revenue (FBR) has introduced a faceless appeals mechanism for income tax and sales tax disputes, where the identities of the taxpayers and Commissioner (Appeals) will remain anonymous.

The FBR has issued a notification i.e. SRO 2136(I)/2026 on Wednesday to propose amendments to the Income Tax Rules, 2002, introducing a new Chapter XIX-A titled "Faceless Appeals".

The FBR has issued a separate procedure under SRO 2134(I)/2026 regarding Faceless Appeals on the sales tax side. The sales tax appeals would be processed through the National Faceless Centre.

Under the new framework, appeals filed under Section 127 of the Income Tax Ordinance, 2001, and processed through the designated Centre under Section 129A, will be handled electronically through the Board's e-portal.

The system envisages the establishment of an Appeals Wing comprising multiple Appellate Units, each headed by a Commissioner (Appeals). The Appeals Wing will operate under the administrative control of the Member (Legal), Inland Revenue, while maintaining independence in the hearing and decision-making of appeals.

A key feature of the new mechanism is the automated and random allocation of appeals to Appellate Units or Commissioners (Appeals). The identity of the assigned unit and Commissioner will remain anonymous to the appellant, authorised representatives and respondent throughout the proceedings, including in the final appellate order.

The rules further provide for electronic submission and communication of notices, written arguments, evidence and other relevant documents. Physical appearances before Commissioners (Appeals) will not be required, as hearings will be conducted through video conferencing or secure digital communication facilities.

Taxpayers will also have the option to seek a decision based solely on written submissions through the e-portal. In such cases, the respondent will be provided an opportunity to submit comments, while the appellant will retain the right of reply.

To reinforce impartiality, the proposed rules prohibit officers involved in the audit, assessment or quality-control functions of a particular case, as well as those who passed the original order, from hearing or deciding the related appeal.

The framework also provides for the transfer and reallocation of pending appeals to ensure efficient workload distribution. However, once a hearing has commenced, an appeal cannot ordinarily be transferred or reallocated unless reasons are recorded in writing. In such circumstances, the appellant may request a fresh hearing.

Furthermore, all orders and decisions will be generated electronically through the Board's computerised system and authenticated through a Digital Identification Number (DIN), without disclosing the identity, designation or signature of the Commissioner (Appeals).

The proposed amendments also address technical disruptions, providing that an e-portal failure confirmed by the Board may constitute sufficient cause for delays in filing appeals, applications or replies.

Meanwhile, appeals already pending before Commissioners (Appeals) when the new chapter becomes applicable will continue before the respective Commissioners unless the Board directs their electronic transfer to the Centre.

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