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Pakistan FBR Requires Property Value Disclosures in July

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Starting July 1, Pakistan's Federal Board of Revenue (FBR) will require property buyers and sellers to disclose the fair market value of real estate transactions, aiming to enhance transparency and curb tax evasion.

In a significant move aimed at enhancing transparency and curbing tax evasion, the Federal Board of Revenue (FBR) of Pakistan has announced that all property transactions must

include fair market value disclosures starting July 1. The decision is part of broader efforts to reform the real estate sector and strengthen revenue collection.

Under the new requirement, individuals involved in buying or selling property will be obligated to declare the fair market value of the assets being exchanged. This value must reflect the true worth of the property, rather than the historically underreported figures often submitted to avoid taxes.

For years, property transactions in Pakistan have frequently been conducted using significantly undervalued rates. This practice has not only reduced the amount of tax revenue collected by the government but also contributed to a lack of transparency in the real estate sector. The FBR's latest move is seen as an attempt to close this loophole and bring more transactions into the formal economy.

Officials say that fair market value will be determined based on updated valuation tables which estimate average property prices by area issued by the FBR. These tables aim to reflect more realistic and region-specific prices, which can then serve as a benchmark for declaring property values during transactions.

The measure is also expected to improve data accuracy regarding real estate activities across the country, helping the FBR monitor trends and enforce compliance more effectively. It aligns with ongoing efforts by the government to document the economy and ensure that all sectors contribute their fair share in taxes.

Experts believe the new rule may initially face resistance from some market participants, especially in areas where underreporting has been the norm. However, it is likely to benefit the broader economy by making property dealings more transparent and credible in the long run.

Real estate professionals have also noted that the change could help reduce speculative activity in the market, which has often led to artificially inflated property prices. By encouraging accurate declarations, the FBR hopes to make the sector more stable and trustworthy for both investors and homeowners.

The FBR has urged all stakeholders including realtors, property developers, and legal advisors to prepare for the transition and ensure full compliance starting July 1. Failure to disclose fair market values may lead to penalties or rejection of transaction documentation.

As Pakistan continues to push for greater fiscal discipline, the FBR's initiative marks another important step toward a more transparent and accountable property market