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**ICAP**

**ASEB Circular No. 2 / 2026**

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**ALL PRACTICING MEMBERS**

Dear Member

**Audit Report Format for the Audit of Associations of Persons (AOPs)**

The Federal Government, through the enactment of the Finance Act, 2024, has introduced a change in the taxation framework applicable to Associations of Persons (AOPs) by inserting a new proviso under section 92 of the Income Tax Ordinance, 2001 (the Ordinance).

The proviso inserted through the Finance Act, 2024 is reproduced below:

*"Provided further that the share of a member of an association of persons having turnover of three hundred million rupees or above during the tax year or any of the preceding tax years shall not be exempt if financial statements duly audited by a firm of Chartered Accountants as defined under the Chartered Accountants Ordinance, 1961 (X of 1961), or a firm of Cost and Management Accountants as defined under the Cost and Management Accountants Act, 1966 (XIV of 1966) have not been filed along with return of income by the association of persons to whom he is a member:"*

As per the above amendment, where an AOP has a turnover of PKR 300 million or above during the tax year or in any of the preceding tax years, the share of a member of such AOP shall not be exempt unless audited financial statements are filed along with the return of income. The audit must be conducted by a firm of Chartered Accountants or Cost and Management Accountants as defined under the respective statutes.

In order to ensure consistency and uniformity in audit reporting, the Auditing Standards and Ethics Board (ASEB) wishes to inform practicing members that the audit of financial statements in Pakistan is carried out in accordance with the requirements of International Standards on Auditing (ISAs) as adopted by the Institute. All the ISAs issued by IAASB have been adopted by the Institute. Accordingly, the auditor's report for the audit of Associations of Persons (AOPs), under the above requirement, is to be prepared in accordance with the requirements of the ISA 700 (Revised) – *Forming an Opinion and Reporting on Financial Statements*.

Members are advised to take note of the above.

Yours truly,

**Muhammad Imran Khan**  
Director, Technical Services

**REGISTERED OFFICE**

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