

Pakistan Federal Budget

Federal Budget FY25: Budget Reflecting IMF Engagement

- Minister of Finance presented budget for fiscal year 2024-25 on 12th of June, 2024 provided some insights into state of economic affairs.
- The budget for the fiscal year has a total outlay of PKR 18.88tn. The revenue target is set at PKR 12.97tn (+40%/y/y), whereas non-tax revenues collection is budgeted at PKR 4.85tn (+64%/y/y).
- Budget 2024-25 is likely to remain positive for stock market with no major change in corporate tax rate. Increase in CGT rates for holding of securities for more than a year and higher tax rate for non-filer is likely to have limited impact. Moreover, change in tax for exporters to normal tax is likely to hit profitability of certain companies but overall corporate profitability will remain unaffected. Liquidity is likely to improve in stock market with increased taxation on real estate and tax on dividend income from mutual funds.

Federal Budget 2024-25

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Key budget numbers at a glance

The budget for the fiscal year has a total outlay of PKR 18.88tn. The revenue target is set at PKR 12.97tn (+40%/y/y), whereas non-tax revenues collection is budgeted at PKR 4.85tn (+64%/y/y).

On expenditure side, interest payments of PKR 9.78tn (+18%/y/y) will take roughly 52% of the total budget outlay or ~75% of the tax revenues. In terms of development expenditure, the government has allocated PKR 1.67tn, with the federal PSDP (Public Sector Development Program) set at PKR 1.40tn.

Moreover, budget deficit for 2024 has been revised upward to PKR 8.39tn for an initial estimate of PKR 7.51tn; that almost 12% variation.

Nevertheless, for 2025, government eyes a budget deficit of PKR 8.5tn or 6.8% of the GDP an increase of +1.3%/y/y from previous year revised deficit.

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Exhibit: Snapshot of Budget 2024-25			
in PKRbn	FY24B	FY24R	FY25B
Tax Revenues	9,415	9,252	12,970
Direct tax	4,255	3,721	5,512
Indirect tax	5,160	5,531	7,458
Sales Tax	3,411	3,607	4,919
Custom Duties	1,211	1,324	1,591
Non-Tax Revenues	2,963	2,948	4,845
Petroleum levy	869	960	1281
Gross Revenue	12,378	12,199	17,815
Provincial Share	-5,399	-5,427	-7,438
Net Revenue Receipts	6,979	6,772	10,377
Current Expenditure	13,344	14,232	17,203
Interest Payments	7,303	8,251	9,775
Defense	1,804	1,854	2,122
Subsidies	1,064	1,071	1,363
Others	3,139	3,056	3,943
Development & Net Lending	1,141	928	1,674
Federal PSDP	950	659	1400
Total Expenditure	14,485	15,160	18,877
Federal Budget Bal.	-7,506	-8,388	-8,500
Provincial Surplus	600	539	1217
Overall Budget Bal.	-6,906	-7,849	-7,283
%age of GDP	-6.53%	-7.40%	-5.87%
Primary Budget Bal.	397	402	2492
%age of GDP	0.38%	0.38%	2.01%

Source: Ministry of Finance, IGI Research

Economic Outlook: GDP Growth Projection to be Driven by Industry and Service Sector

On the economic side of things, government projecting a gdp growth rate of 3.6% in 2025 from 2.4% achieved in 2024 (Link: Pakistan Economic Survey 2023). The government is placing emphasis on the robust performance of the industrial and services sector, targeting a growth rate of 4.4% and 4.1% respectively compared to the previous year's of 1.2% each. Agriculture sector growth is expected to moderate to 2.0% in 2025. However, the government holds an optimistic view on inflation, aiming for an average rate of 12% in 2025, down from 25% in 2024.

On external front, imports are expected to reach US\$ 68.1bn, representing a 31% increase from the estimated import bill of US\$ 52.1bn in FY24

(based on 10MFY24 rolling estimates). Likewise, exports are estimated to grow at a pace of 31%, reaching US\$ 40.5bn. However, remittances are expected to decline by 16%/y/y to settle at US\$ 23.9bn.

Exhibit: Snapshot of Macroeconomic Projection		
%	2024R	2025B
GDP Size (PKRtn)	106	124
GDP Growth	2.40%	3.60%
- Agriculture	6.30%	2.00%
- Industrial	1.20%	4.40%
- Services	1.20%	4.10%
Inflation	25%	12%
Exports (US\$ bn)*	25.7	40.5
Imports (US\$ bn)*	43.4	68.1
Trade balance (US\$ bn)*	-17.7	-27.6
FBR Tax (% of GDP)	8.72%	10.45%
Overall Deficit (% of GDP)	-7.40%	-5.87%
Primary Deficit (% of GDP)	0.38%	2.01%

Source: Ministry of Finance, PBS, IGI Research, *(July-to-April for FY24)

Revenue: Tax Revenues to increase by 40%

The government aims to increase tax revenue by 40%/y/y to PKR 12.97tn. With tax revenue target of PKR 12.97tn, tax-to-GDP target would increase by 1.7 percentage points to 10.4%, compared to the average of around 10.0% over the past five years.

Major contribution in tax revenues is expected to come from income tax, amounting to PKR 5.45tn (+48% y/y). Sales tax is projected to contribute PKR 4.92tn (+36% y/y), followed by custom duties of PKR 1.60tn (+20% y/y).

Non-tax revenue's contribution to gross revenue will increase by 3 percentage points to 27% from the previous year to PKR 4.85tn (+64%/y/y), mainly due to a +2.6xy/y increase in SBP profits, amounting to PKR 2.5tn. The budgeted amount for petroleum levy receipts is set at PKR 1.28tn, reflecting a +33%/y/y increase. It is worth noting that the collection of petroleum levy in 2024 amounted to PKR 0.96tn, increasing by 10% against budgeted amount of PKR 0.87tn.

Expenditure: Hefty markup payments to form major part of total expenditure

The government has set a target for current expenditures at PKR 17.20tn, representing a significant increase of +21% y/y. A major portion of this expenditure, approximately 57%, will be allocated to servicing debt, which has surged by +18%/y/y to reach PKR 9.78tn. More importantly, debt servicing cost now constitutes approximately 75% of tax revenues, compared to 55% five years ago in 2020.

Under other expenditure categories, the defense budget is expected to increase by 14% y/y to PKR 2.12tn, while subsidies are projected to increase to PKR 1.36tn, up by +27%/y/y, primarily due to higher subsidies for power sector. To provide facilitate lower income group, subsidy under Benazir Income Support Program (BISP) has been increased to PKR 592bn compared to PKR 466bn in 2024.

In terms of development, the government has raised the quantum of the Federal Public Sector Development Program (PSDP) by +2.1xy/y to PKR 1.4tn, surpassing last year's allocation of PKR 0.95tn. In terms of GDP, the proportion of PSDP has increased to 1.1%, up from 0.6% compared to previous year, but well below historic average of ~2.0% during the period of 2019-2024.

IMF and the Budget

Budget 2025 holds significant importance in terms of reaching agreement with IMF over new EFF program. IMF team visited Pakistan in May-2024 to discuss new program but talks remained inconclusive as IMF's aid strict preconditions regarding Budget 2025. The Fund laid focus on increasing tax revenues primarily through new taxes and curtailing expense.

Subsidies were also expected to be limited with limited spending. Fiscal discipline remain critical in achieving targets set by the Government. As Budget 2025 has focused on streamlining taxation, increasing taxation on non-filers, enhancing tax net and supporting vulnerable section of society, it will pave way for successfully negotiating new program with IMF.

Exhibit: Overall Budget Deficit to contract by 7% in 2025

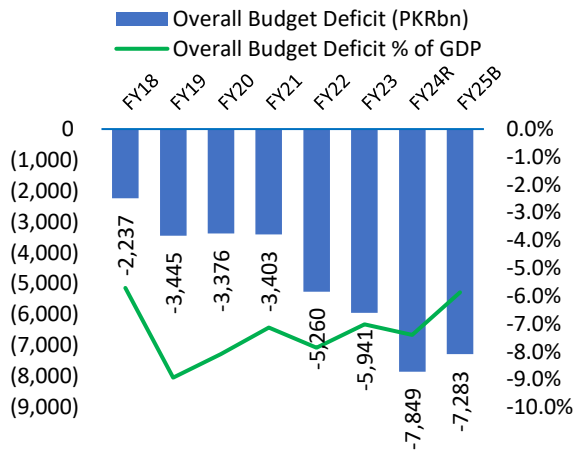


Exhibit: FBR Revenues to grow by 28% in 2025

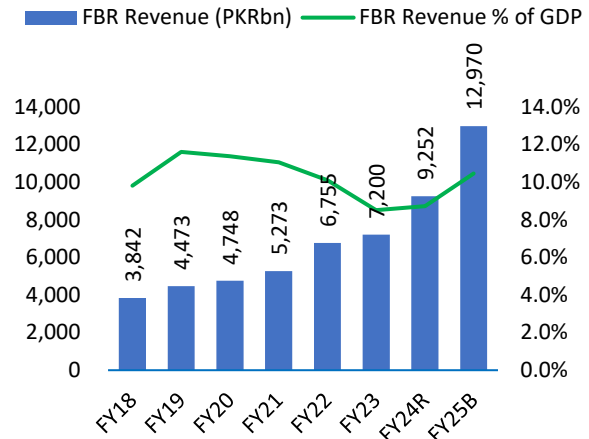


Exhibit: Markup payments to expand by +18% in 2025

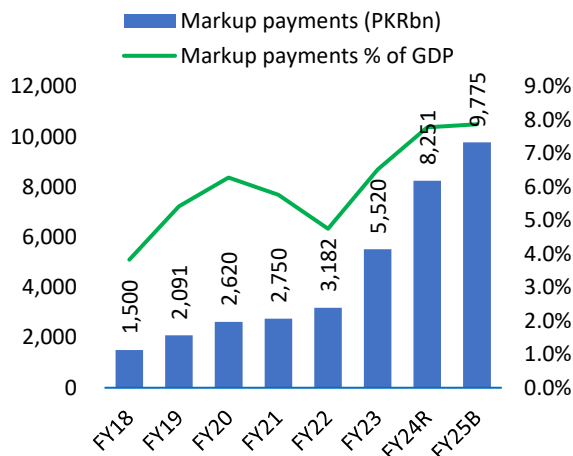


Exhibit: Total Expenditure to grow by 25% in 2025

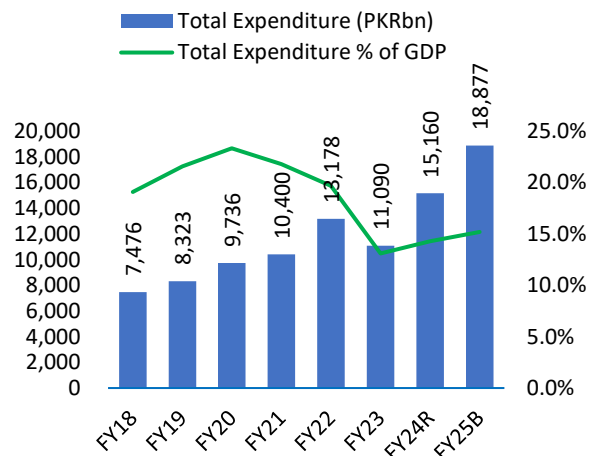


Exhibit: Petroleum levy to increase to PKR 1.3tn in 2025

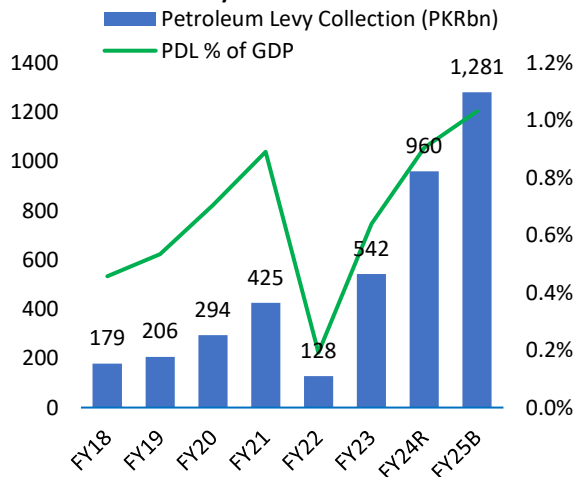
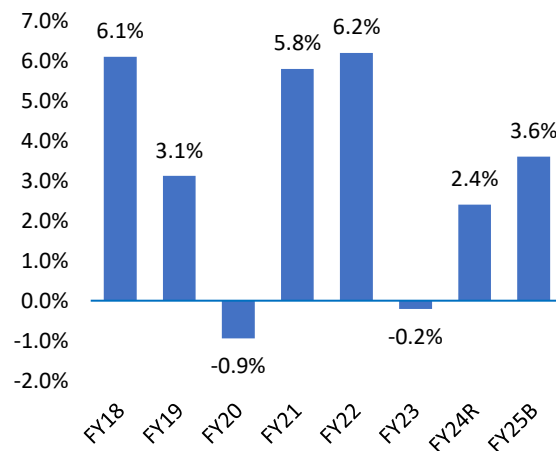


Exhibit: GDP growth estimated at 3.6% in 2025



Source: Ministry of Finance, PBS, IGI Research

Exhibit: Pakistan Fiscal balance							
in PKR bn	2019	2020	2021	2022	2023	2024R	2025B
Total Revenue	4,901	6,272	6,903	8,035	8,818	12,199	17,815
Tax Revenues	4,473	4,748	5,273	6,755	7,200	9,252	12,970
Non-Tax Revenues	427	1,524	1,631	1,280	1,618	2,947	4,845
Current Expenditure	7,104	8,532	9,084	11,521	10,528	14,232	17,203
Interest Payments	2,091	2,620	2,750	3,182	5,520	8,251	9,775
Defense	1,147	1,213	1,316	1,412	1,587	1,854	2,122
Development Expenditure	1,219	1,204	1,316	1,657	562	928	1,674
PSDP	1,008	1,204	1,211	1,617	714	659	1400
Primary Deficit	-1,354	-757	-654	-2,077	(421)	402	2,492
Budget Deficit	-3,445	-3,376	-3,403	-5,260	-5,941	-7,849	-7,283
%age of gdp							
Total Revenue	12.71%	15.03%	14.47%	12.00%	10.42%	11.50%	14.35%
Tax Revenues	11.60%	11.38%	11.05%	10.09%	8.50%	8.72%	10.45%
Non-Tax Revenues	1.11%	3.65%	3.42%	1.91%	1.91%	2.78%	3.90%
Current Expenditure	18.42%	20.45%	19.04%	17.21%	12.44%	13.42%	13.86%
Interest Payments	5.42%	6.28%	5.76%	4.75%	6.52%	7.78%	7.87%
Defense	2.97%	2.91%	2.76%	2.11%	1.87%	1.75%	1.71%
Development Expenditure	3.16%	2.89%	2.76%	2.47%	0.66%	0.88%	1.35%
PSDP	2.61%	2.89%	2.54%	2.42%	0.84%	0.62%	1.13%
Primary Deficit	-3.51%	-1.81%	-1.37%	-3.10%	-0.50%	0.38%	2.01%
Budget Deficit	-8.93%	-8.09%	-7.13%	-7.86%	-7.02%	-7.40%	-5.87%

Source: Ministry of Finance, IGI Research

Key Salient Features of Federal Budget 2025

Custom Duty measures

Revenue Measures:

- Custom duty exemption on import of luxury electric cars has been proposed to be withdrawn.
- Exemption of custom duty on import of Hybrid electric vehicles has been withdrawn.
- Increase in custom duty on Steel and paper products.
- Increase in custom duty on import of glass products.

Relief Measures

- Reduction in Custom duties on import of raw material for manufacturing of Solar Panels who are registered.

Sales Tax Measures

Revenue Measures:

- Imposition of Standard GST rate of 18% on Mobile phones below US\$ 500.
- Sales tax exemptions zero rating and reductions have been withdrawn on various products.
- TIER-1 retailers of textile and leather products will pay 18% GST instead of 15%.

Relief measures

Zero-rating of petroleum products is being converted into exemption

Streamlining Measures:

- Default surcharge rate to be aligned with Policy Rate at KIBOR +3%.
- Iron and steel scrap to be exempted from Sales tax to eliminate fake/flying invoices.
- Exemption of sales tax is proposed to be withdrawn from FATA/PATA region.

Income Tax Measures

Revenue measures

- It is proposed that rate of dividend derived from a mutual fund which earns 50% or more of its income from profit on debt be enhanced from 15% to 25%.
- Rates of Income tax on salaried class have been increased with changes in threshold for each slab. For non-salaried/AOPs, rate of tax has been increased and thresholds have also been revised with maximum tax rate of 45%. (refer to Exhibit-5)
- Advance WHT on Wholesalers, Retailers & Distributors for Non-Filers to increase from 1% to 2.25%.
- Non-filers to pay 35% tax on profit on debt from previous 30%.
- Advance tax to be imposed based on value of the cars instead of engine capacity. Rate of tax, however, will differ based on engine capacity. (refer to Exhibit-4).
- PDL on MS and HSD increased by PKR 20/ltr to PKR 80/ltr. On LDO, HOBC and E-10 it has been increased by PKR 25/ltr to PKR 75/ltr.
- Imposition of WHT on coal, paper, copper and plastic scrap.
- For exporters 1% final tax is applicable which is being proposed to be moved to normal tax and be treated as minimum tax.

- CGT on sale of securities of 15% applicable for filers irrespective of holding period for securities acquired after 01-Jul-2024. (refer to Exhibit-1)
- CGT on sale of securities for non-filers will be slab based, taxed at normal rates under Division I of Part I of First Schedule with minimum 15% and maximum of 45%. Tax rate of 15% would be applicable incase gain is lower than PKR 0.6mn.
- CGT on immoveable properties for filers to be charged 15% irrespective of holding period. (refer to Exhibit-2)
- CGT on immoveable properties for non-filers will be taxed at normal rates under Division I of Part I of First Schedule with minimum 15% and maximum of 45% based on holding period slabs. Tax rate of 15% would be applicable incase of tax rate lower than 15%.
- Advance tax of purchase of immoveable property has been imposed and divided in to 3 categories namely filer, non-filer and late filer. (refer to Exhibit-3).
- Capital gains income from mutual funds and collective investment schemes is also enhanced from 10% to 15%.
- Rate of tax on other transactions for non-filers has been changed for profit on debt, amount received on sale/transfer of immoveable property, sale to distributors/dealers/wholesalers and retailers.

Relief measures

- Extension of income tax exemption for FATA/PATA has been extended by 1 year.
- Extension in the period for adjusting unadjusted business losses from six to ten years for Pakistan International Airlines Corporation Limited (PIACL) to support its privatization.

FED Measures

Key Revenue Measures:

- FED on cement has been increased by PKR 1/kg (PKR 50/bag) to PKR 3/kg (PKR 150/bag).
- FED on Acetate tow cigarette filter at PKR 44,000/kg.
- FED of 5% imposed on new commercial and residential plots to reduce speculation.
- FED on nicotine pouches has been imposed at PKR 2,000/kg.
- FED on supply of sugar to manufacturers has been increase by PKR 15/kg.

Market: Overall Positive with Limited Impact on Corporate Earnings

Budget 2024-25 is likely to remain positive for stock market with no major change in corporate tax rate. Increase in CGT rates for holding of securities for more than a year and higher tax rate for non-filer is likely to have limited impact. Moreover, change in tax for exporters to normal tax is likely to hit profitability of certain companies but overall corporate profitability will remain unaffected. However, higher tax rate on dividend income from mutual funds where funds total income from profit on debt is more than 50% is likely to boost liquidity. Increase in tax on real estate is also likely to raise more liquidity in stock market.

Investors focus remained on measures that would put Government in a better position to negotiate with IMF for new EFF program. Fiscal consolidation through new taxation measures which include bringing retailers, distributors and wholesalers in tax net, streamlining taxation and increased revenue from non-filers has been key focus area of Budget 2025. Thus, in our view, inking of new EFF program with IMF is likely to set a positive direction for stock market.

Market and Corporate Earnings		Positive
Budgetary Measures	Comments	Impact
Increase in CGT for non-filers	CGT on sale of securities of 15% applicable for filers irrespective of holding period for securities acquired post Jul-2024. Previous slab wise rate of tax applicable on disposal of securities acquired between Jul-22 and Jun-24 while flat 12.5% applicable on securities acquired between Jul-13 to Jun-22. No CGT applicable before Jun-13.	Neutral
Higher tax on dividend from mutual funds	Tax rate of 25% would be applicable on dividends from mutual funds whose income from profit on debt exceeds 50% of total income.	Positive
Increase in tax on immoveable property	Tax rates on gain on disposal of immoveable property has been increased, while advance tax on sale/transfer and purchase of immoveable property has been imposed.	Positive

Below is a summary of budgetary impacts of sectors listed on stock market.

Sectors	Budget Impact
Steel	Positive
Autos	Neutral
Fertilizer	Neutral
Power	Neutral
E&P and O&GMCs	Neutral
Chemicals	Neutral
Pharma	Neutral
IT & Communication	Neutral
Cements	Neutral - Negative
Banks	Neutral - Negative
Textile	Neutral - Negative
Consumer & Tobacco	Negative

Fertilizer		Neutral
Budgetary Measures	Comments	Impact
Sales Tax on DAP	Previous sales tax exemption on DAP to be withdrawn and 18% sales tax to be imposed on sale of DAP.	Negative
Imposition of GST on Tractors	It is proposed to withdraw the exemption of GST on tractors, which will negatively impact the agriculture sector, which would result in lower fertilizer sales.	Neutral
Subsidy of PKR 10bn on import of urea	Government has budgeted PKR 10bn for import of urea to meet agriculture demand.	Neutral

Automobile Assemblers		Neutral
Budgetary Measures	Comments	Impact
Removal of concession of custom duty on value over US\$ 50,000	The flat rate of 25% custom duty will discontinue on vehicle value exceeding US\$ 50,000 threshold.	Neutral
Advance Tax to shift from fixed rate to value of vehicle	Advance tax to be imposed based on value of the cars instead of engine capacity. Rate of tax, however, will differ based on engine capacity. Refer to Exhibit-4 for revised rates	Negative
Custom duty exemption to be withdrawn on import of Hybrid vehicles	It is proposed that the custom duty exemption on import of hybrid vehicles be abolished, which will be positive for the local automobile assemblers, as this measure would increase the prices of imported hybrid vehicles.	Positive
Removal of GST on locally manufactured hybrid vehicles	In order to promote the sale of locally manufactured hybrid vehicles, the government has proposed removal of GST on locally manufactured hybrid vehicles.	Positive
Sales tax on tractors	Sales tax on farm tractors to be increased from 0% to 10%. This will most likely be negative for AGTL and MTL.	Neutral-Negative

Cements		Neutral-Negative
Budgetary Measures	Comments	Impact
FED on cement increased	Federal Excise Duty (FED) is proposed to be increased from PKR 2,000/ton to PKR 3,000/ton, which would increase the price of local cement.	Negative
PSDP Allocation at PKR 1.5tn	Public Sector Development Program (PSDP) has been proposed at PKR 1.4tn along with PKR 0.1tn for public-private partnership program, this PSDP allocation would be the highest in the history and would be positive for the overall construction sector.	Positive
Change of Final Tax Regime to Normal Tax for exporters	It is proposed to end the final tax regime, in which the exporters pay a final tax of 1% on export sales to normal tax regime. Although, majority of companies export, but LUCK, DGKC and MLCF are likely to be most impacted.	Negative

Steel		Positive
Budgetary Measures	Comments	Impact
GST Exemption on Iron and Steel Scrap	Government has recommended abolishing the GST on Iron and Steel Scrap, which would be considered as a streamlining measure, and the listed steel sector would benefit from this measure.	Positive
GST Exemptions from FATA/PATA region to be withdrawn	GST exemptions currently in place for FATA/PATA region to be withdrawn in order for the documented steel sector to prosper.	Neutral

RD on Iron and Steel	Increase / levy of RD on flat rolled products of iron and non-alloy steel	Positive
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Oil & Gas (OMCs & E&Ps)		Neutral
Budgetary Measures	Comments	Impact
PDL to increase from PKR 60 to PKR 80	MS and HSD prices likely to increase by PKR 20 owing to an increase in Petroleum Development Levy (PDL) as proposed in the Finance Bill 2024.	Neutral
Exemption of GST on POL products	Zero-rating of petroleum products is proposed to be moved into exemption.	Neutral

Power		Neutral
Budgetary Measures	Comments	Impact
Power subsidy increased to PKR 1.19tn	The Govt. has proposed to increase the power subsidies from PKR 0.58tn to PKR 1.19tn.	Neutral

Technology & Communication		Neutral
Budgetary Measures	Comments	Impact
Exporter brought under normal tax regime.	Finance Bill 2024 recommended to end the final tax regime, however, in our view IT service are not part of this.	Neutral
IT Sector PSDP Allocation	Government has proposed to allocate PKR 79bn for IT Sector Development in the finance bill 2024.	Positive
Development of IT Park in Karachi and Islamabad	PKR 11 and PKR 8bn allocated for development of IT Parks in Islamabad and Karachi respectively.	Positive
Standard GST on local phones	Standard GST of 18% imposed on local phones below US\$ 500. This should effect demand of local phone and have slightly negative impact on AIRLINK.	Negative

Textile		Negative
Budgetary Measures	Comments	Impact
Change of Final Tax Regime to Normal Tax for exporters	It is proposed to end the final tax regime, in which the exporters pay a final tax of 1% on export sales to normal tax regime.	Negative
GST for Tier -1 retailers increased	The Government has proposed to increase the GST for Tier -1 textile retailers from 15% to 18%.	Negative
Timely settlement of DLT	This will most likely improve cash liquidity for the sector.	Positive
Increased allocation of EFS	Increase allocation under EFS is likely to facilitate growth in the sector.	Neutral - Positive

Banking		Neutral-Negative
Budgetary Measures	Comments	Impact
Reclassification of bad debts, substandard, or doubtful debt	According to the State Bank of Pakistan, only bad debts classified as "loss" for non-performing assets are deductible as expenses. Debts labeled "substandard," "doubtful" or categorized under IFRS 09 cannot be deducted.	Negative
Clarification on super tax	An explanation is added to the effect that super tax is leviable on banking companies for tax year 2023 and for subsequent years.	Neutral
ADR taxation on Banks	ADR taxation which was exempted for 1 year in 2023 and likely to continue in 2024. 10% additional tax on ADR between 40%-50% and 16% if below 40%. No tax on ADR above 50%.	Negative

Other Sector		
Sector	Comments	Impact
Real Estate	FED of 5% proposed on purchase of immovable property.	Negative
	CGT rates on disposal of immovable property are revised, refer to Exhibit-2 for revised rates.	Negative
	Advance tax on sale, purchase, and transfer of immovable property proposed. Refer to Exhibit-3 for revised rates.	Negative
Tobacco	FED of PKR 44,000/kg proposed on Acetate tow.	Neutral
	FED of PKR 1,200/kg on nicotine pouches proposed.	Neutral
	Reduced rate of 1% on supply of cigarettes by distributors to be enhanced to 2.5%	Neutral
	Rate of FED on filter rod to be enhanced from PKR 1500 per kg to PKR 80,000 per kg	Negative
	Price threshold for local manufactured cigarettes increased from PKR 9,000 to PKR 12,500	Negative
Pharmaceuticals	Collection of advance tax by pharmaceutical manufacturers from customers. Advance tax for filers remains in tact at 0.1% for distributors, dealers and wholesalers and 0.5% for retailers. For non-filers advance tax (WHT) has been increased from 0.2% to 2% for distributors, dealers and wholesalers while for retailers it has been enhanced to 2.5% from 1%.	Neutral
	Exemption of ACD on raw materials of Fluids and Powders for use in Hemodialyzers	Positive
	18% GST imposed on medicines which is likely to be passed on to consumers.	Neutral
	Exemption of Customs duties on Bovine lipid extract surfactant	Neutral
Food	Sales tax exemptions withdrawn.	Negative
	Sales tax exemption for FATA/PATA withdrawn for ghee and oil manufacturers which is likely to benefit UNITY and POML	Positive
Glass	Custom and duty on import of glass products has been increased which is likely to benefit local glass manufacturers such as TGL, GHGL, GGGL and BGL.	Positive
Sugar	FED on supply of sugar to manufacturers has been increase by PKR 15/kg.	Neutral
Chemicals	Increase in customs duty on import of containers for Aerosol Products	Negative
Auto Parts	Levy of Additional Customs Duty on localized auto parts to incentivize local manufacturing sector. Likely to be positive for THALL and LOADS.	Positive

Other Key Measures

- **Revision in CGT on securities:** CGT rate of flat 15% to be charged for filers on securities acquired after 30-Jun-2024.

Exhibit-1: Revised CGT rates on disposal of immoveable properties			
#	Holding Period	Tax rate between 1-Jul-22 and 30-Jun-24	Tax rate after 30-Jun-24
1	Less than 1 year	15.0%	
2	More than 1 year and less than 2 years	12.5%	
3	More than 2 years and less than 3 years	10.0%	
4	More than 3 years and less than 4 years	7.5%	15%
5	More than 4 years and less than 5 years	5.0%	
6	More than 5 years and less than 6 years	2.5%	
7	More than 6 years	0.0%	
8	Future Commodities - PMEX	5.0%	5%

Source: Income Tax Ordinance, Finance Bill 2024, IGI Research

- **Revision in CGT on disposal of immoveable properties:**

Exhibit-2: Revised CGT rates on disposal of immoveable properties for filers					
#	Holding Period	Rate of tax on properties acquired before 30-Jun-24			Rate of tax on properties acquired after 30-Jun-24
		Open Plots	Constructed Flats	Flats	
1	Less than 1 year	15%	15%	15%	
2	More than 1 year and less than 2 years	12.50%	10%	7.50%	
3	More than 2 years and less than 3 years	10%	7.50%	0%	
4	More than 3 years and less than 4 years	7.50%	5%	0%	15%
5	More than 4 years and less than 5 years	5%	0%	0%	
6	More than 5 years and less than 6 years	2.50%	0%	0%	
7	More than 6 years	0%	0%	0%	

Source: Income Tax Ordinance, Finance Bill 2024, IGI Research

- **Advance tax on sale/transfer of immoveable properties:**

Exhibit-3: Advance Tax on purchase of Immoveable Property			
Category	FMV < PKR 50mn	PKR 50mn < FMV < PKR 100mn	FMV > PKR 100mn
Filers	3.0%	3.5%	4.0%
Late Filers	6.0%	7.0%	8.0%
Non-Filers	12.0%	16.0%	20.0%

Source: Income Tax Ordinance, Finance Bill 2024, IGI Research, FMV=Fair Market Value

Exhibit-3: Advance Tax on Sale/Transfer of Immoveable Property			
Category	Consideration < PKR 50mn	PKR 50mn < Consideration < PKR 100mn	Consideration > PKR 100mn
Filers	3.0%	3.5%	4.0%
Late Filers	6.0%	7.0%	8.0%
Non-Filers	12.0%	16.0%	20.0%

Source: Income Tax Ordinance, Finance Bill 2024, IGI Research,

- **Advance tax on purchase of motor car and jeep:** Advance tax on purchase and registration of new car has been changed from engine capacity to value of car, however, rate of tax is charged progressively based on engine capacity.

Exhibit-4: Advance tax on purchase of motor car and jeep				
S. No.	Engine Capacity	Proposed	Previously	
		Rate of Tax	For filers	For non-filers
1	Upto 850cc	0.5% of the value	PKR 10,000	PKR 10,000
2	851cc to 1000cc	1% of the value	PKR 20,000	PKR 25,000
3	1001cc to 1300cc	1.5% of the value	PKR. 30,000	PKR 40,000
4	1301cc to 1600cc	2% of the value	PKR 50,000	PKR 100,000
5	1601cc to 1800cc	3% of the value	PKR 75,000	PKR 150,000
6	1801cc to 2000cc	5% of the value	PKR 100,000	PKR 200,000
7	2001cc to 2500cc	7% of the value	PKR 150,000	PKR 300,000
8	2501cc to 3000cc	9% of the value	PKR 200,000	PKR 400,000
9	Above 3000cc	12% of the value	PKR 250,000	PKR 450,000

Source: Income Tax Ordinance, Finance Bill 2024, IGI Research

- **Revision in Income tax rates and slabs:**

Exhibit-5: Income tax rates for Salaried and Non-Salaried/AOPs			
Tax Slabs for Income Individuals - Previous			
Tax Slabs for AOPs/Non-salaried Individuals		Tax Slabs for Salaried Individuals	
Up to PKR 0.6mn	0%	Up to PKR 0.6mn	0%
PKR 0.6mn to PKR 0.8mn	7.5% above PKR 0.6mn	PKR 0.6mn to PKR 1.2mn	2.5% above PKR 0.6mn
PKR 0.8mn to PKR 1.2mn	PKR 0.015mn + 15% above PKR 0.8mn	PKR 1.2mn to PKR 2.4mn	PKR 0.02mn + 12.50% above PKR 1.2mn
PKR 1.2mn to PKR 2.4mn	PKR 0.075mn + 20% above PKR 1.2mn	PKR 2.4mn to PKR 3.6mn	PKR 0.17mn + 22.50% above PKR 2.4mn
PKR 2.4mn to PKR 3.0mn	PKR 0.315mn + 25% above PKR 2.4mn	PKR 3.6mn to PKR 6.0mn	PKR 0.435mn + 27.50% above PKR 3.6mn
PKR 3.0mn to PKR 4.0mn	PKR 0.465mn + 30% above PKR 3.0mn	PKR 6.0mn and above	PKR 1.095mn + 35.00% above PKR 6.0mn
PKR 4.0mn and above	PKR 0.765mn + 35% above PKR 4.0mn		

Revised - Tax Slabs for Income Individuals – Proposed As per finance bill 2024			
Tax Slabs for AOPs/Non-salaried Individuals		Tax Slabs for Salaried Individuals	
Up to PKR 0.6mn	0%	Up to PKR 0.6mn	0%
PKR 0.6mn to PKR 1.2mn	15% above PKR 0.6mn	PKR 0.6mn to PKR 1.2mn	5% above PKR 0.6mn
PKR 1.2mn to PKR 1.6mn	PKR 0.09mn + 20% above PKR 1.2mn	PKR 1.2mn to PKR 2.2mn	PKR 0.03mn + 15% above PKR 1.2mn
PKR 1.6mn to PKR 3.2mn	PKR 0.17mn + 30% above PKR 1.6mn	PKR 2.2mn to PKR 3.2mn	PKR 0.18mn + 25% above PKR 2.2mn
PKR 3.2mn to PKR 5.6mn	PKR 0.65mn + 40% above PKR 3.2mn	PKR 3.2mn to PKR 4.1mn	PKR 0.43mn + 30% above PKR 3.2mn
Greater than PKR 5.6mn	PKR 1.61mn + 45% above PKR 5.6mn	Greater than PKR 4.1mn	PKR 0.7mn + 35% above PKR 4.1mn

Source: Income Tax Ordinance, Finance Bill 2024, IGI Research

- Increase of 15% in pension of retired government employees has been proposed.
- Electronic sales invoicing made mandatory for all.
- Contributory pension scheme for new employees to be applicable which would make future pension liability fully funded.
- Salaries of Government employees to be increased 25%.
- **Rate of tax on other transactions for non-filers:**

#	Transaction	Tax Rate
1	On yield or profit on debt	35%
2	Gross amount to be received as consideration on sale or transfer of immovable property	10%
3	On the gross amount of sale to distributors, dealers or wholesalers other than sale of fertilizer	2%
4	On the gross amount of sale to retailers	2.50%

Source: Income Tax Ordinance, Finance Bill 2024, IGI Research

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