Budget 2019-20

Heavy fiscal overhauling to outweigh short term growth

The newly formed government Pakistan Tehreek-i-Insaf (PTI) presented its first full budget for the year FY20. The budget speech was given by Finance Secretary Hammad Azhar, starting his discourse by evaluating outgoing government fiscal management performance citing total budget deficit for FY19 at 7.1% of the GDP or PKR ~2.7trn, which is roughly 45% over and above initially budgeted amount of PKR ~1.8trn or 4.9% of the GDP size.

Exhibit: Consolidated Federal Budget Snapshot

PKRbn	FY17	FY18	FY19B	FY19	FY20F
Net Revenue Receipt	2,616	2,676	3,070	2,569	3,462
Total Expenditure	4,219	4,857	5,246	5,391	7,036
Fiscal Balance	(1,603)	(2,180)	(2,176)	(2,822)	(3,574)
Provincial Surplus	290	274	286	59	423
Consolidated Fiscal Balance	(1,313)	(1,907)	(1,890)	(2,763)	(3,151)
Fiscal Deficit	-4.1%	-5.5%	-4.9%	-7.2%	-7.2%
Primary Deficit	0.2%	-1.1%	-0.7%	-2.0%	-0.6%
GDP (PKRbn)	31,862	34,396	38,388	38,559	44,003

Source: MoF & IGI Research

Through a set new budgetary amendments government hopes to bag in an additional PKR ~1.4trn in tax revenues to PKR ~5.5trn a +34% growth over FY19 revised tax numbers. The government missed on its FY19 fiscal deficit target by a good PKR 880bn or 2.3% of the GDP to 7.2%. Major slippages came from higher than budgeted debt servicing cost and low tax collection (off by nearly PKR 500bn). To make up for the losses, government slashed overall development budget by PKR 330bn.

Starting from key macro-economic assumptions, GDP growth is all set to average above 3% and inflation target is set at 6.0% till 2022. On fiscal side, government has targets to consolidate deficit in years ahead whereby 2021 and 2022 fiscal deficit is projected at 5.1% and 3.6% of the GDP, respectively.

Exhibit: GoP Economic targets

	FY17	FY18	FY19B	FY19	FY20F	FY21F	FY22F
GDP growth %	5.3	5.8	6.2	3.3	2.4	3.0	4.5
Inflation %	4.5	4.5	6.0	7.2	11-13	8.3	6.0
Fiscal Account (%age of GDP)							
Total Revenue	16.2	16.0	16.3	14.5	16.7	18.3	19.2
Tax Revenue	13.1	13.2	13.9	12.6	14.4	16.0	17.0
Non Tax Revenue	3.1	2.8	2.4	1.9	2.3	2.3	2.2
Total Expenditure	20.4	21.5	21.2	21.7	23.8	23.4	22.8
Current	15.9	16.6	16.5	18.3	20.2	19.7	19.0
Development	4.5	4.9	4.7	3.4	3.6	3.7	3.8
Fiscal Balance	(4.2)	(5.5)	(4.9)	(7.2)	(7.1)	(5.1)	(3.6)
Total Public Debt (gross)	64.8	70.1	68.0	77.7	77.6	75.2	70.6
GDP PKRbn	31,862	34,396	38,388	38,559	44,003	49,568	55,380

Source: MoF & IGI Research

Budgetary measures to address previous government fiscal shortcomings
Upcoming year budget 2019-20, is no short of ambitions either. For a starting point, government now aims to narrow down country's fiscal deficit to 7.1% of the GDP or at PKR 3.1trn.

Revenue target for 2019-20 (PKR 3.1trn) +~35% higher than 2018-19, which is set to generate 60% from indirect taxes comprising of +41% increase in sales tax. Given how revenue collection has fared in the past couple of years, actual revenues for 2019-20 are likely to reach about ~90% of the budgeted targets. This would mean that the 2019-20 fiscal deficit target of PKR 3.15trn is in fact already ~11% off the mark.

- Federal revenue collection targeted to increase by +33%, bulk of which or 60% will come from indirect taxes
- Income tax target increased by PKR 421bn, contributed by increase in corporate tax rate, changes in salaried class tax slabs and WHT on property.
- Withdrawal of zero rated regime for export oriented sectors. Sales tax on sugar and textile increased to 17% from 8% and 5% respectively
- PKR 13bn increase in PDL and PKR 5bn increase in GIDC
- Gross revenues are budgeted to show +33% growth. In 2019 lower sales tax and FED collection impacted budgeted estimates.

This requires a cut in overall expenditures. For that matter, development budget has kept tight in order to make way for rising debt servicing and defense cost, both of which are expected to take up more than the total revenues in FY20. Moreover, in 2018-19 actual PSDP disbursement was roughly 73% of budgeted amount. Unless investment growth accelerates, which in case of reduce development budget seems hard to come by, we see attaining 2019-20 GDP growth estimates will be rather challenging.

- Current expenditure is targeted to grow by +30%. Last year government overshot its target by +11%.
- Government missed its debt servicing cost by ~23%, In 2019-20 domestic debt servicing is budgeted to increase by PKR 904mn on the back of rising interest rates
- Defense cost is budgeted to remain relatively same
- PKR 251bn subsidy to be allocated for WAPDA and KEL

Exhibit: Development spending reduced to less than 4% of the GDP

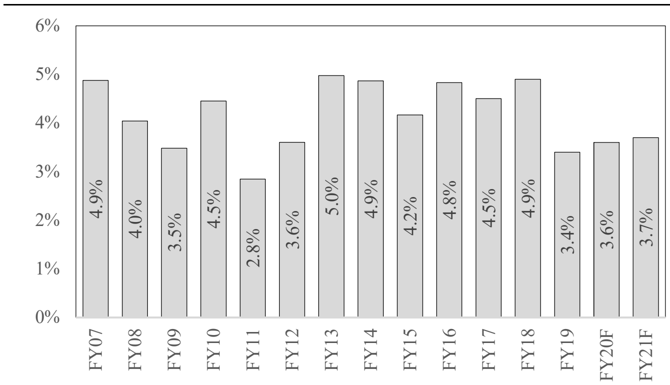

Exhibit: Govt. expects to bring down primary deficit to 0.6% of GDP as required under IMF

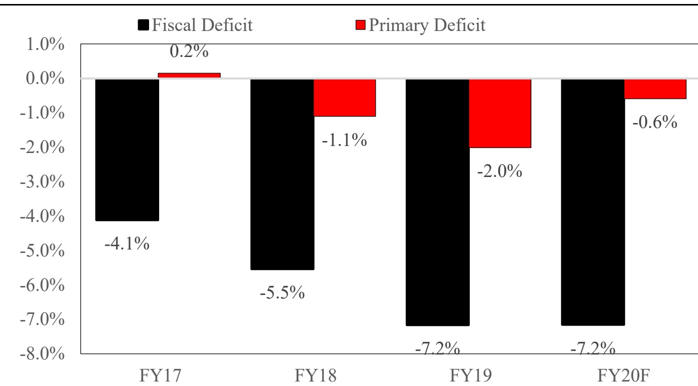

Exhibit: Consolidated Federal Budget Snapshot

PKRbn	FY17	FY18	FY19B	FY19	FY20F
Tax Revenues	**3,825**	**4,147**	**4,889**	**4,394**	**5,822**
Tax Revenues / GDP	*12.0%*	*12.1%*	*12.7%*	*11.4%*	*13.2%*
a) FBR	3,521	3,935	4,435	4,150	5,555
Direct taxes	1,379	1,563	1,735	1,659	2,082
- Income Tax	1,364	1,540	1,710	1,652	2,073
Indirect taxes	2,142	2,372	2,700	2,491	3,473
- Custom Duties	491	600	735	735	1,001
- Sales Tax	1,445	1,547	1,700	1,490	2,108
- FED	206	225	265	266	365
b) Other Taxes	304	212	454	244	267
Non-Tax Revenues	**912**	**845**	**772**	**638**	**894**
Non-Tax Revenues / GDP	*2.9%*	*2.5%*	*2.0%*	*1.7%*	*2.0%*
Gross Revenue	**4,737**	**4,992**	**5,661**	**5,032**	**6,717**
Provincial Share	2,121	2,316	2,590	2,463	3,255
Provincial Share / gross revenue	*44.8%*	*46.4%*	*45.8%*	*48.9%*	*48.5%*
Net Revenue Receipt	**2,616**	**2,676**	**3,070**	**2,569**	**3,462**
Current Expenditure	**3,905**	**4,298**	**4,780**	**5,589**	**7,288**
- Debt Servicing	1,361	1,526	1,620	1,987	2,891
- Domestic	1,228	1,332	1,391	1,682	2,532
- External	133	194	229	306	360
- Defence	841	999	1,100	1,138	1,153
- Education	85	91	97	97	77
- Health	12	13	14	14	11
- Social Protection	4	2	2	3	191
- Subsidies	169	148	175	255	272
- Civil Govt. admin	399	402	463	460	431
- Other	1,134	1,223	1,308	1,635	2,263
Development	**936**	**1,063**	**1,152**	**830**	**950**
a) PSDP	1,539	1,550	1,650	1,200	1,613
PSDP / Total GDP	*4.8%*	*4.5%*	*4.3%*	*3.1%*	*3.7%*
- Federal	715	750	800	500	701
- Provincial	824	800	850	700	912
b) Other Development	128	153	180	163	86
Total Outlay	**4,841**	**5,361**	**5,932**	**6,419**	**8,238**
Total Outlay / GDP	*15.2%*	*15.6%*	*15.5%*	*16.6%*	*18.7%*
Total Expenditure	**4,219**	**4,857**	**5,246**	**5,391**	**7,036**
Fiscal Balance					
Federal	(1,603)	(2,180)	(2,176)	(2,822)	(3,574)
Provincial Surplus	290	274	286	59	423
Consolidated	**(1,313.1)**	**(1,906.5)**	**(1,890.2)**	**(2,763.3)**	**(3,151.2)**
Fiscal Deficit	**-4.1%**	**-5.5%**	**-4.9%**	**-7.2%**	**-7.2%**
GDP (PKRbn)	31,862	34,396	38,388	38,559	44,003
Financing	**1,350.1**	**1,906.5**	**1,890.2**	**2,763.3**	**3,151.2**
External	**373.8**	**708.0**	**342.1**	**330.7**	**1,828.8**
Gross External Loans	996	1,230	1,118	1,403	3,032
Less Repayments	623	522	776	1,072	1,204
Domestic	**976.3**	**1,198.5**	**1,548.1**	**2,432.6**	**1,322.4**
Domestic Financing share	*72.3%*	*62.9%*	*81.9%*	*88.0%*	*42.0%*
a) Bank	741	586	1,015	1,356	339
b) Non-banking	235	612	533	1,076	983
- PIB	110	(4)	100	706	200
- Treasury Bills	35	403	200	32	300
- Ijarah Sukuk	0	60	11	(82)	9
Privatisation Proceeds	**18**	**-**	**-**	**-**	**150**

New Budget echoes government's continuing efforts to broaden tax net

FY20 budgetary measures echo's government efforts to broaden tax net and simultaneously protect the underprivileged segment of the country. Moreover, with ~50% of the tax revenue employed for debt servicing, the budget tried to strike a balance between keeping a healthy development target and reduction in fiscal deficit. For that matter the government has put up an ambitious primary fiscal deficit target of 0.6% in FY20 down from 2.0% of the GDP in 2019.

Among key tax measures include;

1# Taxation of Capital gains on immoveable properties

Capital gain tax on immoveable property is now brought under normal tax regime where previously the rate was 10% for holding period of less than 1 year, 7.5% for holding period between 1 to 2 years and 5% for holding period between 2 to 3 years. Gain on open plots for holding period of up to 1 year will be taxed on the full amount while for period between 1 to 10 years, 75% of the gain will be subject to tax. Similarly, for gain on constructed property for period up to 1 year will be taxed on full amount whereas for holding period between 1 to 5 years 75% of the total gain will be taxed. However, there will be no tax on the amount of gain made where holding period is greater than 5 years.

2# Taxation of the Real Estate Sector

Various measure has been taken to restructure the taxation on real estate sector as it has been a source of money laundering and safe haven for untaxed money. The measures taken include:

I. The FBR rates of immoveable properties in 21 major cities are intended to be brought closer to or about 85% of the actual market value and 3% tax between difference of DC value and FBR value for not explaining source of investment is withdrawn.
II. Rate of WHT tax on immoveable property is being reduced to 1% from 2% currently.
III. The threshold of WHT tax on purchase of property to the tune of PKR 4mn or above is being abolished and will be collected irrespective of the value of the property purchased.
IV. WHT tax on sale of property will only be collected if the holding period is less than 5 years compared to no tax currently if property is held for more than 3 years as capital gain tax is brought under normal tax regime even beyond 3 years holding period.
V. The restriction for non-filer to purchase immovable property of PKR 5mn or above is now abolished.

3# Hundred percent higher tax rate for persons not appearing in active taxpayers list

The tax rates applicable for persons who do not appear in active taxpayers list would be increased by 100% of the tax rates collected or deducted under final tax for persons falling under active taxpayers list. However, the excess tax collected under the Tenth Schedule for persons not appearing in the active taxpayers list will be adjustable if the adjustment is filed before finalization of assessment prior to expiration of 45 days' period after the date of provisional assessment (which is within 60 days of due date or as extended by the Board) according to rule stated under Tenth Schedule.

Market likely to suffer on back of weak corporate earnings outlook

As it is with any austere budget, corporate earnings are likely to suffer. The government has proposed increased corporate tax rates, continuation of super tax along with amendments in depreciation adjustments and carry forward losses, turnover tax rates, abolishment of zero-rated regime on five export oriented sector and increased FED on LNG. While we expect negative bearing for the market we may see liquidity diversion towards equity market from real estate and debt instruments.

Negative | **Corporate Earnings**

Budgetary Measures	Comments	Impact
Gradual reduction in Corporate Tax Rate (CRT) Discontinued; CRT freeze to 29%	In addition to unrealized loss of gradual reduction in CRT, the Freezing of CRT to 29% will also increase deferred tax liabilities. For banks, CRT will remain at 35% on all sources of income.	Negative
Discontinuation of 65B investment tax credit post FY19. Rate of credit reduced to 5% till FY19.	10% tax credit on the amount of investment made on plant and machinery stemming from section 65B will now be no longer available post FY19 and has also been reduced to 5% for Companies availing it before 30-Jun-19.	Negative
Continuation of Super Tax	No changes made in Super Tax	Neutral
Non allowance of depreciation and brought forward losses in computation of income subject to super tax	In contrary to prevailing guidance of allowance of depreciation and brought forward losses as deductible amounts, these have now been revoked. This will result in enhanced income subject to super tax and consequently increase total taxation of the company, thus reducing profits of the corporate sector.	Negative
Withdrawal of initial depreciation on buildings	Initial depreciation worth 15% of total value on buildings is abolished making way for enhanced taxation for companies.	Negative
Turnover tax increased	Minimum turnover tax has been proposed to be increased from 1.25% to 1.50% while other sectors with reduced rates have also been proposed to be increased to 0.25%, 0.3% and 0.75% from 0.2%, 0.25% and 0.5%.	Negative
Zero Rated Sector	Elimination of zero rated regime for five export oriented sectors and restoring standard rate of 17%	Negative
GST remained unchanged	Contrary to market-wide expectation of increase in GST rate from current 17%, the government has kept GST rate unchanged.	Neutral
Reduction in limit of Foreign Remittances as source of investment	Presently foreign remittance equivalent to PKR 10mn as a source of investment cannot be probed. Now the said threshold is being reduced from PKR.10mn to PKR.5mn for explaining the source of investment through foreign remittance.	Negative
Custom Duty imposed and FED increased on LNG imports	FED has been proposed to be increased from PKR 17.18/100cm to PKR 10/mmbtu in line with local gas and imposition of 5% custom duty on LNG as it has replace FO which currently has 7% custom duty.	Negative

Negative | **Stock Market**

Budgetary Measures	Comments	Impact
Capital Gain Tax	No change	Neutral
Tax on dividend income	Tax rate on dividend income from power generation company has been increased to 15% from previously 7.5%.	Negative
Tax on dividend received from Mutual Funds	Tax rate on dividend income received from Mutual Funds has now been jacked up to flat 15% as against previous rates of 10% and 12.5% depending upon amount of dividend.	Negative
Special procedures proposed for dividends from nil tax liable companies	Tax on dividend of 25% proposed on person receiving dividend from nil tax liability companies due to income tax exemption, brought forward losses or tax credits	Neutral -Negative

Sector wise measures

Neutral	Oil and Gas – Exploration, Refining and Marketing

Budgetary Measures	Comments	Impact
The Petroleum Development Levy (PDL) on petroleum product has been proposed up to a maximum of PKR 216bn against PKR 203bn last year.	Petroleum Development Levy is a pass through item for OMC's and thus will only impact the consumer price. Slight increase in PDL will limit substantial rise in petroleum prices which has been revised down from PKR 300bn allocated in Budget for FY19 against revised of PKR 203bn.	Neutral-Positive
Exclusion of VAT of 3% on all imported POL products which includes all regulated products and removal of VAT on FO proposed.	For OMCs this will not have any impact on profitability however this will likely reduce the cost of POL products which will translate in to lower domestic prices.	Neutral-Positive
Increase in fixed value of gas supplied to CNG dealers and value for CNG dealers is increased in respect of Region I from PKR 64.80 per kg to PKR 74.04 per kg and in respect of Region II from PKR 57.69 per kg to PKR 69.57 per kg.	This will likely have no impact on OMCs as the consumer prices will be increased PKR 9-12 per kg which may further dampen the demand for CNG and reduce pricing gap between MS and CNG	Neutral
FED has been proposed to be increased from PKR 17.18/100cm to PKR 10/mmbtu in line with local gas and imposition of 5% custom duty on LNG as it has replace FO which has 7% custom duty.	FED and custom duty is a pass through item but increase in both will lead to increase in LNG prices which would escalate rise in cost of LNG which is utilized for power generation.	Neutral-Negative
Exemption of custom duty on import of plant and machinery for setting up hydrocracker units for oil refining.	This will reduce cost of upgradation of existing refineries and new refineries being set up however cash starved existing refineries may not have available resources to provide for this upgradation.	Neutral-Positive
Minimum turnover tax has been proposed to be increased from 1.25% to 1.50% while other sectors with reduced rates have also been proposed to be increased to 0.25%, 0.3% and 0.75% from 0.2%, 0.25% and 0.5%.	Oil marketing, refining and gas distribution companies were charged a reduced rate of 0.5% which has now been increased to 0.75%. With substantial drop in sales, we expect OMCs to likely switch to turnover tax with HASCOL and SHEL likely to remain most effected with likely application of turnover tax. Increase of 0.25% in minimum turnover tax will likely erode 82%, 31%, 15% and 9% of profitability for HASCOL, SHEL, PSO and APL if applicable.	Negative
Corporate tax rate has been proposed to be maintained at 29% from FY19 and onwards as against gradual reduction of 1% to 25% by 2023.	Flat rate of 29% corporate tax will bode negative on profitability for OMCs which is likely to erode 2%-6% of profitability from FY20-23 owing to previous 1% reduction in tax rate to 25% by 2023. However, HASCOL will likely remain under turnover tax in our view.	Negative
The Petroleum Development Levy (PDL) on petroleum product has been proposed up to a maximum of PKR 216bn against PKR 203bn last year.	Petroleum Development Levy is a pass through item for OMC's and thus will only impact the consumer price. Slight increase in PDL will limit substantial rise in petroleum prices which has been revised down from PKR 300bn allocated in Budget for FY19 against revised of PKR 203bn.	Neutral-Positive

Negative | **Cements**

Budgetary Measures	Comments	Impact
Increase in Federal PSDP to PKR 950bn from PKR 500bn disbursed FY19	Higher government spending in infrastructure would increase demand of cement.	Positive
FED to be increased from existing PKR 1.50/kg to PKR 2/kg, up by 33%YoY	With increase in FED rate, retention prices of cement manufacturers will decline by PKR 25/bag. With Cement manufacturers already facing over supply situation and pricing pressure in the wake of emerging capacities, in addition to the brunt of hiked interest rates during expansion phase, rise in FED will become difficult to pass over consumers, thus possibly reducing overall profitability.	Negative
Non allowance of depreciation and brought forward losses in computation of income subject to super tax	In contrary to prevailing guidance of allowance of depreciation and brought forward losses as deductible amounts, these have now been revoked. This will result in enhanced income subject to super tax and consequently increase total taxation of the company, thus reducing profits further.	Negative

Negative | **Steel**

Budgetary Measures	Comments	Impact
Ships imported for breaking Sales Tax on ship plates and other items by ship breakers be taxed at 17%.	This will allow players producing graded products such as ASTL and MUGHAL to jack up their sales prices given currently ship breakers are done away with sales tax.	Positive
Exemption on steel industry set up in tribal areas abolished	This will allow level playing field among the steel industry, thus enabling non-tribal players to pass over the impact of already surged cost of production to their respective consumers.	Positive

Neutral | **Chemicals**

Budgetary Measures	Comments	Impact
Zero-rating on export of PVC to Afghanistan and Central Asian Republics	This will be benefit EPCL opening new avenues for PVC sales in international market	Positive

Negative | **Automobile Assemblers and Autoparts Manufacturers/ Accessories**

Budgetary Measures	Comments	Impact
FED increased by different rates (2.5% - 7.5%) on all engine sizes for locally manufactured cars	Increase in prices will likely affect demand for passenger cars with industry sales expected to suffer from increase in prices.	Negative
FED on tyres and auto parts abolished	Abolishment of 2% incremental FED on auto parts and tyres will make local tyres more competitive against imported ones.	Positive

Neutral | **Fertilisers**

Budgetary Measures	Comments	Impact
PKR 280bn allocated for uplift of agriculture sector	Various projects have been proposed under the 5 year programme which includes development of water infrastructure (PKR 218bn), increase in yield (PKR 44.8bn), crop loan insurance (PKR2.5bn) and livestock initiatives for small and medium farmers (PKR 5.6bn)	Neutral

Negative | Banking

Budgetary Measures	Comments	Impact
Introduction of Treasury Single Account (TSA); Government Funds not to be kept with commercial banks	As part of its reform measure and in order to make its treasury more efficient, the government has introduced the much anticipated Treasury Single Account (TSA). This requires amalgamation of government funds into a single account maintained possibly with the SBP as against separate funds deposited with various commercial banks. This will prompt major cash outflow from commercial banks and result in substantial decline in interest income of banks.	Negative
Tax on Profit on Government Securities exceeding 25% of total income to be taxed at higher rate of 37.5%	Banks are further being stretched with the introduction of maximum 20% threshold being set over profits earned from government securities, exceeding which the excess amount will be subject to 37.5% rate as against 35% previously.	Negative
Tax accounting of Provisions and doubtful debts revised	"Reversal of provisions have been made taxable Bad debts considered 'doubtful' have been made taxable"	Negative

Negative | Textiles

Budgetary Measures	Comments	Impact
Zero rated status of Textiles rescinded	Standard rate of 17% sales tax is restored for inputs used by textile industry, as against zero rated previously.	Negative
Local supplies to be taxed at 15%	Rates of sales tax on local supplies of finished articles raised from current 6% for integrated businesses and 9% for others to 15%.	Negative
Sales tax on ginned cotton raised to 10%	Exempt status of ginned cotton has been abolished and raised to 10%	Negative
Zero rating of utilities supplied abolished	Zero rating of utilities (gas, electricity and fuels) supplied to textile sector to be abolished.	Negative
Automation of sales tax refunds	In order to ensure immediate refund of sales tax, a Refund Payment Order (RPO) shall be sent to the State Bank of Pakistan for payment as soon as they are generated.	Positive
Exemption of customs duty on machinery parts/ accessories for textile sector	In order to incentivise the sector, customs duty on imports of machinery has been exempted.	Positive
Payment of refunds through promissory notes	Promissory notes having a maturity of three years to be issued by FBR Refund Settlement Company.	Positive

Neutral | Power

Budgetary Measures	Comments	Impact
Subsidies to WAPDA and KEL under tariff differential subsidy have been increased to PKR 250.5bn.	The allocation of subsidies to power sector has been increased to meet the rising T&D losses and rationalize tariff. The amount is also utilized to contain accumulation of circular debt.	Neutral-Positive
Corporate tax rate has been proposed to be maintained at 29% from FY19 and onwards as against gradual reduction of 1% to 25% by 2023.	IPPs are exempt from corporate tax. However, the application of reduced corporate tax is only applicable on KAPCO, whereby the Company's earnings are expected to come down by 1% in FY20.	Neutral-Negative
Tax rate on dividend income from power generation company has been increased to 15% from previously 7.5%.	Increase in tax on dividend income will bode negative for power generation companies especially as IPPs have witnessed a significant drop in dividend pay-out due to cash constraints including HUBC as well which is undergoing expansion in to new projects.	Neutral-Negative
PKR 80bn has been proposed for setting up of power projects, while PKR 55bn has been proposed for Dassu Hydro Power Project. PKR 20bn has been proposed for acquisition of land for Diamer Bhasha dam, while PKR 15bn has been allocated for Mohmand Dam Hydel Power Project's ongoing construction.	The allocation of funds for development of Hydro Power Projects will streamline timely completion of these projects and lead to reduced reliance on expensive fuels for power generation.	Neutral

Other Key Measures

- Withdrawal of 3% Value Addition Tax on Mobile Phones
- Sales tax on food supplied by Restaurants, Bakeries, Caterers to be reduced from 17% to 7.5% against which input tax adjustment will not be allowed
- Sales tax on brick kilns to be decreased from 17% to a fixed rate based on location
- Sales tax regime on various forms of milk (cream, concentrated, and unsweetened / unflavored) to be taxed at 10%
- Exemption over certain items (Sausages, frozen meat, fish, fat filled milk, powdered form and cereals and flours) abolished; raised to 10% if sold in retail packaging with brand name
- In order to protect local services providers, it is proposed to withdraw exemption on services provided by foreign satellites and maintain exemption only on terrestrial bandwidth services.
- Further tax at 3% is chargeable on all supplies made to unregistered persons under section 3 (1A) of the Sales Tax Act, 1990. 5% extra tax is chargeable on electricity and gas bills from all unregistered industrial and commercial consumers whose monthly bill exceeds Rs. 15,000.
- Zero percent FED to be charged on unmanufactured tobacco supplied to the exporter.
- FED on aerated waters is proposed to be increased from 11.5% to 14%.
- It is proposed to increase rate of FED to 17% on edible oils / ghee /cooking oil
- Sales tax rate on sugar to be enhanced from 8% to 17%
- Various tax measures have been proposed to rationalize retailer’s regime
- Non-aerated packaged sugary drinks, such as juices, syrups and squashes may be subjected to FED at 5% of retail price
- It is proposed that gold in jewelry may be taxed at 1.5%, diamond at 0.5% and making charges at 3%, with input adjustment available only in respect of gold
- Sales tax to be charged at 17% for marble industry as against PKR 1.25/unit charged based on electricity consumption.
- Sales Tax reduced on concentrated milk by 10% from 17%.
- Custom duty reduced on import of Paper products (Writing & Printing Papers).
- Relief in custom duty Pharmaceutical inputs.
- Custom duty abolished on medical equipment
- Exemption of custom duty on drugs for certain diseases.
- Relaxation for tourism industry by reduction in duty on pre-fabricated structures for hotels.
- Custom duty abolished on raw materials for industries (more than 1600 items).
- Custom duty abolished on import of Wood.
- Rationalization of custom duty in LED panel manufacturing and on Glass Board.
- Relief for liquid food packaging industry input goods in custom duty.
- Custom duty abolished on Preparations for Metal Surfaces as input for Solar Panels.
- Reduction in tariff on Home Appliance Sector.
- Rationalization of custom duty on Raw Material of Powder Coating Industry.
- Relief for SIM card manufacturing industry in tariff.

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