



The Federation of Pakistan Chambers of Commerce & Industry

وفاق ایوان ہائے تجارت و صنعت - پاکستان



FPCCI'S KEY FEDERAL BUDGET PROPOSALS FOR **FY 2025-2026**



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VISION



It is an honor to present the **Key Budget Proposals of the Federation of Pakistan Chambers of Commerce & Industry (FPCCI)** for the fiscal year 2025–26. As the apex representative body of Pakistan's business community, FPCCI remains deeply committed to advocating for an enabling environment that fosters sustainable industrial growth and economic resilience. This year's proposals have been meticulously developed through extensive consultations with our member chambers, trade associations, and sectoral experts. Over the past three years, the Pakistani economy has grappled with significant challenges including elevated inflation, declining industrial productivity, a narrowing tax base, and uncompetitive energy pricing.

Despite these hurdles, the **concerted efforts of the Prime Minister's Office, the Special Investment Facilitation Council (SIFC), and the State Bank of Pakistan (SBP)** have yielded encouraging results—curbing inflation, improving external accounts, enhancing exports, and securing record-high remittances. However, **core structural issues remain**, particularly the **high policy rate, costly energy tariffs**, and deteriorating ease of doing business—all of which continue to strain industrial competitiveness.

We appreciate recent efforts by the government to lower electricity tariffs for industrial consumers. Yet, Pakistan's **policy rate remains at 10%**, and **energy costs are still among the highest in the region**, both of which hamper investment and production capacity.

It is imperative that Pakistan adopts a **growth-oriented fiscal policy**, one that actively supports industrialization, broadens the tax base through documentation rather than burdening existing taxpayers, and creates a business environment conducive to job creation and export growth.

Moreover, **the recent imposition of a 29% reciprocal tariff by the U.S. administration** presents a serious challenge for Pakistan's exports, particularly to one of its largest trading partners. To mitigate this, FPCCI strongly recommends initiating **Free Trade Agreement (FTA) negotiations with the United States** to secure preferential or zero-duty access. Simultaneously, we must work to **diversify our export destinations** and expand the **range of value-added products in our export basket**.

FPCCI urges the Government to prioritize sectors with high employment and export potential and to remove structural bottlenecks that hinder private sector growth. We reaffirm our commitment to being a proactive and constructive partner in Pakistan's economic transformation.

Atif Ikram Sheikh
President, FPCCI

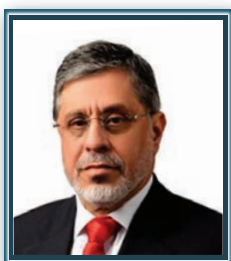
PREAMBLE



Saquib Fayyaz Magoon

Senior Vice President, FPCCI

In times of economic uncertainty, the need for evidence-based and inclusive policy formulation becomes paramount. The budget proposals presented by FPCCI reflect a unified voice of the business community. They highlight the structural hurdles that impede industrial progress and propose actionable reforms to address them. We call for serious attention to the issues of tax anomalies, smuggling, energy affordability, and inconsistent policy regimes. FPCCI's member bodies have been proactive in putting forward sector-specific insights, and this document encapsulates those collective efforts. We hope the government will value this collaborative exercise and incorporate the voice of the private sector in the upcoming federal budget to ensure sustainable growth, job creation, and investor confidence.



Zubair F. Tufail

Chairman Advisory Council
on Federal Budget (2025-2026)

The preparation of the Federal Budget 2025–26 is taking place against the backdrop of macroeconomic instability, constrained fiscal space, and declining business confidence. As Chairman of the Budget Advisory Council, I am proud to present these proposals, which are rooted in the lived realities of Pakistan's business landscape. The Budget Advisory Council has worked closely with FPCCI's member bodies, sectoral experts, and policy stakeholders to ensure that these proposals are both practical and impactful. It is now imperative for the government to reciprocate by integrating these reforms into the national budget.



Mian Zahid Hussain

Co-Chairman Advisory Council on
Federal Budget Proposals (2025-26)
Chairman PAB of FPCCI

In 2021, the Federation of Pakistan Chambers of Commerce & Industry (FPCCI) established the Policy Advisory Board (PAB) to provide research-based policy input and represent the collective voice of the business community. Amid ongoing economic challenges—such as inflation, high policy rates, debt servicing pressures, and IMF-imposed constraints—there is an urgent need for reforms that streamline tax administration, broaden the tax base, and support a business-friendly environment. In this context, FPCCI has conducted extensive consultations with chambers and associations to prepare comprehensive budget proposals for FY 2025–26, aimed at driving economic recovery and facilitating fiscal stability.

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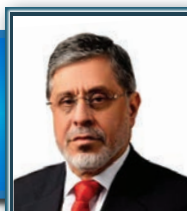
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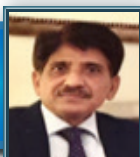
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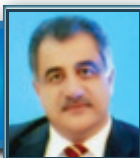


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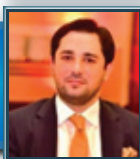
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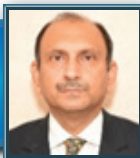
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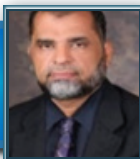
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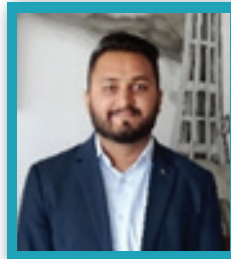
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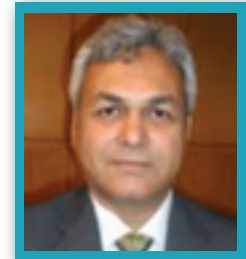
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SALES TAX PROPOSALS

1. Further Tax

Further tax, was re-imposed in 2013 by insertion of subsection (1A) in section 3 of the Sales Tax Act, 1990. Its rate has been periodically enhanced, reaching 4% in 2023. The stated purpose of further tax is to discourage sales to unregistered persons. However, simple analysis reveals that this purpose has not been achieved and the number of real (tax-paying) registered persons has not been increased. Instead, the high rate of further tax has distorted the supply chain in the following ways:

- a) Further tax @ 4% on top of the high sales tax rate of 18%, is an unbearable burden for businesses. This discourages many persons from getting registered, declaring their taxable transactions, and paying tax, which is an overall loss for the revenue.
- b) Unregistered buyers are unwilling to pay the further tax, which therefore has to be paid by the suppliers. This puts an extra financial burden on suppliers.
- c) Some suppliers avoid further tax by showing fictitious sales to registered persons, while the goods are sold to unregistered persons. In this way, further tax is encouraging 'flying invoices'. The registered persons who purchase 'flying invoices' claim undue input tax or refund, thus causing revenue loss to the government.
- d) Some suppliers, to avoid the extra burden of further tax, declare the lower value of the goods sold to unregistered persons. Thus, the government believes it has collected an extra amount as 'further tax', but in fact, it low.

The damping effect of further tax and other distorting measures include issuance of fake invoices where unregistered buyers does not agree to pay 4% of further tax. In such cases, the 18% of sales tax is also lost in fake input adjustments. Additionally, through the imposition of further tax no additional revenue is generated rather it has resulted in losses of 18% sales tax.

Recommendations: It is recommended to withdraw "further tax", to remove undue burden on the compliant taxpayers, encourage growth of the economy, and prevent unnecessary distortions. Instead, FBR should utilize the data already available with it to register the persons engaged in taxable activity who remain unregistered.

2. Processing of Sales Tax Refunds of New Manufacturer Exporters

As per STGO 9, it was decided that new manufacturer exporters will file their sales tax refunds through ERS manually for 12 months, on the completion of 12 months period, new manufacturer exporters will be transferred to FASTER system. However, despite numerous years, such manufacturers are still waiting for their processing of refunds which hinders their entry into FASTER system.

Recommendations:

- a) It is, recommended to process refund of new manufacturers through ERS and move them to FASTER system.
- b) Moreover, the new manufacturers should directly be intertained through FASTER system moving forward, as this will encourage entry of new manufacturer exporters in the market, thereby increasing exports of country.

3. New Sales Tax Registration

The Sales Tax Registration was online and automated before Finance Act 2024, however, presently the sales tax registration is subject to the approval of LRO and relevant RTO. Due to unnecessary due diligence, the process of registration has become too much complicated for the taxpayers and discourages new sales tax registrations.

Recommendations:

- a) It is, recommended that registration for manufacturers / exporters should be automated with the subject to post-verification within 15 days. Moreover, the rest of categories may be treated as per present practice.
- b) It is, also recommended that the for members of the Chambers / related Association Trade, the registration may be automated with subject to No Objection Certificate (NoC) from relevant Chamber and Association without any verification.

4. Minimize the difference in import levy rates (WHT and Sales Tax etc.) for the import of Industrial Raw Material by Commercial & Industrial Importers

At present, import levies on industrial raw materials are higher for Commercial importers as the rate of withholding tax, additional sales tax, etc. are higher and in addition to normal sales tax rates, whereas the industrial importers have an edge as far as import levies are concerned. The industrial importer can import materials, but medium and small industries rely on commercial importers for the supply of their input / raw materials. Raw materials / input materials have no other use, except in the industry. Moreover, some industrial importers are falsely declaring industrial raw material for their own use to avail lower taxes or exemptions. These misclassified goods are then diverted into the open market. As a result, this has become one of the primary drivers behind the circulation of flying invoices.

Recommendations:

- a) The import levies on raw materials and input materials for the industry may be, made uniform for commercial as well as industrial importers.
- b) The flying invoice business shall, also be curtailed. To facilitate the SME sector, a uniform rate of import levies is necessary as commercial importers also provide input / materials to the industry on a credit basis, which eases their case flow

5. SRO 350(I)/2024

SRO 350(I)/2024 dated 07.03.2024 was recently issued on the plea of stopping flying invoices. Flying invoices are issued by a few culprits, but the onerous requirements of this SRO are causing difficulties and increasing the cost of compliance for all registered persons, even after series of amendments made by SRO 582(I)/2024 dated 18th April 2024 and SRO 644(I)/2024 dated 7th May 2024.

Recommendations:

- a) The **new sub-rule (f) in Rule 5(2)** of the Sales Tax Rules, 2006 requires individuals, AOPs and companies having a single shareholder/member (excluding manufacturers) to submit a balance sheet indicating the business capital, assets and liabilities. Otherwise, filing of the return will have to be authorized by the Commissioner. SRO 350(I)/2024 is not clear whether balance sheet is to be submitted every month, but the FBR has now issued a clarification to the effect that it has to be submitted only once. However, the balance sheet is already available to the department with the taxpayer's income tax return. Asking taxpayers to re-submit with sales tax returns only adds to their cost of compliance.
- b) The **new proviso to sub-rule (3) of Rule 5** replaces automatic sales tax registration with approval of the LRO, the **new proviso to sub-rule (4) of Rule 5** requires yearly biometric re-verification of the registered person, and amendment in **sub-rule (5) of Rule 5** re-introduces pre-verification before registration. These changes will increase the cost of compliance, re-open the door to harassment and corruption, and thus discourage new registrations.
- c) The **new proviso in Rule 18(1)** of the Sales Tax Rules, 2006 requires registered persons showing sales more than five times their declared capital plus liabilities to seek prior permission from the Commissioner for filing sales tax returns.
- d) The **new proviso in sub-rule (3) of Rule 18 and new sub-rule (4A)** render the sales tax return as provisional until the suppliers file their respective returns. In other words, it makes the buyer responsible for the returns of the suppliers, which is unjust and impractical. Such measures increase the difficulties for registered persons and discourage others from getting registered. Disallowing input from the buyer, if the seller fails to submit his return, is like punishing someone for a sin committed by another, which is an absolute injustice.

Despite the amendments made by SRO 582(I)/2024, SRO 644(I)/2024 and clarifications issued by FBR, the changes made in the Sales Tax Rules, 2006 will add to the difficulties of registered persons, increase the cost of compliance, enable harassment and corruption, and discourage new sales tax registration. However, the FPCCI understands the fiscal problems faced by the Government, in this light the following suggestions may be incorporated to ease the business operations.

Recommendations:

- a) Many businesses are encountering difficulties due to the annual biometric verification requirement for registered businesses. Senior businessmen, in particular, have expressed concerns to the FPCCI, as age-related issues have led to fingerprint deterioration, making biometric verification challenging. It is proposed that senior citizens be exempt from yearly biometric verification, allowing for verification through a physical interview at the Commissioner's office.
- b) Furthermore, the non-resident Pakistani's should be exempt from yearly biometric verification and time relaxation of up to 6 months is also recommended for individuals who are traveling abroad, providing them with adequate flexibility to complete the verification process upon their return.
- c) The adjustment period should be extended from 30 days to 45 days to ease liquidity constraints faced by traders when their relevant supplier fails to file the tax return on time.

6. Withdrawal of Section 8B

Section 8B of the Sales Tax Act, of 1990 restricts input tax adjustment to 90% of the output tax for the tax period. Its stated purpose is to discourage registered persons from declaring low value-addition and claiming excessive adjustment. This limitation significantly disrupts the cash flow of importers-cum-manufacturers, causing an increase in financial cost, and leading to a rise in the prices of end products consumed by the masses.

Besides, the provisions of law and the computations in the online sales tax return software in IRIS are not in harmony. The contradictions are as follows:

- a) The law states that restriction of adjustment of input tax shall not apply in the case of fixed assets or capital goods, but the online return software has no such mechanism and applies the 90% restriction even in the case of import/purchase of fixed assets and capital goods.
- b) The application of section 8B is limited to a tax period, but the software adds the previous tax period's tax credit, and again automatically applies the provisions of section 8B as the combined input tax becomes greater than the output tax.
- c) Section 8B provides for adjustment of the restricted input tax when a registered person, whose accounts are subject to audit under the Companies Act, furnishes a statement along with annual audited accounts duly certified by auditors showing value addition less than the prescribed limit. However, the software does not cater to this.
- d) Section 8B does not completely disallow the input tax over 90% of the output tax, but merely carries it forward to the subsequent tax period. This amount is liable to be adjusted/refunded on yearly basis, but the software does not enable this.

The law provides for a refund of the amount when the input tax exceeds the output tax as provided in section 10 of the Act, but this is invariably not refunded. Tax officials invariably demand a default surcharge on the short-paid amount found in the audit but take no notice of the amount of refund pending with the department, and the taxpayer has to pay a mark-up on money borrowed for financing

Recommendations: It is recommended that section 8B be revoked, or amended to allow for 100% input tax adjustment/refund where the taxpayer can justify the excess input tax. It is further proposed that a default surcharge should not be imposed when the taxpayer's refund claims are pending with the department.

INCOME TAX PROPOSALS

1. Withholding Tax on Retailers, Distributors, Dealers and Wholesalers

The Finance Bill 2024 expanded the scope of advance tax on sales to dealers, distributors, wholesalers, and retailers to encompass all sectors of the economy. Additionally, it increased withholding tax rates for non-filers operating within the distribution network. Specifically, the withholding tax rate for non-filer distributors, dealers, and wholesalers was raised from 0.10% to 2%, while for non-filer retailers, the rate increased from 0.5% to 2.5%.

Recommendation: The imposition of withholding tax has led to the proliferation of flying invoices, undermining the integrity of the taxation system. It is, therefore recommended to withdraw or reverse the withholding tax on sales to dealers, distributors, wholesalers, and retailers to mitigate this issue and promote compliance.

2. Turnover Tax of 1.25%

Presently, the 1.25% of turnover tax is on a higher side, due to this high rate of tax businesses mostly avoid banking transactions which results in loss of revenue for government and encourages cash economy.

Recommendation: It is, recommended, the rate of turnover tax should be rationalized. It should be around 0.5% to 0.75% based turnover.

3. Removal of Advance Tax on First Purchase of Property

Presently, every filer has to pay advance tax of 3% on first purchase of property for his own use. This is double taxation and extra burden on filers as purchase of property is through already taxed income.

Recommendation: It is, recommended, the advance tax on first purchase of property by a filer should be completely abolished for individuals.

4. Withholding Tax on Local Purchase

The current local purchase limit of Rs. 75,000 for goods and Rs. 30,000 for services per year under Section 21(1) of the Income Tax Ordinance, 2001, is outdated and does not account for inflationary adjustments over the years. Presently, businesses often split transactions to stay within the limit, increasing paperwork and compliance cost. The higher limit would bring following benefits:

- a) A higher limit will encourage businesses to purchase more from registered local vendors, boosting local economy.
- b) A higher threshold will reduce the need for businesses to track and report multiple transactions, streamlining tax-filing processes.
- c) In short run this may reduce tax revenue for government, however, this will increase revenue for government as result of increased economic activity, higher compliance, and growth in the formal sector.
- d) This will encourage and incentivize businesses to source more material from registered local vendors, enhancing growth of SMEs.
- e) More vendors will register with tax authorities to qualify for the higher limit, bringing informal businesses into the formal economy.

Recommendations: It is, recommended, to increase the local purchase limit from Rs. 75,000 to Rs. 300,000 for goods and from Rs. 30,000 to Rs. 200,000 for services. It is a necessary step to reflect inflationary adjustments, reduce administrative burdens, and support local businesses. This proposal recommends immediate action to amend Section 21(I) of the Income Tax Ordinance, 2001, and implement the new limit with an awareness campaign.

5. Removal of Section 7E (Deemed Income on Capital Assets)

The real estate sector in Pakistan is a critical driver of economic growth, providing employment opportunities, supporting the allied sectors i.e. cement, steel, etc. and contributes in GD growth. However, the sector is burdened by multiple taxes, including Capital Gains Tax (CGT), Withholding Tax (WHT), and Advance Tax, which often discourages investment and make housing unaffordable for middle-income individuals. Additionally, Section 7E of the Income Tax Ordinance, 2001, further complicating the tax landscape.

The Section 7E of the Income Tax Ordinance, 2001, imposes a deemed tax on capital assets, taxing individuals on 5% of the fair market value of their assets at a rate of 20%. This provision has several drawbacks:

- a) **Double Taxation:** Individuals are taxed on deemed income despite assets not generating any actual income, leading to double taxation.
- b) **Discouragement of Investment:** The tax discourages investment in immovable property, as it increases the cost of holding assets. Thus, it has resulted in investments in abroad real estate i.e. Dubai etc.

Recommendation: We at the FPCCI are of the firm view that tax under section 7E of the Ordinance is not on real income at all but tax on immovable properties, as such it is unconstitutional, unlawful, illegal, void ab initio, and ultra vires the Constitution of Pakistan, 1973; as such liable to be abolished. We, therefore propose that in the forthcoming Budget Section 7E of the Ordinance should be abolished.

6. Capital Value Tax on Foreign Assets

Capital Value Tax (CVT) was originally introduced in 1989 to tax assets acquired with untaxed money, particularly immovable properties and vehicles. Over time, its scope expanded, and under Finance Act, 2021, it was reintroduced on the gross cost of foreign assets declared by existing taxpayers. Following are the key issues with CVT on Foreign Assets which has resulted in increased capital outflow, investment decline, etc.

- a) **Double Taxation:** Taxing a resident's global income (e.g., rental income, interest) while also imposing CVT on foreign assets leads to unjustified tax duplication, often exceeding 50% of the income earned.
- b) **Discriminatory Taxation:** CVT does not apply to Non-Resident Pakistanis (NRPs) or residents who are not existing taxpayers, making it inequitable.

- c) **Negative Economic Impact:** The tax has triggered capital flight, causing high-net-worth individuals and entrepreneurs to relocate abroad, depriving Pakistan of investment, business growth, and talent.
- d) **Retrospective & Unconstitutional:** The tax unfairly applies retroactively, violating vested taxpayer rights and contradicting earlier amnesty schemes that promised no further taxation.

Recommendation: We at **FPCCI** urge the **abolition of CVT on residents' foreign assets** in the **forthcoming budget**. Instead of discouraging investment, the government should focus on broadening the tax base and implementing **business-friendly policies** to retain capital within Pakistan.

INCOME TAX PROPOSALS

I. Export Facilitation Scheme (EFS)

The Export Facilitation Scheme (EFS), government under Chapter XV of the Income Tax Rules, 2002, and the Sales Tax Act, 1990, play a pivotal role in supporting Pakistan's export-oriented industries, particularly the textile sector. However, certain provisions in these frameworks create inefficiencies, administrative burdens, and competitive disadvantages for domestic manufacturers. The key issues are identified as under:

- a) **Elimination of Sales Tax Disparity on Local Supplies:** Under the Sales tax Act, exemption of sales tax on local supplies of commodities, raw materials, components, parts and plant and machinery to registered exporters was withdrawn in Finance Bill 2024 whereas imported materials are exempted. This disparity violates the principle of tax neutrality and places domestic manufacturers at a competitive disadvantage and drains forex of the country. It discourages local industry and incentivize reliance on imported materials, undermining the growth of Pakistan's industry.

Recommendation: It is recommended, to exempt locally produced commodities from sales tax under Section 13 of the Sales Tax Act. This reform will provide level playing field to domestic manufacturers, encourage local production, and boost local industry.

- b) **Export of Branded Goods:** Commercial exporters in Pakistan are increasingly exporting consumer goods such as tea, shampoos, soaps, spices, and other similar items—primarily to African and other emerging markets where demand for Pakistani products is growing. However, current Customs procedures require these exporters to obtain a No Objection Certificate (NOC) from the relevant manufacturer. This practice creates unnecessary procedural delays and restricts legitimate export activity.

Recommendation: It is proposed that in the absence of an explicit objection letter from the manufacturer, the export of any domestically produced goods—regardless of brand—should be allowed without requiring a NOC. Such permission should be considered implicit unless otherwise stated in writing by the manufacturer to Customs authorities. This measure would facilitate ease of doing business, reduce administrative bottlenecks, and help commercial exporters capitalize on untapped market potential—particularly in regions where Pakistan can enhance its export footprint in consumer products.

- c) **Summary Adjudication for Exports:** In case of some contraventions on export side, summary Adjudication should be allowed as it takes a long time in making out case sending it to law department, and further to Adjudication Collectorate. At least it takes 15 to 20 days in the meantime, the ship moves and the orders are almost canceled or cannot be met in the due timeline. There are very small contraventions like extra weight or utilization of two analysis cards, extra use of raw material, value addition limit not adhered to, export without permission of brand holder etc. Such contravention needs to be tackled through summary of Adjudication right at the moment, and the shipment should not be stopped there until the goods are banned in the export policy order.

- d) **Low Pitch of Penalties for Exports:** Moreover, the offenses and penalties as imposed on import stage are also imposed for the exports. SRO 499 (giving details of penalties threshold) should have a separate table for export related offences. In exports, in most of the cases duty and taxes are not involved. Therefore, there is a need that there should be a low threshold for penalties until there are some serious evasion involved.
- e) **Bank / Insurance Guarantee:** The Customs lower staff does not tell the exporter about exact amount of guarantee till end. If guarantee is submitted as per WeBOC system's calculations of duty and taxes, staff may or may not accept and determine his own value and calculate duty and taxes on his own and might return the guarantee. Some solution is needed to make system automatic. If staff gets annoyed he will send Insurance Guarantee for verification. It will delay the case by another 20-25 days at the earliest.

2. Documentation (Rule 875)

The documentation is another issue. Customs job is to demand only prescribed documents under the Rules. The lower staff demands irrelevant papers like EPA (Environmental Protection Agency), land papers, SITE NOC etc. The plea is that it has been written in the Rules that no law is being contravened. If customs in going to check every law then how export application can be processed. Details of exact documents should be specified in the Rules in consultation with relevant Chamber and TDAP. The following documents are required as per EFS Rule 875:

- a) The application shall be supported by the following documents:
- b) ISO certification if available;
- c) Ownership documents in case of self-owned manufacturing facility;
- d) In case of rented premises lease agreement of the manufacturing facility covering the entire utilization period;
- e) Ownership or lease agreement covering the entire utilization period of the office OR business premises in case of Commercial exporters;
- f) Copy of contract/contracts or supply order, in case of contract-based application and Toll Manufacturing, if applicable;
- g) Bank statement for last two years or from the date of incorporation of the entity;
- h) Export performance supported by a summary of foreign exchange realized through e-forms if applicable;
- i) List of the installed plant and machinery in case of manufacturer-cum exporter, indirect exporter and toll manufacturer etc;
- j) Approximate value of the input goods;
- k) Input-output ratio for the manufacture of one unit of output good; and
- l) Recommendation of respective Chamber of Commerce and Industry, respective trade association or Small and Medium Enterprise Development Authority (SMEDA) in case of small and medium exporters.

Despite above list the CUSTOMS DEMAND THE FOLLOWING ADDITIONAL DOCUMENTS like:

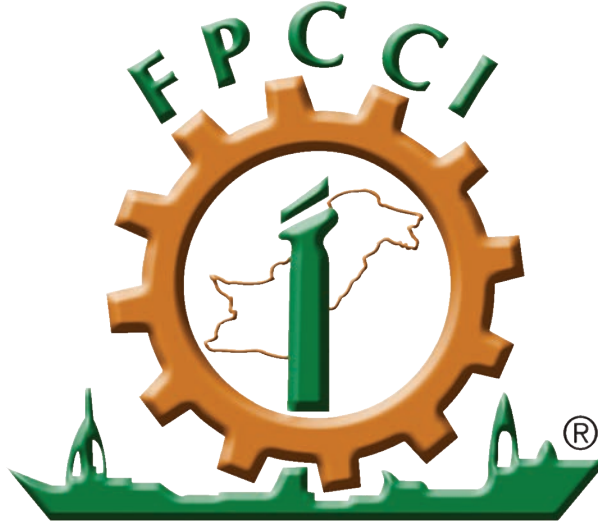
- a) Environmental Pollution Control (EPA) Certificate,
- b) NOC from S.I.T.E. Limited (for operating plant in the area without any objection),
- c) Undertaking for taking time for Issuance of EPA Certificate,
- d) Signature Verification from Bank (All Partners / Directors / Proprietors),
- e) Sales Tax Returns for Three Years, etc.
- f) Value Addition is another aspect where formula has not been provided and this is the job of customs to calculate.

In local field offices of EDB again hard and soft copies of all 15 to 20 documents are demanded by EDB which have already been given to Customs. This takes another 15-20 days. IOCO / EDB then send application back to Export Collectorate, which again takes much time for issuance of license and quota. The rules have prescribed ONE week time for forwarding the case and 30 DAYS time for IOCO/EDB from filing of application to finalization but these time lines are never observed and export get delayed.

3. Retail and Bulk Packaging

The packaging industry in Pakistan has remained largely stagnant due to a lack of targeted policy support, limited technological advancement, and an overreliance on imported finished goods in retail packaging. Despite its potential to drive value addition, job creation, and support allied sectors like agriculture, food, and pharmaceuticals, the industry faces challenges such as high production costs, outdated machinery, and limited incentives for bulk processing and local packaging. To unlock its growth, a strategic shift is needed to encourage local manufacturing and reduce dependence on imported retail-ready products.

Recommendation: To give a boost to the packaging industry and to increase employment, it is, proposed, that all tariff lines wherein items are imported in retail packing, such Tariff lines may be split into two categories: one, bulk packing and other retail packing. The bulk packing should attract 5% less custom duty than the retail packing imports, e.g., food items, shampoos, items imported in cans, sachets, individual packing may be bifurcated into two categories as mentioned above.



**The Federation of Pakistan
Chambers of Commerce & Industry**
وفاق ایوان ہائے تجارت و صنعت - پاکستان