



Taurus Securities Limited

A Subsidiary of National Bank of Pakistan

Federal Budget 2024-25

Ambitious targets likely to compromise growth...

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Discussion on Federal Budget 2024-2025

PKR 18.9Trn outlay with ambitious targets – likely to compromise growth

Budget FY25: Key Estimates

- **GDP growth target:** 3.6%. **Inflation target:** 12%.
- **FBR tax collection target:** ~PKR 13Trn (up 40%YoY).
- **Non-tax revenue target:** ~PKR 4.8Trn (up 64%YoY).
- **Current expenditure target:** ~PKR 17.2Trn (up 21%YoY).
- **Primary Deficit:** 1% of GDP. **Fiscal Deficit:** 6.9% of GDP.
- **Sector-wise GDP growth targets:** i) Agriculture: 2.0%; ii) Industrial sector: 4.4%; and iii) Services sector: 4.1%
- PKR 1.4Trn allocated for the Federal PSDP along with PKR 100Bn under Public-Private Partnership program. Over PKR 2Trn budgeted under Provincial PSDP. In addition, PKR 1.4Trn has been allocated for targeted subsidies, mainly for the power sector.
- Target for collection of Petroleum Development Levy (PDL) set to PKR 1.3Trn (revised estimate for FY24: PKR 960Bn). In addition, Petroleum Products (Petroleum Levy) Ordinance, 1961 is also proposed to be amended to increase the maximum levy rate to PKR 80/litre in case of both HSD and MS.
- Minimum wage increased to PKR 36,000/month.

Gross revenue receipts budgeted to reflect 46%YoY growth

- Wherein, FBR tax collection is expected to post a growth of 48%YoY and 35%YoY in direct and indirect taxes, respectively – exacerbating the burden of taxes on the common man.
- Income tax collection to increase 48%YoY i.e. by PKR 1.8Trn driven by mainly changes to the tax slabs as well as tax rates for both the salaried and the non-salaried class and significant increase and expansion of the WHT regime covering dealers, distributors and retailers plus the entire value chain. Tax rate on dividends from mutual funds and capital gains on securities and immovable property transactions has been increased as well.
- Advance tax on vehicle registrations to be collected on the basis of market values instead of engine capacity. Also, 1% final tax on exports to be treated as a minimum tax going forward.
- In order to widen the tax base, the Government has proposed a new category of taxpayers i.e. 'Late-Filers', along with increasing the rate of tax and surcharge for late filers and defaulters also.
- Elsewhere, exemption from income tax and WHT for erstwhile FATA/PATA regions has been extended for another year.

Ambitious targets for Indirect taxes and Non-Tax receipts

- Sales tax collection budgeted to clock-in at PKR 4.9Trn, up 36%YoY, to be mobilized on the back of withdrawal of zero-rated regime, exemptions and special rates and rationalization of GST. Collection of customs duties to post an increase of 20%.
- Meanwhile, FED expected to post a growth of 58%YoY targeting hike in FED on Cement, Sugar and specially the Tobacco sector.
- Growth in non-tax receipts i.e. 64%YoY to be led by 1.6xYoY surge in SBP profits. Similarly, PDL collection target has been set to PKR 1.3Trn compared to revised PDL target for FY24 of PKR 960Bn.

Total expenditure to post 25%YoY growth

- Current expenditure to go up 21%YoY, driven by 18%YoY growth projected in markup payments touching PKR 9.8Trn (~94% of forecast Federal Revenue). Development expenditure including net-lending to jump 80%YoY.
- 60% of the budget deficit to be financed through domestic bank borrowings. Privatization proceeds expected to bring in PKR 30Bn during FY25. External sources to fund 8% of the budget deficit.

Budgetary measures likely to hit consumption and growth

- The proposed measures i.e. PKR 1.8Trn in additional income tax and PKR 1.3Trn in additional sales tax coupled with PKR 267Bn and PKR 348Bn in additional Customs Duty & FED, respectively, is likely to hit consumption and aggregate demand, as the common man's disposable income is squeezed. This is also likely to increase headline inflation going forward.
- The fallout of the above measures coupled with the anticipated increase in utility tariffs next fiscal year could prove devastating, even resulting in social unrest. Hence, achieving such ambitious targets may prove to be an uphill task for the Government.
- Moreover, taxing the entire value chain from distributors to dealers to wholesalers to retailers etc. would also be a challenge for the Government, leading to more undocumented transactions. In fact, aggressively targeting non-filers may discourage investment in critical sectors of the economy including capital markets as well as the real-estate sector which is a major driver of demand for construction materials in the country.
- Nevertheless, Pakistan remains on track with the IMF for now.

Key highlights of the Federal Budget 2024-2025



Total Outlay

FY24R: PKR 15.2Trn

FY25B: PKR 18.9Trn



Revenue Target

FY24R: PKR 12.2Trn

FY25B: PKR 17.8Trn



Fiscal Deficit

FY24R: PKR 8.4Trn

FY25B: PKR 8.5Trn



Total PSDP

FY24R: PKR 2.4Trn

FY25B: PKR 3.8Trn



Debt Servicing

FY24R: PKR 8.3Trn

FY25B: PKR 9.8Trn



GDP Growth

FY24E: 2.4%

FY25F: 3.6%



Agriculture Sector

FY24E: 6.3%

FY25F: 2.0%



Industrial Sector

FY24E: 1.21%

FY25F: 4.40%



Services Sector

FY24E: 1.21%

FY25F: 4.10%

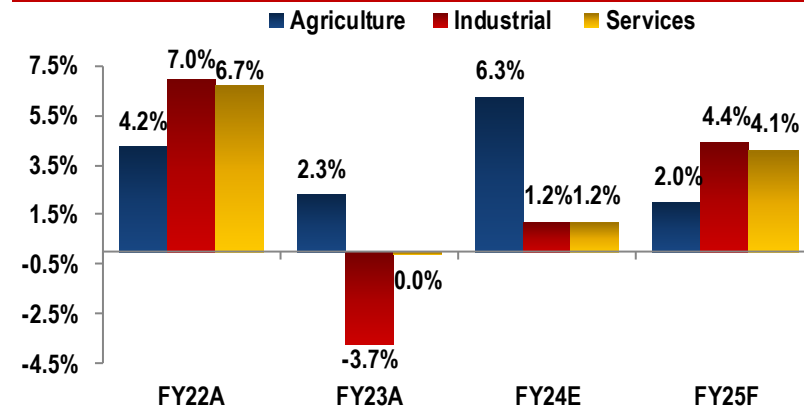


Subsidies

FY24R: PKR 1.1Trn

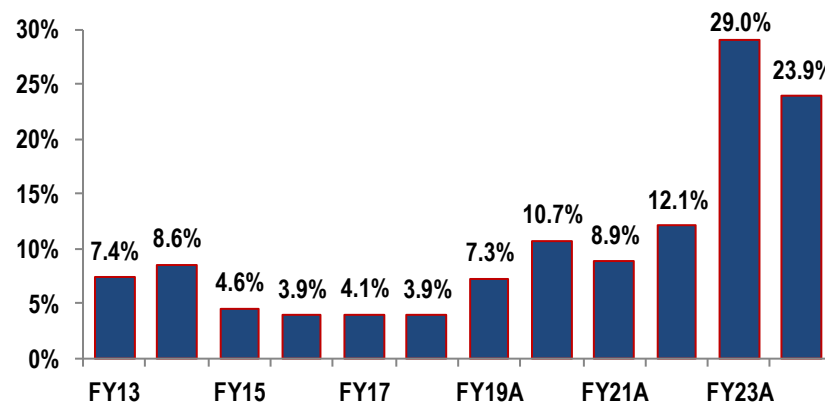
FY25B: PKR 1.4Trn

Sector-wise GDP Performance



Source: Ministry of Finance, PBS and TSL Research

Headline Inflation (%)



Source: Ministry of Finance, PBS and TSL Research

Source: Official estimates

Revenue & Expenditure Summary

Revenue Collection (PKR Mn)

Classification	Budget FY24	Revised FY24	Budget FY25
FBR Taxes	9,415,000	9,252,000	12,970,000
Direct Taxes	4,255,000	3,721,000	5,512,000
Income Tax	4,203,531	3,681,888	5,454,062
Workers Welfare Fund & WPPF	50,544	28,539	42,276
Capital Value Tax	925	10,573	15,662
Indirect Taxes	5,160,000	5,531,000	7,458,000
Customs Duties	1,211,000	1,324,000	1,591,000
Sales Tax	3,411,000	3,607,000	4,919,000
Federal Excise	538,000	600,000	948,000
Non-Tax Revenue & Receipts	2,963,164	2,947,850	4,845,415
Income from Property & Enterprise	398,054	517,642	477,117
Receipts from Civil Administration etc.	1,168,492	1,015,704	2,555,738
Petroleum Levy	869,000	960,000	1,281,000
Royalty on Oil & Gas	125,000	151,484	162,405
Extraordinary Receipts (UN etc.)	60,969	41,955	51,854
Others	341,649	261,065	317,301
Gross Revenue Receipts	12,378,164	12,199,850	17,815,415
Less: Provincial Share	5,399,001	5,426,374	7,438,000
Net Federal Revenue Receipts (A)	6,979,163	6,773,476	10,377,415

Source: Budget Brief FY25

Summary of Current Expenditure (PKR Mn)

Classification	Budget FY24	Revised FY24	Budget FY25
Mark-up payment	7,302,524	8,251,000	9,775,000
On Domestic Debt	6,430,305	7,211,167	8,736,398
On Foreign Debt	872,219	1,039,833	1,038,602
Pension	801,000	821,000	1,014,000
Defence Affairs and Services	1,804,000	1,854,000	2,122,000
Grants and Transfers	1,408,638	1,482,000	1,776,672
Subsidies	1,064,275	1,071,000	1,363,412
Running of Civil Government	713,959	753,000	839,000
Provision for Disaster i.e. Covid	250,000	0	313,000
Total (B)	13,344,396	14,232,000	17,203,084

Development Expenditure & Net Lending

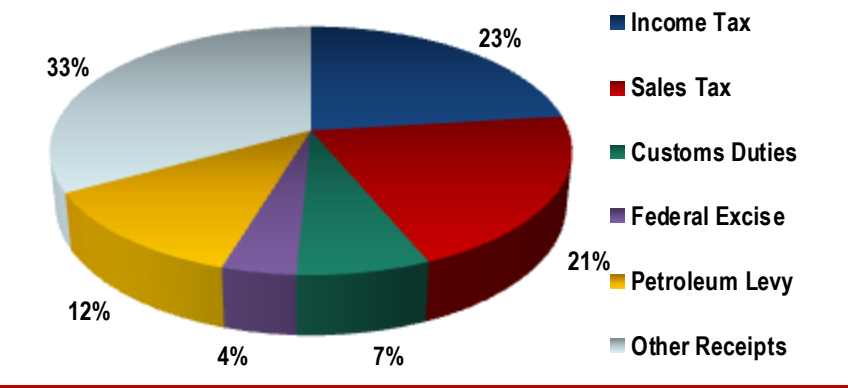
Classification	Budget FY23	Revised FY23	Budget FY24
Federal PSDP	950,000	659,000	1,400,000
Net Lending	190,604	269,000	274,000
Total (C)	1,140,604	928,000	1,674,000
Total Expenditure (D) = (B) + (C)	14,485,000	15,160,000	18,877,084
Budget Deficit (A) - (D)	-7,505,837	-8,386,524	-8,499,669

Deficit Financing (PKR Bn)

Classification	%	Budget FY25
Net External Financing	7.8%	666
Domestic Financing	91.8%	7,803
Privatization Proceeds	0.4%	30
Total Financing	100%	8,499

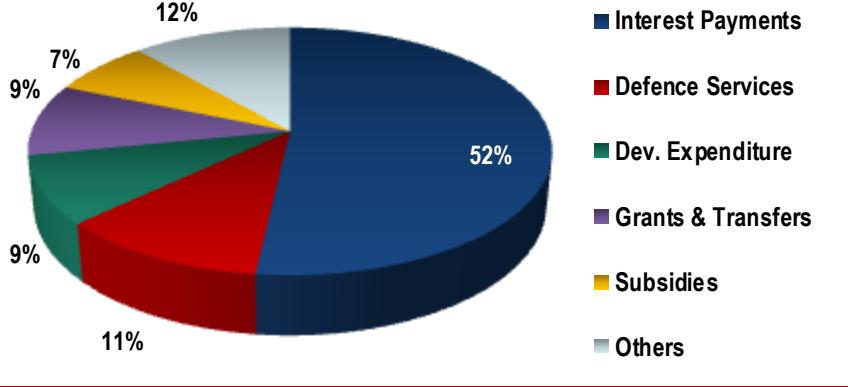
Source: Budget Brief FY25

Revenue Break-up FY25 (%) - (Net of Provincial Transfers)



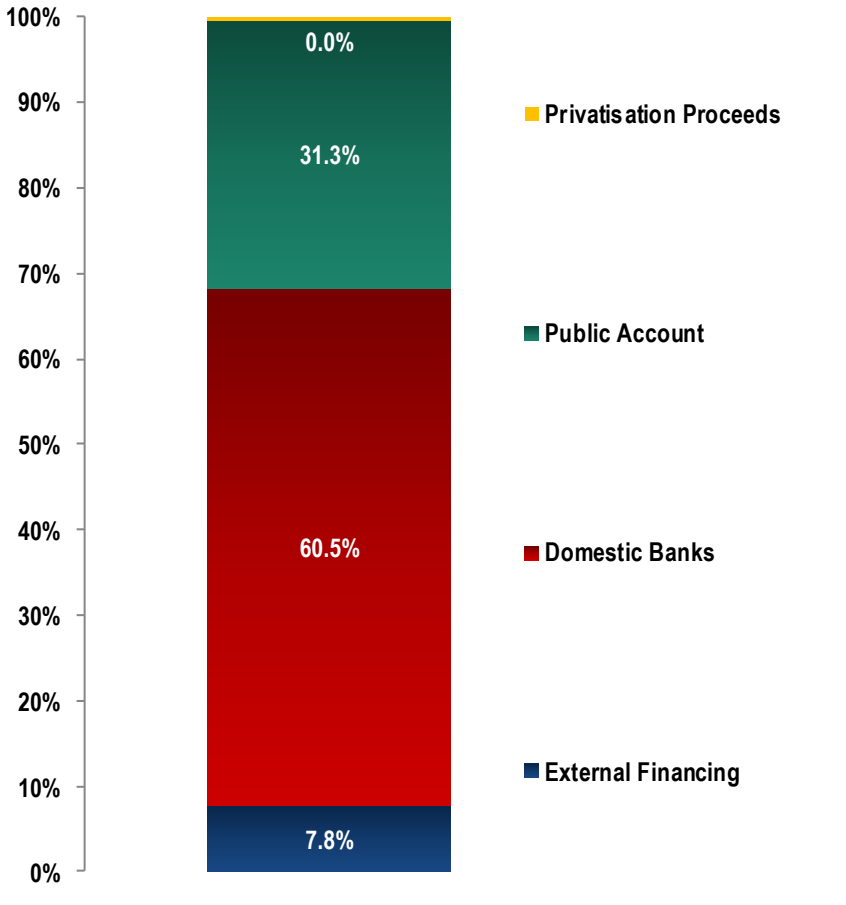
Source: Budget Brief FY25

Expenditure Break-up FY25 (%)



Source: Budget Brief FY25

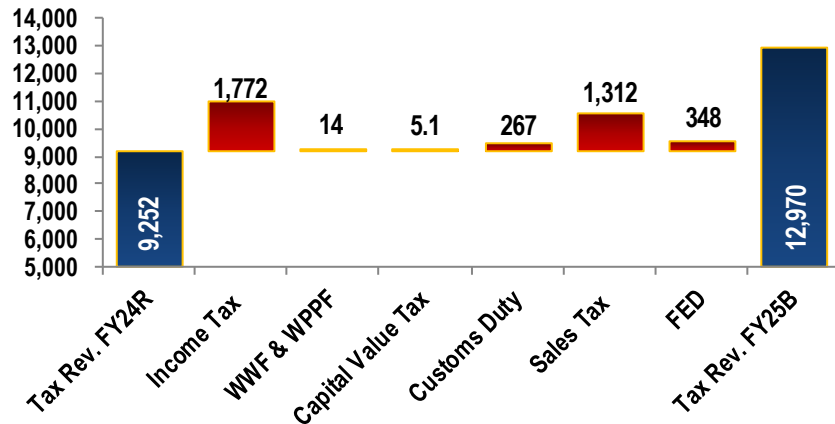
Fiscal Deficit Financing FY25 (%)



Source: Budget Brief FY25

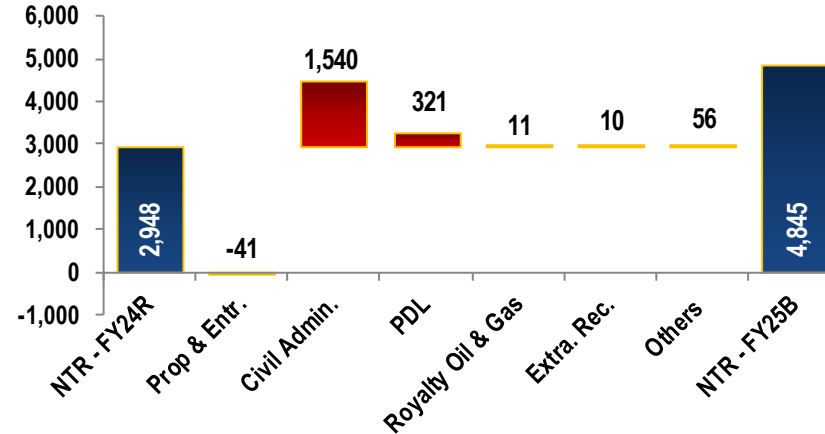
YoY Movement in Revenue & Expenditure

YoY Movement in Tax Revenue (PKR Bn)



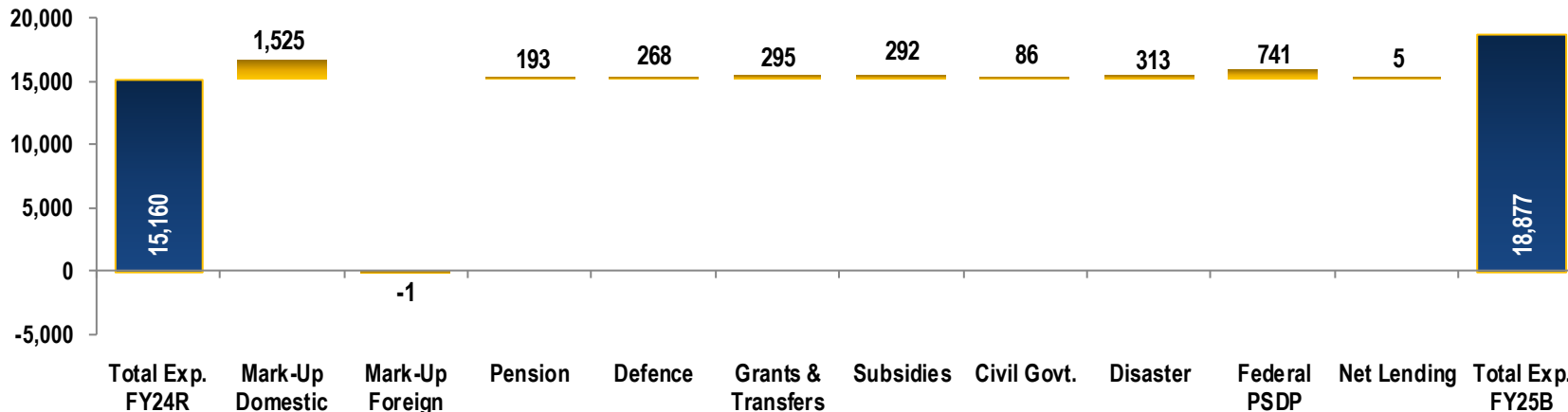
Source: Budget Brief & TSL Research

YoY Movement in Non-Tax Receipts (PKR Bn)



Source: Budget Brief & TSL Research

YoY Movement in Total Expenditure (PKR Bn)



Source: Budget Brief & TSL Research

Summary of Capital Receipts, Public Account and External Financing

Capital Receipts (PKR Mn)

Classification	Budget FY24	Revised FY24	Budget FY25
Recoveries of Loans & Advances - A	632,200	393,541	491,999
Pakistan Investment Bonds	244,802	237,033	204,686
Ijara Sukuk Bonds	1,431,570	1,614,302	2,313,469
Others	22,937	-5,267	22,050
Permanent Debt	1,699,309	1,846,068	2,540,205
Prize Bonds & Others	10,610	2,347	2,176
Treasury Bills Auction	189,000	559,547	0
Govt.Bai Muajjal Ijara Sukuk	0	0	0
Floating Debt	199,610	561,894	2,176
Total Public Debt - B	1,898,919	2,407,962	2,542,381
Total Capital Receipts (A+B)	2,531,119	2,801,503	3,034,380

Source: Budget Brief FY25

Public Account (PKR Mn)

Classification	Budget FY24	Revised FY24	Budget FY25
National Savings Schemes	-13,131	-127,354	79,755
GP Fund	-25,265	-32,800	-26,720
Deposits & Reserves (Net)	45,606	65,582	67,197
Total	7,210	-94,572	120,232

Source: Budget Brief FY25

External Resources (PKR Mn)

Classification	Budget FY24	Revised FY24	Budget FY25
Gross External Resources	7,169,136	5,053,335	5,685,801
Less: Foreign Loans & Repayments	4,398,068	2,382,222	4,989,963
Less: Repayment of short-term credits	46,690	47,875	29,500
External Resources - Net	2,724,378	2,623,238	666,338

Source: Budget Brief FY25

Provincial Share of Divisible Pool increased to PKR 7.4Trn

Details of Divisible Pool Taxes (PKR Mn)

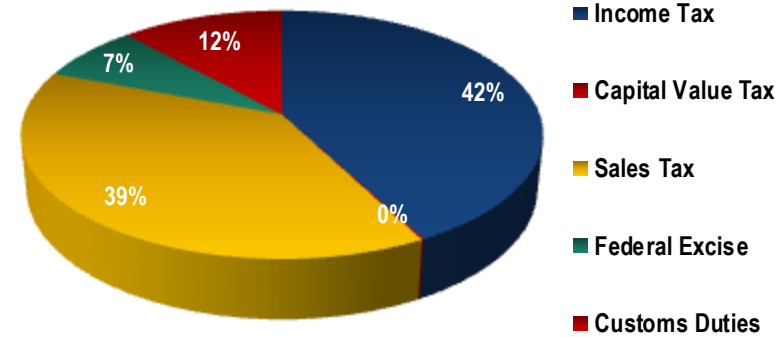
Classification	Budget FY24	Revised FY24	Budget FY25
Income Tax	2,358,873	2,116,531	3,055,981
Capital Value Tax	530	5,569	8,981
Sales Tax (excl. GST on services)	1,920,805	2,050,054	2,786,341
Federal Excise (excl. Excise Duty on Gas)	300,323	336,281	536,897
Customs Duties (excl. Export Dev. Surcharge)	685,911	739,215	854,624
Divisible Pool Taxes - (A)	5,266,442	5,247,650	7,242,824
Gas Development Surcharge	13,720	26,460	24,500
Royalty on Natural Gas	62,552	88,215	101,676
Royalty on Crude Oil	42,277	56,759	57,481
Excise Duty on Natural Gas	14,009	7,290	11,519
Straight Transfers - (B)	132,558	178,724	195,176
Total (A) + (B)	5,399,000	5,426,374	7,438,000

Province-wise Share

Punjab	2,663,892	2,676,492	3,695,076
Sindh	1,345,377	1,361,747	1,853,831
KPK	895,145	894,427	1,221,535
Balochistan	494,587	493,709	667,557
Total Provincial Share	5,399,001	5,426,375	7,437,999

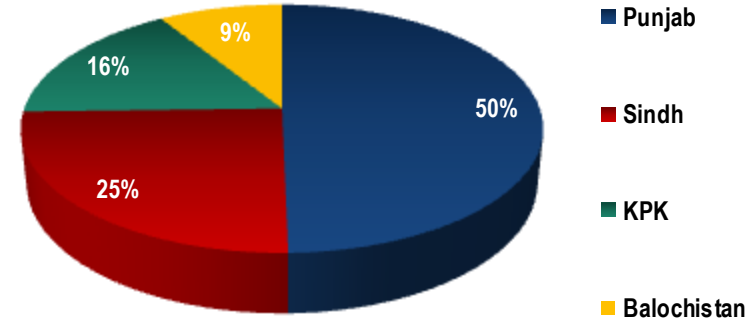
Source: Budget Brief FY25

Composition of Divisible Pool Taxes FY25



Source: Budget Brief FY25

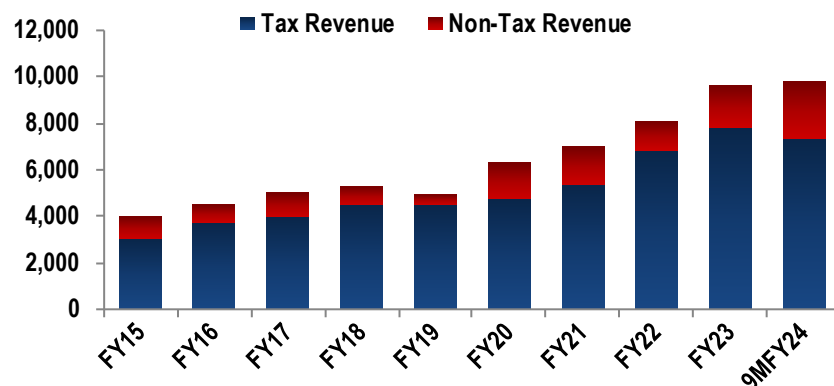
Provincial Share of Divisible Pool Taxes FY25



Source: Budget Brief FY25

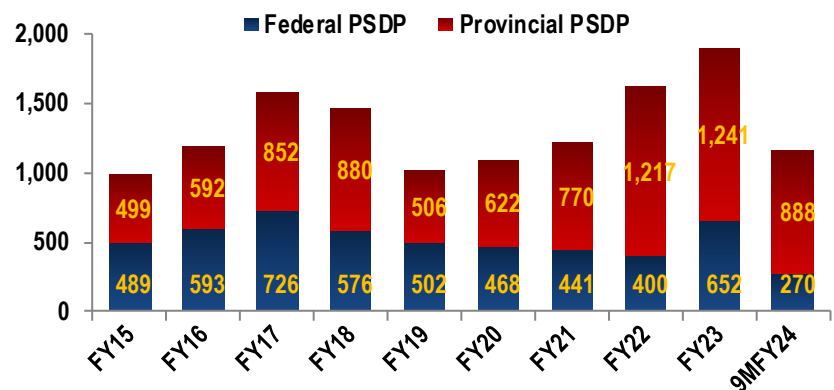
Pakistan Fiscal Operations FY15 – FY24 TD

Revenue Receipts (PKR Bn)



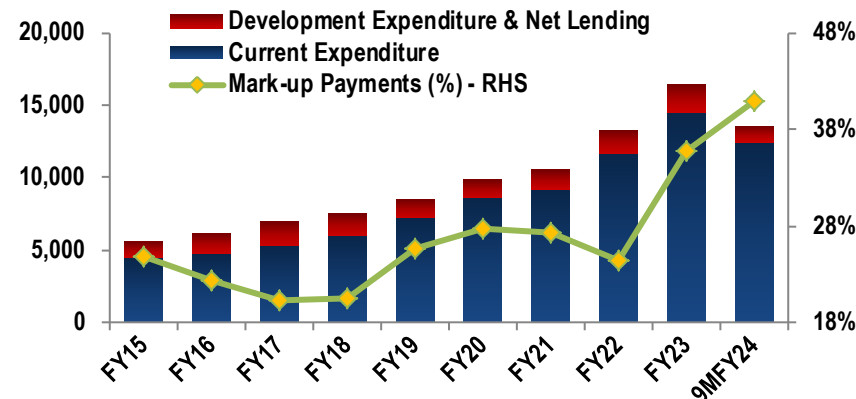
Source: Ministry of Finance and TSL Research

Public Sector Development Program (PKR Bn)



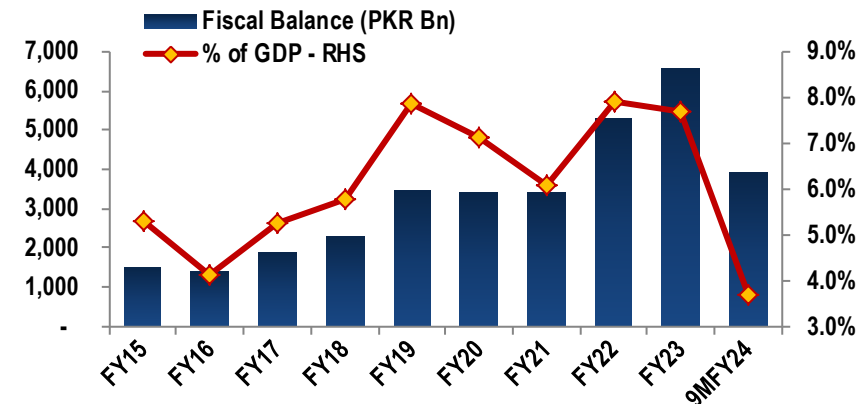
Source: Ministry of Finance and TSL Research

Total Expenditure (PKR Bn)



Source: Ministry of Finance and TSL Research

Fiscal Deficit (PKR Bn) FY15 - FY24 TD



Source: Ministry of Finance and TSL Research

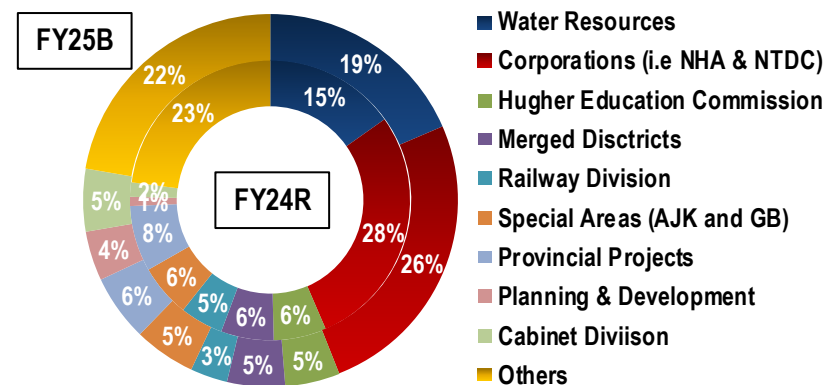
PKR 1.4Trn allocated under Federal Public Sector Development Program

- The Government has allocated PKR 1.4Trn under the Federal Public Sector Development Program (PSDP), up 1.1x for FY25 as compared to the revised allocation of PKR 659Bn for FY24. Provincial PSDP: ~PKR 2.1Trn. Total National PSDP: PKR 3.8Trn.
- Development expenditure has been majorly allocated towards on-going projects along with an allocation of PKR 260Bn for Water Resources Division. In addition, PKR 356Bn has been assigned to Corporations namely the National Highway Authority (PKR 180.3Bn) and NTDC (PKR 175.9Bn), respectively. PKR 45Bn have been assigned for Railways Division.
- Elsewhere, PKR 74.5Bn have been budgeted for Special Areas i.e. AJK and GB. Budget for Higher Education Commission has been set to PKR 66.3Bn, up 66% YoY.
- To note, Federal PSDP disbursements for the outgoing fiscal year stand at PKR 270Bn only as of 9MFY24 compared to revised budgeted allocation of PKR 659Bn, in the name of fiscal consolidation. Hence, we are highly skeptical about the quantum of actual disbursement under the envisaged PSDP for FY25.

Federal PSDP (PKR Bn)

Particulars	Revised FY24	Budgeted FY25
Water Resources	100	260
Corporations (i.e NHA & NTDC)	187	356
Hugher Education Commission	40	66
Merged Disctricts	40	70
Railway Division	33	45
Special Areas (AJK and GB)	40	75
Provincial Projects	50	80
Planning & Development	7	60
Cabinet Diviison	11	76
Others	151	312
Total Federal PSDP	659	1400

Source: Budget Brief FY25 and TSL Research



PKR 1.4Trn allocated for Subsidies including PKR 1.2Trn for Power

- The Government has allocated ~PKR 1.4Trn (~7% of the total expenditures) on account of subsidies for FY25. Power sector is the biggest receiver of subsidies (~87% allocation).
- **Power Subsidies:** PKR 276Bn and PKR 174Bn allocated under tariff differential for Inter-Disco and K-Electric, respectively. With PKR 108Bn allocated under Tariff Differential for AJK.
- About PKR 509Bn assigned as lump provision for power subsidy.
- **Other Subsidies:** PKR 18.4Bn for the petroleum sector, PKR 12Bn for PASSCO and PKR 65Bn for Utility Store Corporation.
- Additionally, the Government has budgeted ~PKR 14Bn in mark-up subsidy to support phasing out of SBP's refinance schemes.
- PKR 21.1Bn to be provided as mark-up subsidy on Housing.
- To note the IMF has prescribed allocation of targeted subsidies only and therefore, may express reservations over these figures.

Subsidies (PKR mn)

Classification	Budget FY24	Revised FY24	Budget FY25
Subsidy to WAPDA/PEPCO	715,575	344,000	1,015,500
Subsidy to KESC	178,500	240,000	174,500
Subsidy to Petroleum	50,600	50,600	18,400
Utility Store Corporation	35,000	35,000	65,000
PASSCO	10,000	10,000	12,000
Subsidy to Fertilizer Plants	25,000	25,000	3,000
Others	42,300	48,903	75,012
Wheat Subsidy to GB	9,500	16,568	15,872
Metro Bus Subsidy	2,000	2,000	3,000
Mark-up subsidy of SBPs refinancing	5,700	5,700	13,860
Refinance and credit guarantee	-	-	3,200
Subsidy for SME sector	-	-	2,000
Mark-up Subsidy and risk sharing scheme	6,400	6,400	5,000
Subsidy to Naya Housing Pakistan Authority	500	35	1,000
Mark-up Subsidy on housing finance scheme	12,200	12,200	21,080
Subsidy on Import of Urea	6,000	6,000	10,000
Additional for Flood	7,300	7,300	-
Other Subsidies	-	310,197	-
Total Subsidies	1,064,275	1,071,000	1,363,412

Source: Budget Brief FY25

Expected Market Reaction: Uncertainty may increase testing market resilience

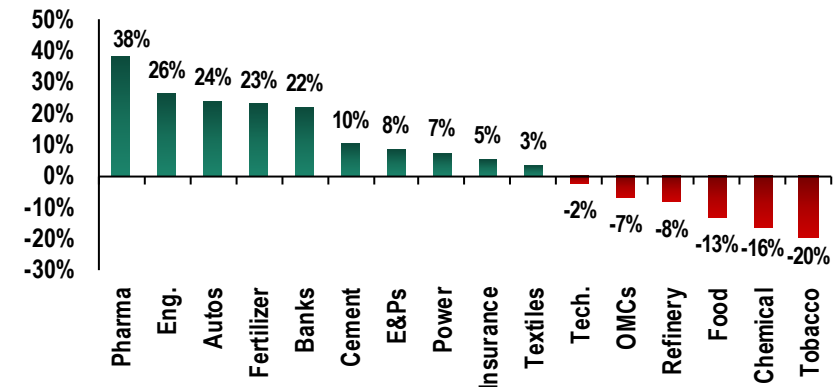
- We flag the budgetary measures as a reflection of the IMF's prescription with virtually scant reliefs if any and significant surge in the overall tax burden, specially for the middle-class – having repercussions for overall consumption in the economy affecting cyclical sectors in particular.
- In addition, we believe the imposition of a flat capital gains tax on securities along with higher rate of tax on dividends from mutual funds to be slightly negative for the market. Increase in the rate of tax for non-filers may undermine market activity too. Although the Government has kept the corporate tax rate and the minimum tax unchanged for the next fiscal year.
- Nevertheless, given the magnitude of the tax collection targets (even after incorporating the effect of inflation next year), chances of a short-fall seem high. This is likely to increase uncertainty. However, on the flipside passing of the budget would pave the way for Pakistan to secure an Extended Fund Facility which may revive investor sentiment despite initial jitters.
- The key will be the course inflation going forward and the reaction from the masses.

Post-Budget KSE 100 Index Return

Budget Year	Announcement Date	Market Return (%)		
		30 Days	60 Days	90 Days
FY15	3-Jun-14	0.7%	-3.4%	6.1%
FY16	5-Jun-15	4.2%	1.1%	-4.8%
FY17	3-Jun-16	2.0%	6.8%	14.5%
FY18	26-May-17	-12.0%	-19.7%	-22.9%
FY19	26-Apr-18	-7.4%	-7.4%	-17.0%
FY20	11-Jun-19	-2.3%	-10.7%	16.7%
FY21	12-Jun-20	5.8%	22.9%	25.0%
FY22	11-Jun-21	-1.8%	-2.4%	-3.5%
FY23	10-Jun-22	0.4%	-1.1%	0.5%
FY24	9-Jun-23	6.4%	13.2%	9.2%

Source: PSX & TSL Research.

CY24TD Sector-wise return

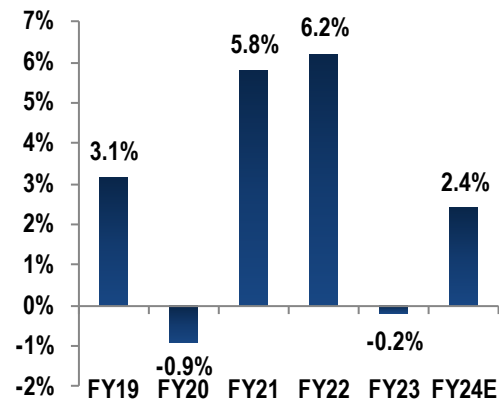


Source: PSX and TSL Research

Macroeconomic Snapshot and Forecast for Key Economic Indicators

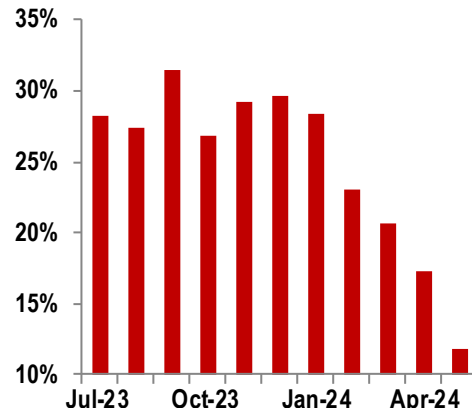
Performance of key economic indicators FY24 TD

FY24 Provisional GDP Growth (%) at 2.4%



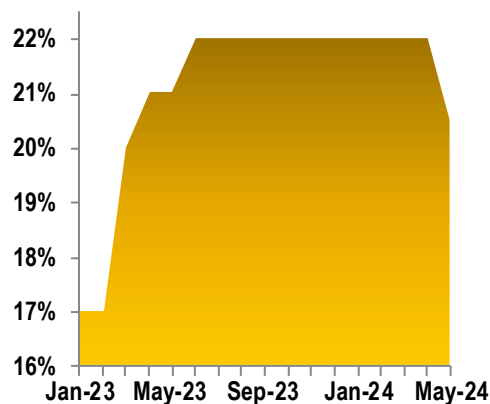
Source: MoF, PBS and TSL Research

10MFY24 Headline Inflation stands at 24.9%



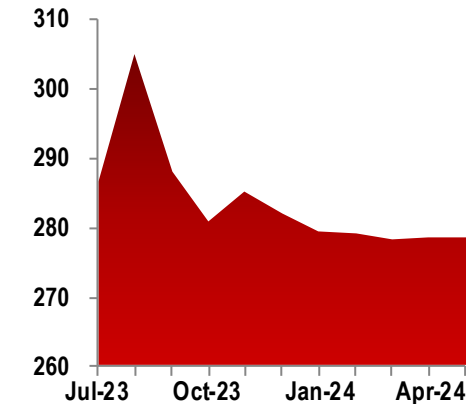
Source: MoF, PBS and TSL Research

Policy Rate (%) stands at 20.50%



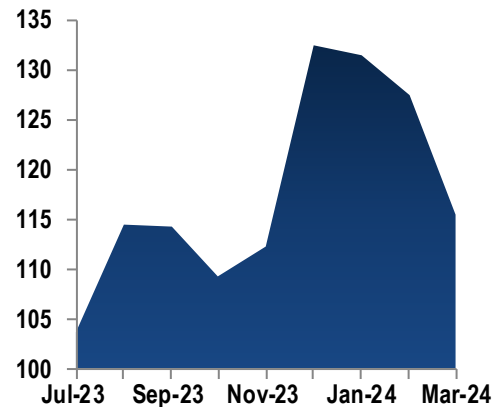
Source: MoF, PBS and TSL Research

Month-End PKR/USD Parity



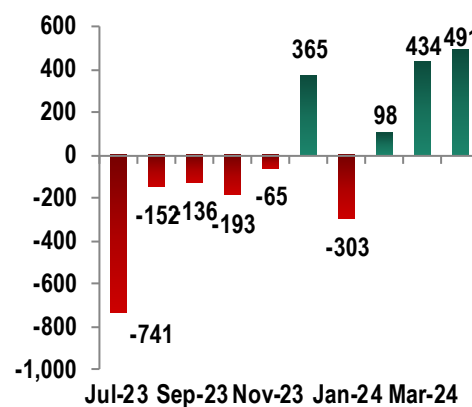
Source: MoF, PBS and TSL Research

9MFY24 LSMI down 0.1%YoY



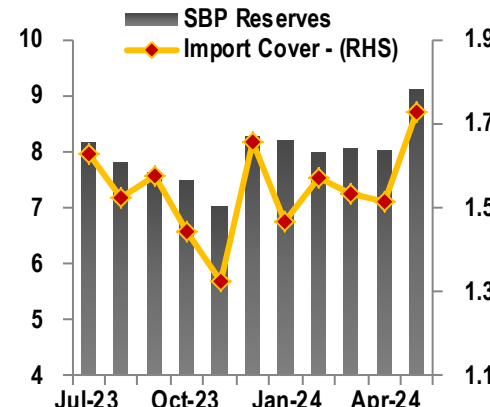
Source: MoF, PBS and TSL Research

Monthly Current Account Deficit (USD Mn)



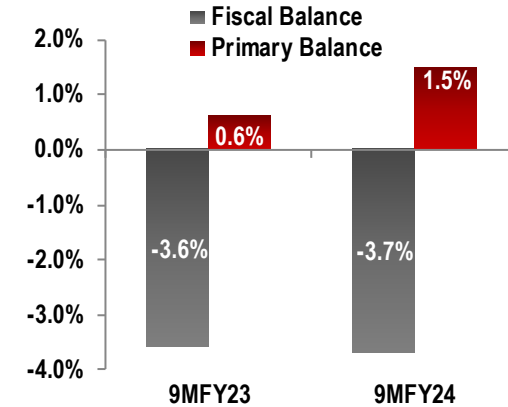
Source: MoF, PBS and TSL Research

Foreign Exchange Reserves (USD Bn)



Source: MoF, PBS and TSL Research

Fiscal Position 9MFY24 (% of GDP)



Source: MoF, PBS and TSL Research

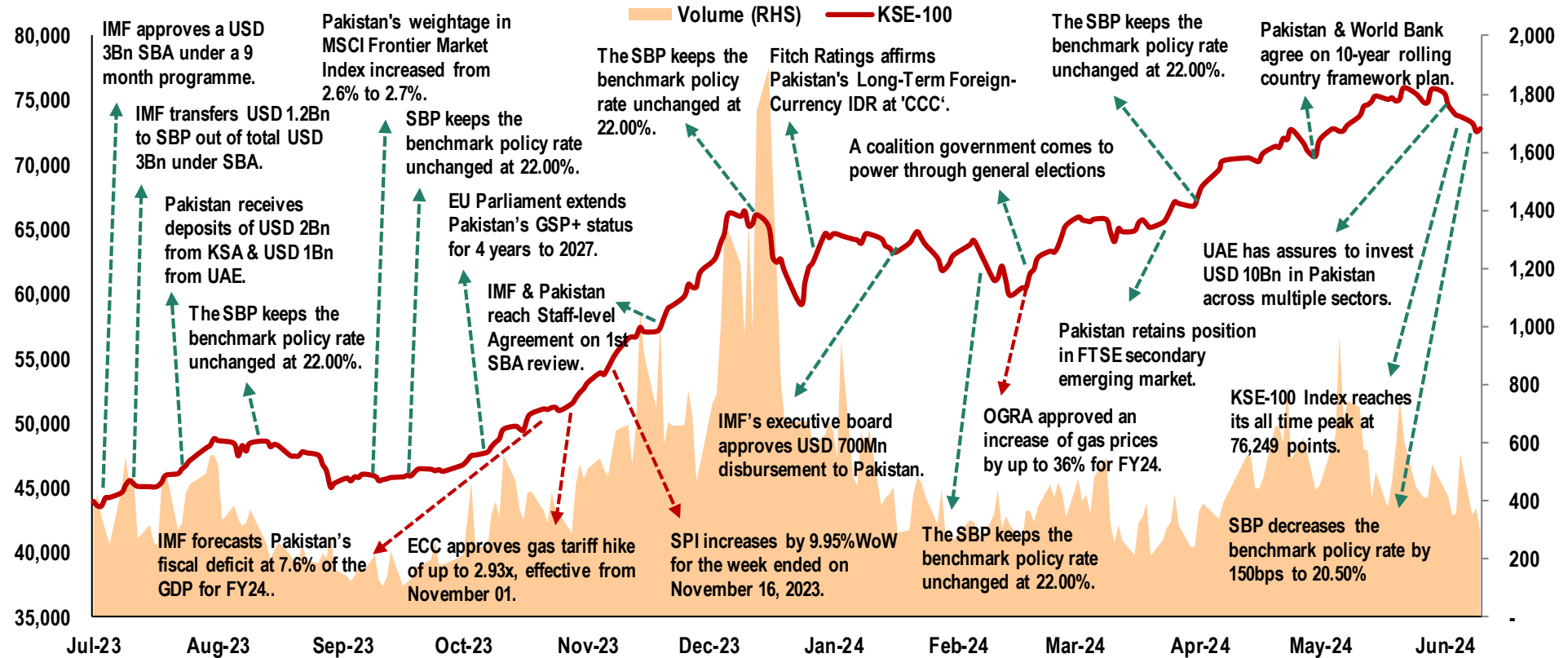
Forecast for Key Economic Indicators

Gross Domestic Product		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25F
Real Growth	YoY %	4.1%	4.6%	6.1%	3.1%	-0.9%	5.8%	6.2%	-0.2%	2.4%	3.5%
Nominal Value	USD (Bn)	314	340	357	322	301	349	375	341	377	425
Monetary Indicators		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25F
NCPI (% YoY)	FY Avg.	3.9%	4.1%	3.9%	7.3%	10.7%	8.9%	12.1%	29.0%	23.9%	14.1%
Policy Rate (% YoY)	FY Avg.	6.0%	5.8%	6.0%	9.7%	11.8%	7.0%	9.7%	17.5%	21.3%	19.8%
Policy Rate (% YoY)	FY End	5.8%	5.8%	6.5%	12.3%	7.0%	7.0%	13.8%	22.0%	20.5%	19.0%
PKR/USD	FY Avg.	104.2	104.7	109.8	136.1	158.0	160.0	177.5	248.0	283.7	295.9
PKR/USD	FY End	104.6	104.8	121.3	162.0	167.7	157.3	204.6	286.1	281.2	310.6
External Indicators		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25F
Goods Imports	USD (Bn)	41.3	48.7	55.7	51.9	43.6	54.3	71.5	52.7	52.2	57.5
Goods Exports	USD (Bn)	22.0	22.0	24.8	24.3	22.5	25.6	32.5	27.9	30.6	33.2
Trade Deficit	USD (Bn)	(19.3)	(26.7)	(30.9)	(27.6)	(21.1)	(28.6)	(39.1)	(24.8)	(21.6)	(24.3)
Services Deficit	USD (Bn)	(3.5)	(4.7)	(6.4)	(5.0)	(3.3)	(2.5)	(5.8)	(1.0)	(2.3)	(1.9)
Remittances	USD (Bn)	19.9	19.4	19.9	21.7	23.1	29.4	31.3	27.3	29.6	32.3
Current Account	USD (Bn)	(5.0)	(12.3)	(19.2)	(13.4)	(4.4)	(2.8)	(17.5)	(3.2)	0.1	(5.3)
Foreign Reserves (FY End)	USD (Bn)	23.1	21.4	16.4	14.5	18.9	24.4	15.4	9.2	14.6	17.8
Fiscal Indicators		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25F
Total Revenue	PKR (Bn)	4,447	4,937	5,228	4,901	6,272	6,903	8,035	9,634	13,041	10,377
Total Expenditure	PKR (Bn)	5,796	6,801	7,488	8,346	9,648	10,307	13,295	16,155	20,068	18,877
Fiscal Deficit	PKR (Bn)	(1,349)	(1,864)	(2,260)	(3,445)	(3,376)	(3,403)	(5,260)	(6,521)	(7,028)	(8,500)
Deficits % of GDP Summary		FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24E	FY25F
Fiscal Deficit	%	4.1%	5.2%	5.8%	7.9%	7.1%	6.1%	7.9%	7.7%	6.6%	6.9%
Current Account	%	1.6%	3.6%	5.4%	4.2%	1.5%	0.8%	4.7%	0.9%	0.0%	1.2%
Trade Deficit	%	-7.3%	-9.2%	-10.5%	-10.1%	-8.1%	-8.9%	-12.0%	-7.6%	-6.3%	-6.2%

Source: International Monetary Fund, Ministry of Finance, State Bank of Pakistan, Pakistan Bureau of Statistics and TSL Research

KSE 100-Index Performance FY24TD

The year in review – KSE-100 Index up 76% (+31,345 points)



Source: PSX & TSL Research

Foreign Portfolio Investment FY24 TD

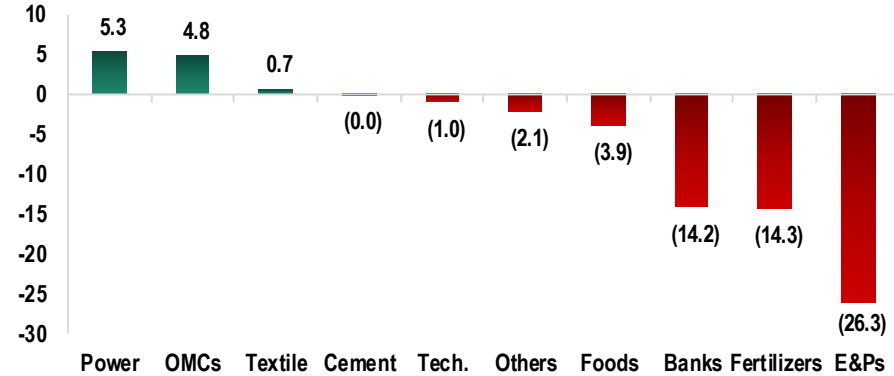
Sectors	FIPI (USD Mn)			LIPI (USD Mn)								
	Gross Buy	Gross Sell	Net.	Banks	Broker	Comp.	Indivi.	Insur.	Funds	NBFCs	Others	Net.
Cement	125.7	(110.4)	15.3	(13.4)	(2.3)	26.6	(28.6)	5.2	(0.0)	(0.1)	(2.8)	(15.4)
Banks	200.0	(144.5)	55.5	(46.7)	(2.8)	(27.1)	(13.0)	45.6	(14.2)	(0.2)	2.8	(55.6)
Technology	196.6	(196.3)	0.3	(0.7)	(3.0)	(2.5)	6.6	1.1	(1.0)	(0.0)	(0.4)	0.1
Textile	20.6	(19.7)	0.9	(2.5)	(2.0)	6.3	(1.4)	(1.9)	0.7	0.0	(0.1)	(0.9)
Fertilizer	82.8	(63.6)	19.2	(27.9)	(5.1)	10.4	(5.4)	41.7	(14.3)	0.2	(19.0)	(19.3)
Others	432.5	(394.2)	38.2	(14.4)	(9.3)	0.1	(8.6)	4.0	(2.1)	(0.4)	(7.8)	(38.6)
OMC	85.8	(81.4)	4.4	0.0	(2.1)	(1.6)	(9.6)	4.2	4.8	(0.0)	0.1	(4.3)
E & P	214.1	(209.2)	4.9	2.7	(2.1)	3.7	1.7	20.9	(26.3)	(0.1)	(5.5)	(4.9)
Power	79.3	(66.0)	13.3	(25.3)	(1.2)	2.9	(0.5)	11.9	5.3	0.0	(6.2)	(13.1)
Food	59.5	(55.3)	4.2	(1.6)	(0.5)	(0.1)	4.0	(3.0)	(3.9)	(0.3)	1.0	(4.3)
Debt Market	0.0	0.0	(16.6)	8.5	(0.3)	(1.1)	0.5	(0.8)	1.1	(0.1)	8.8	16.6
Total	1,496.9	(1,340.7)	139.6	(121.2)	(30.7)	17.7	(54.3)	128.9	(49.9)	(1.0)	(29.1)	(139.6)

Source: NCCPL & TSL Research

- Foreigners have been net buyers of USD 139.6Mn worth of shares.
- On the local front Insurance Cos. have been the largest buyers, buying USD ~129Mn worth of shares. Followed by Companies.
- Banks have been net sellers of USD 121.2Mn worth of shares. Followed by Individuals selling USD 54.3Mn worth of shares and Mutual Funds selling USD 49.9Mn worth of shares.

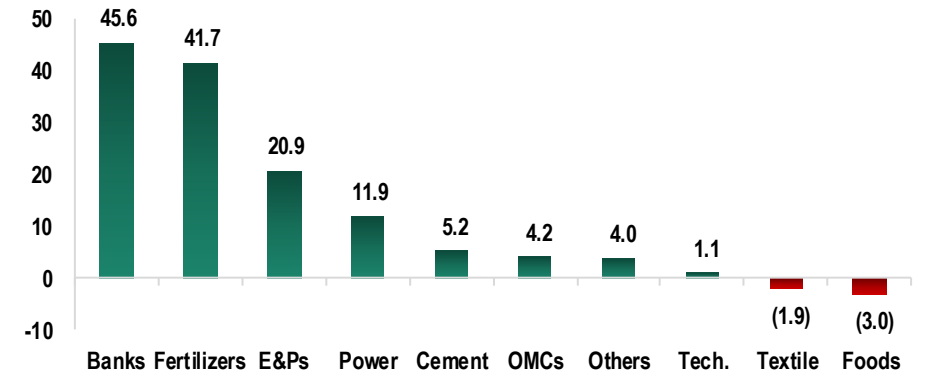
Local Portfolio Investment FY24 TD

Mutual Funds activity FY24 TD (USD Mn)



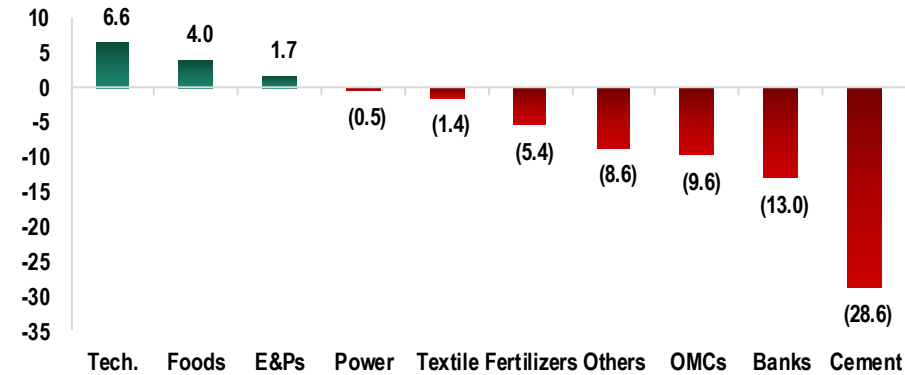
Source: NCCPL and Research

Insurance activity FY24 TD (USD Mn)



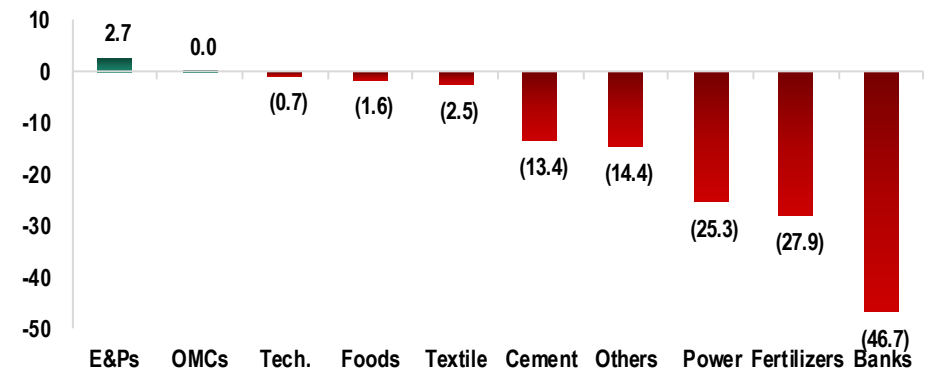
Source: NCCPL & TSL Research

Individuals activity FY24 TD (USD Mn)



Source: NCCPL & TSL Research

Banks activity FY24 TD (USD Mn)



Source: NCCPL & TSL Research

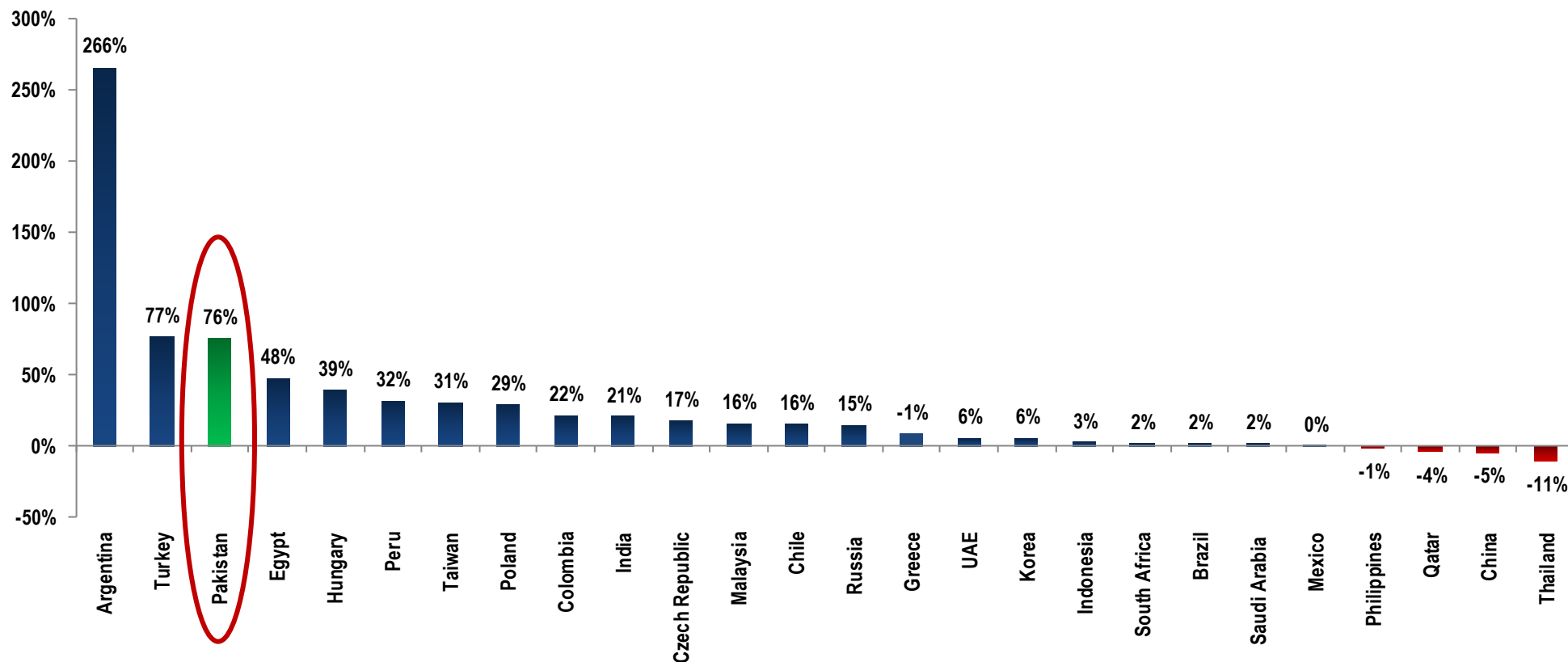
KSE 100 Index Profitability Increased 24%YoY during 9MFY24

Sectors (PKR Mn)	9MFY24	9MFY23	YoY	QoQ	1QFY24	2QFY24	3QFY24
Cable & Electrical Goods	1,241	(40)	32.1x	17%	418	379	445
Leather & Tanneries	5,343	(999)	6.4x	31%	1,398	1,705	2,241
Oil & Gas Marketing Companies	31,928	10,098	2.2x	1.8x	33,367	(8,478)	7,039
Transport	1,390	(2,584)	1.5x	30%	577	477	336
Autos	24,990	10,616	1.4x	13%	7,996	7,997	8,997
Insurance	7,801	4,157	88%	-5%	2,578	2,677	2,546
Refinery	14,653	8,005	83%	3.1x	12,724	(1,739)	3,668
Commercial Banks	459,420	309,515	48%	-3%	157,893	152,741	148,786
Power Generation & Distribution	70,570	50,457	40%	14%	24,660	21,480	24,430
Paper & Board	4,645	3,592	29%	-42%	2,086	1,619	939
Fertilizer	163,653	129,692	26%	1.8x	81,851	21,448	60,354
Engineering	7,519	6,248	20%	-61%	2,533	3,582	1,404
Tobacco	23,056	19,553	18%	-36%	9,895	8,023	5,138
Others	24,319	21,148	15%	-50%	7,021	11,512	5,786
Oil & Gas Exploration Companies	350,750	312,208	12%	-27%	107,948	140,563	102,240
Cement	95,997	88,230	9%	-11%	32,093	33,877	30,026
Pharmaceuticals	6,358	6,976	-9%	9%	1,081	2,521	2,756
Textiles	33,778	38,822	-13%	-7%	13,845	10,332	9,600
Food & Personal Care Products	26,289	32,912	-20%	95%	10,105	5,487	10,696
Chemical	28,443	42,226	-33%	-23%	10,866	9,956	7,621
Synthetic & Rayon	(1,095)	1,394	-1.8x	1.2x	58	(1,516)	362
Technology & Communication	(18,863)	5,942	-4.2x	4.1x	(7,712)	(1,814)	(9,337)
Grand Total	1,362,185	1,098,168	24%	1%	513,283	422,830	426,072

Source: Company Accounts & TSL Research, * Consolidated basis

*Based on results announced by 97 out of 100 companies in the KSE-100 Index. Does not include HGFA, KEL & SNGP

KSE 100 Index Performance against Peer Markets FY24 TD



Source: Investing.com & TSL Research

As of June 12, 2024 close

Major Budget Proposals

Key Proposals – Income Tax – Personal Income Tax Change in Slabs & Rates

Salaried Individuals

Previous Tax Slab Rates for Salaried Individuals under Section 149, Division I Part I of First Schedule	Tax (PKR) for FY24	Excess Tax (%) for FY24
Annual Taxable Income under PKR 600,000	-	-
Annual Income exceeds PKR 600,000 but does not exceed PKR 1,200,000	-	2.5%
Annual Taxable Income exceeds PKR 1,200,000 but does not exceed PKR 2,400,000	15,000	12.5%
Annual Taxable Income exceeds PKR 2,400,000 but does not exceed PKR 3,600,000	165,000	22.5%
Annual Taxable Income exceeds PKR 3,600,000 but does not exceed PKR 6,000,000	435,000	27.5%
Annual Income exceeding PKR 6,000,000	1,095,000	35.0%

Source: Finance Bill 2024-25

New Tax Slab Rates for Salaried Individuals under Section 149, Division I Part I of First Schedule	Tax (PKR) for FY25	Excess Tax (%) for FY25
Annual Taxable Income under PKR 600,000	-	-
Annual Income exceeds PKR 600,000 but does not exceed PKR 1,200,000	-	5.0%
Annual Taxable Income exceeds PKR 1,200,000 but does not exceed PKR 2,200,000	30,000	15.0%
Annual Taxable Income exceeds PKR 2,200,000 but does not exceed PKR 3,200,000	180,000	25.0%
Annual Taxable Income exceeds PKR 3,200,000 but does not exceed PKR 4,100,000	430,000	30.0%
Annual Income exceeding PKR 4,100,000	700,000	35.0%

Source: Finance Bill 2024-25

Key Proposals – Income Tax – Personal Income Tax... Continued

Association of Persons

Previous Tax Slab Rates for Salaried Individuals under Section 149, Division I Part I of First Schedule	Tax (PKR) FY24	Excess Tax (%) FY24
Annual Taxable Income under PKR 600,000	-	-
Annual Income exceeds PKR 600,000 but does not exceed PKR 8,00,000	-	7.5%
Annual Taxable Income exceeds PKR 8,00,000 but does not exceed PKR 1,200,000	15,000	15.0%
Annual Taxable Income exceeds PKR 1,200,000 but does not exceed PKR 2,400,000	75,000	20.0%
Annual Taxable Income exceeds PKR 2,400,000 but does not exceed PKR 3,000,000	315,000	25.0%
Annual Taxable Income exceeds PKR 3,000,000 but does not exceed PKR 4,000,000	465,000	30.0%
Annual Income exceeding PKR 4,000,000	765,000	35.0%

Source: Finance Bill 2024-25

New Tax Slab Rates for Salaried Individuals under Section 14 Tax (PKR) FY25	Excess Tax (%) FY25
Annual Taxable Income under PKR 600,000	-
Annual Income exceeds PKR 600,000 but does not exceed PKR 1,200,000	15.0%
Annual Taxable Income exceeds PKR 1,200,000 but does not exceed PKR 1,600,000	20.0%
Annual Taxable Income exceeds PKR 1,600,000 but does not exceed PKR 3,200,000	30.0%
Annual Taxable Income exceeds PKR 3,200,000 but does not exceed PKR 5,600,000	40.0%
Annual Income exceeding PKR 5,600,000	45.0%

Source: Finance Bill 2024-25

No Change in exempt maximum annual income threshold

- No change in threshold of PKR 600,000 in annual income, up to which no tax is payable.

Higher tax rates for late filing

- A new tax rate for a new category of persons who are late filers i.e. they become filers after the due date of filing of return only for the sake of a specific transaction to avoid higher rates for non-filers. For such late filers a new tax rate is being introduced which is higher rate as compared to filers but lower than the non-filers.

Income tax on immovable properties

- Progressive tax rates on purchase and sale of immovable properties to be categorized as follows:
 - a. **Filers:** i) 3% of value of property up to PKR 50Mn; ii) 3.5% of value of property exceeding PKR 50Mn and up to PKR 100Mn; and iii) 4% of value of property exceeding PKR 100Mn.
 - b. **Late-Filers:** To face higher rates of 6%, 7% and 8%, respectively for the same property value brackets as above.
 - c. **Non-Filers:** i) 12% of value of property up to PKR 50Mn; ii) 16% of value of property exceeding PKR 50Mn and up to PKR 100Mn; and iii) 20% of the value of property exceeding PKR 100Mn.

Capital Gains Tax on disposal of Immovable Properties

- Current regime of capital gains tax on the basis of holding period is proposed to be replaced by flat 15% rate of capital gains tax for filers and 45% in case of non-filers, respectively regardless of holding period for immovable property acquired on or after July 01, 2024.

Progressive Advance Income Tax on immovable properties

- Progressive advance tax on sale of immovable properties to be deducted at source as follows:
 - a. **Filers:** i) 3% of value of property up to PKR 50Mn; ii) 4% of value of property exceeding PKR 50Mn and up to PKR 100Mn; and iii) 5% of value of property exceeding PKR 100Mn.
 - b. **Late-Filers:** To face higher rates of 6%, 7% and 8%, respectively for the same property value brackets as above.
 - c. **Non-Filers:** 10% of the value of property.

Capital Gains Tax on disposal of Securities and income from mutual funds and CIS

- Current regime of capital gains tax on the basis of holding period is proposed to be replaced by flat 15% rate of capital gains tax for filers and 45% in case of non-filers, respectively regardless of holding period, in case of securities acquired on or after July 01, 2024.
- Further capital gains income from mutual funds and collective investment schemes is also enhanced from 10% to 15%.

Dividend income from Mutual funds

- In order to reduce the arbitrage between individual persons deriving income from profit on debt and persons earning dividend income from mutual funds deriving income from profit on debt, 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%.

Export Income converted to Normal Tax

- 1% tax collected on export income (previously final tax) to be treated as minimum income tax, going forward.

Reduced Rate Certificate in Lieu of Exemption Certificate

- Reduced rate of tax to be charged in case of previously allowed exemption in case of showing exemption certificate.

Increase in WHT on profit on debt for non-filers

- Advance tax rate on profit on debt for non-filers is being enhanced from 30% to 35% to increase cost of non-compliance.

Broadening of Scope of WHT for dealers, distributors, wholesalers

- At present, advance tax is collected on sale to dealers, distributors, wholesalers and retailers of certain specified sectors. Now it is proposed that such tax will be collected from all sectors of the economy so that it is expanded to the entire supply chain comprising all distributors, wholesalers, dealers and retailers with the aim to document the traders. Further, the rate for non-filers for dealers, distributors, wholesalers is being enhanced from 0.2% to 2% and for retailer non-filers from 1% to 2.5% so that with the purpose of documentation of traders and to discourage non-filing.

Notification of Minimum Value for Income Tax at import stage

- In order to tap the true potential of income tax at import stage and to check under-declaration by importers, the Board is proposed to be empowered to notify minimum value for calculation of tax at import stage.

Higher WHT on registration of Vehicles

- It is proposed that basis of tax collection may be changed from engine capacity to percentage of value in cases of all motor vehicles. It is also proposed that percentage of tax collection may also be increased in cases of vehicles having engine capacity of more than 2000cc.

Exemption of Income from Subsidy

- Exemption to receipts from subsidies is proposed to be withdrawn on the principle of horizontal equity.

Increase in reduced rate of 1% on supply of cigarettes by distributors

- It is proposed that the reduced rate of 1% on supply of cigarettes by distributors may be enhanced to 2.5%.

Advertisement Expense for Brand to Non-Resident Associate

- The expense equal to 25% of the total advertisement expense of the locally incorporated subsidiary is proposed to be shared with the non-resident associate who is also receiving royalty payment from Pakistan.

Increase in Rate of Default Surcharge due to Late Payment

- At present the default surcharge rate is 12% per annum which is significantly lower than the interbank rate and the low rate is a hindrance in recovery of tax arrears. It is therefore proposed that the default surcharge rate be increased to KIBOR rate plus 3% per annum.

Exemption to Erstwhile FATA/PATA Regions

- Proposed that exemption from income and withholding taxes may be extended for another year up to June 30, 2025.

Key Proposals – Revision in Capital Gains Tax

Revised Capital Gains Tax Rates FY25

CGT Rates - FY25

	Period	Investors appearing in ATL	Investors not appearing in ATL
PSX	Rate of tax on disposal of securities acquired on after July 01, 2024	15.00%	45.00%
PMEX		5.00%	10.00%

Rate of tax on disposal of securities acquired between July 01, 2022 and June 30, 2024

	Period	Investors appearing in ATL	Investors not appearing in ATL
	Where the holding period does not exceed one year	15.00%	30.00%
	Where the holding period exceeds one year but does not exceed two years	12.50%	25.00%
	Where the holding period exceeds two years but does not exceed three years	10.00%	20.00%
PSX	Where the holding period exceeds three years but does not exceed four years	7.50%	15.00%
	Where the holding period exceeds four years but does not exceed five years	5.00%	10.00%
	Where the holding period exceeds five years but does not exceed six years	2.50%	5.00%
	Where the holding period exceeds six years	0.00%	0.00%
PMEX	Future commodity contracts entered into by members of Pakistan Mercantile Exchange	5.00%	10.00%
	Stock Funds		
	For individual, association of persons and company – if dividend receipts of the fund are more than capital gains	10.00%	20.00%
	For individual, association of persons and company – if dividend receipts of the fund are less than capital gains	12.50%	25.00%
MUFAP	Other Funds		
	For individual and association of persons	10.00%	20.00%
	For company	25.00%	50.00%
	Where the holding period of security is more than six years	0.00%	0.00%

Note: The rate of 12.5% tax shall be charged on capital gain arising on disposal where the securities are acquired on or after the first day of July, 2013 but on or before the 30th day of June, 2022; and the rate of 0% tax shall be charged on capital gain arising on disposal where the securities are acquired before the first day of July, 2013

Relief Measures

- Iron and steel scrap to be exempted from levy of sales tax. **(Positive for Steel)**
- Phased-withdrawal of exemption of sales tax to erstwhile FATA/PATA regions. **(Neutral for Steel)**
- Zero-rating of petroleum products is being converted into exemption. **(Positive for Oil & Gas)**

Revenue Measures

- Withdrawal of various exemptions and Zero-rating and reduced/fixed rates.
- 18% GST on mobile phones other than mobile phones with value exceeding USD 500 which will remain chargeable to existing rate of 25%.
- Enhancement in reduced rate of sales tax from 15% to 18% on supplies made by the POS retailers dealing in leather and textile products. **(Negative for Textile and Leather)**
- Regime for lead, coal, scrap of paper and plastic, silica. **(Negative for Manufacturing sector)**

Other Measures

- Board empowered to fix minimum price of the goods falling under Third Schedule.
- Streamlining and strengthening the provisions related to tax fraud.
- Rate of default surcharge is to be aligned with the SBP's policy rate of KIBOR plus 3%.

Increase in Petroleum Development Levy

Proposal to amend Petroleum Products (Petroleum Levy) Ordinance as follows:

Petroleum Products	Unit	Minimum petroleum development levy rate (PKR)	Maximum petroleum development levy rate (PKR)
High speed diesel oil (HSD)	Litre	60	80
Motor gasoline	Litre	60	80
Superior kerosene oil (SKO)	Litre	50	50
Light diesel oil (LDO)	Litre	50	75
High octane blending component (HOBC)	Litre	50	75
E-10 gasoline	Litre	50	75
Liquefied petroleum gas (produced/extracted in Pakistan)	Metric ton	30,000	30,000

Source: Finance Bill 2024-25

Relief Measures

- Exemption of ACD on raw materials of Fluids and Powders for use in Hemodialyzers. **(Positive for Pharmaceutical)**
- Extension in scope of exemptions on import of machinery and equipment for farming and processing of Fish/Shrimp and Seafood. **(Positive for Fishing sector)**

Revenue Measures

- Levy/Increase in RD on certain items to promote domestic manufacturing. **(Positive for Manufacturing)**
- Rationalization of RD on import of new and used vehicles. **(Positive for Automobile)**
- Levy of Additional Customs Duty on localized auto parts to incentivize local manufacturing sector. **(Positive for Automobile Parts)**
- Increase / levy of RD on flat rolled products of iron and non-alloy steel. **(Positive for Steel)**
- Withdrawal of exemption of RD on import of ground nuts and margarine imported by Food Confectionary. **(Negative for FMCG)**
- Continuation of RD on import of Chloroparafins liquid. **(Negative for Paints, PVC)**
- Withdrawal of exemption of RD on silver cans and lollipop sticks.
- Review exemption of duties on import of inputs for Home Appliances. **(Negative for PAEL, WAVES)**
- Withdrawal of concessions of duties on import of Hybrid Vehicles. Also reduction in concession of customs duties on import of Electric vehicles having value above USD 50,000. **(Negative for CBU imports)**
- Increase in customs duty on import of containers for Aerosol Products. **(Negative for Paints and Chemical)**

Other Measures

- Exemption of Customs duties on Bovine lipid extract surfactant.
- Incentives for manufacturing of Solar Panels and Allied Equipment.
- Rationalization of Customs duty on import of parts of submersible pumps.
- Rationalization of Customs duties on import of Wheat, Sugar, HSD and LNG.
- Withdrawal of concession of customs duties on import of fresh & dry fruits.

Key Proposals – Federal Excise Duty

- Increase in FED on cement from PKR 2/Kg to PKR 3/Kg. **(Negative for Cement)**
- Imposition of FED on acetate tow at the rate PKR 44,000 is proposed. **(Negative for Tobacco)**
- Imposition of FED on nicotine pouches at the rate of PKR 1,200 per kg. Enhancement of FED on e-liquids is also proposed.
- FED at the rate of PKR 15 per kg on supply of sugar to manufacturers. **(Negative for Food and Sugar)**
- FED on commercial properties and first sale of residential properties at the rate of 5%. **(Negative for Real-Estate)**
- Rate of FED on filter rod to be enhanced from PKR 1,500 per kg to PKR 80,000 per kg. **(Negative for Tobacco)**
- Price threshold for local manufactured cigarettes increased from PKR 9,000 to PKR 12,500. **(Negative for Tobacco)**

Sector-wise Budgetary Measures & Impact

Sector	Index Weight (%)	Impact
Commercial Banks	24.9	Neutral
Fertilizer	13.1%	Neutral to Negative
Oil & Gas Exploration	12.3%	Neutral
Cement	8.2%	Neutral
Technology	5.0%	Neutral to Negative
Power	8.3%	Neutral
Oil & Gas Marketing	3.0%	Neutral to Negative
Automobile	3.4%	Negative
Chemical	1.2%	Neutral to Negative
Pharmaceutical	2.6%	Neutral

Sector	Index Weight (%)	Impact
Food & Personal Care	4.0%	Negative
Textile Composite	1.6%	Neutral to Negative
Engineering	1.4%	Positive
Refinery	1.2%	Neutral
Paper & Board	0.7%	Neutral to Negative
Glass & Ceramics	0.7%	Neutral
Tobacco	0.5%	Negative
Transport	0.2%	Neutral
Cable & Electrical	0.5%	Neutral to Negative
Sugar	0.2%	Negative

Proposal	Impact	Analyst Comments
Government borrowing requirement from the domestic banking sector increased significantly for FY25, set at PKR 5.1Trn i.e. financing ~60% of the fiscal deficit through borrowings from the domestic banking sector.	Positive	Highly positive for banks as ~94% of the sector's investments are currently concentrated in Government Securities.
Clarification that Super Tax on banking companies to continue indefinitely from TY23 and beyond.	Neutral to Negative	Sector profitability and payouts may take a hit. However, our projections have already built in super-tax for the foreseeable future.
Classification of advances and other financial assets as "sub-standard" or "doubtful" including Stage I, II or III classification under IFRS-9 shall not be allowed as expense. Only debts classified as loss shall be allowed as expense.	Neutral to Negative	Previously, sub-standard & doubtful loan losses were not allowed as expense for computing taxable income. Now the same has been extended to cover classifications under IFRS-9 including Stage-III classifications unless the loan has been classified as loss. This means banks will not be able to claim deductions even if they book lifetime ECL on any financial asset unless the loan is classified as loss.
Provisions of ADR tax shall also continue to apply.	Neutral to Negative	Contrary to expectations of withdrawal of ADR tax, it seems that provisions of ADR tax shall continue to apply for TY24 and onwards. However, banks may be able to mitigate the impact by meeting the thresholds on the cut-off date.
Enhancement in rate of advance tax on profit on debt for non-filers from 30% to 35%.	Neutral	May have slight impact on sector deposits. Overall, Neutral.

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Proposal	Impact	Analyst Comments																				
Sales tax on farm tractors to be increased from 0% to 10%	Negative	This will likely subdue the demand for tractors and is expected to adversely impact sales of MTL and AGTL.																				
Withdrawal of concessions of duties on import of Hybrid Vehicles. Also reduction in concession of customs duties on import of Electric vehicles having value above USD 50,000.	Negative	Expected to be negative specially in case of imports of CBUs by local manufacturers. To adversely impact demand for high-end EVs.																				
It is proposed to change the basis of advance tax collection from engine capacity to percentage of value in cases of all motor vehicles. Also proposed to increase tax rate in case of vehicles having engine capacity of more than 2000cc: <table><thead><tr><th>Engine capacity</th><th>Rate of tax</th></tr></thead><tbody><tr><td>Upto 850cc</td><td>0.5% of the value</td></tr><tr><td>851cc to 1000cc</td><td>1% of the value</td></tr><tr><td>1001cc to 1300cc</td><td>1.5% of the value</td></tr><tr><td>1301cc to 1600cc</td><td>2% of the value</td></tr><tr><td>1601cc to 1800cc</td><td>3% of the value</td></tr><tr><td>1801cc to 2000cc</td><td>5% of the value</td></tr><tr><td>2001cc to 2500cc</td><td>7% of the value</td></tr><tr><td>2501cc to 3000cc</td><td>9% of the value</td></tr><tr><td>Above 3000cc</td><td>12% of the value</td></tr></tbody></table>	Engine capacity	Rate of tax	Upto 850cc	0.5% of the value	851cc to 1000cc	1% of the value	1001cc to 1300cc	1.5% of the value	1301cc to 1600cc	2% of the value	1601cc to 1800cc	3% of the value	1801cc to 2000cc	5% of the value	2001cc to 2500cc	7% of the value	2501cc to 3000cc	9% of the value	Above 3000cc	12% of the value	Negative	Market value based advanced tax on automobiles will likely subdue the demand. We expect it to be negative for the auto industry overall.
Engine capacity	Rate of tax																					
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Levy of Additional Customs Duty on localized auto parts to incentivize local manufacturing sector.	Positive	Positive for local auto parts manufacturers like THALL and LOADS.																				
Rationalization of RD on import of new and used vehicles.	Positive	Positive for sales of local automobile assemblers.																				

Proposal	Impact	Analyst Comments
Government has introduced highest ever PSDP of PKR 1,400Bn, along Provincial PSDP allocation of PKR 2.1Trn.	Positive	This will support cement and steel sectors as increase in infrastructure related spending particularly for construction of dams, roads etc. will boost demand for construction materials, boosting profitability for these sectors.
Increase in Regulatory duty on flat rolled products and non-alloy steel.	Positive	This is likely to serve as protection for the local industry
Increase in FED on cement from PKR 2/kg to PKR 3/kg.	Negative	This would increase cement prices instantly, which will adversely affect demand.
Extension in exemption of sales tax to Newly Merged Districts (FATA/PATA) for another one year up to June 2025.	Negative	Renewal of exemption may adversely impact the graded long and flat steel players mainly due to the misuse of benefits provided to NMDs.
Exemption of sales tax levy on Iron and steel scrap	Positive	This is likely to eliminate the fake/flying invoices through the adjustment of output tax. Registered steel players will now opt to purchase scrap at 0% input tax.

Proposal	Impact	Analyst Comments
Progressive tax rates on purchase and sale of immovable properties as follows: a. Filers: i) 3% of value of property up to PKR 50Mn; ii) 3.5% of value of property exceeding PKR 50Mn and up to PKR 100Mn; and iii) 4% of value if exceeding PKR 100Mn. b. Late-Filers: Higher rates of 6%, 7% and 8%, respectively for the same property value brackets as above. c. Non-Filers: i) 12% of value of property up to PKR 50Mn; ii) 16% if value exceeding PKR 50Mn and up to PKR 100Mn; and iii) 20% of value if exceeding PKR 100Mn.	Neutral to Negative	Taxation of immovable property is likely to hit investment in the real-estate sector which may adversely impact demand for construction materials in the country. However, it is a positive step towards increasing documentation and widening the tax base.
Progressive advance tax on sale of immovable properties: a. Filers: i) 3% of value of property up to PKR 50Mn; ii) 4% of value if exceeding PKR 50Mn and up to PKR 100Mn; and iii) 5% of value if property exceeding PKR 100Mn. b. Late-Filers: Higher rates of 6%, 7% and 8%, respectively for the same property value brackets as above. c. Non-Filers: 10% of the value of property.		
Imposition of flat CGT on sale of immovable property at flat 15% for filer and up to 45% for non-filer.	Neutral	This will increase documentation and transparency of price mechanism in the real estate market.
Imposition of 5% FED on immovable property.	Neutral	Increase transparency and documentation.
Introduction of new measures including digitalization of E-Registry and property transfer service.	Positive	Increase transparency and documentation.

Proposal - Tobacco	Impact	Analyst Comments
Imposition of FED of PKR 44,000/Kg on Acetate Tow.	Negative	All proposals are expected to increase the price of cigarettes which may result in more illicit trade and smuggling, hurting revenues of documented players.
Introduction of FED of PKR 1,200/Kg on Nicotine pouches along with enhancement of FED on e-liquids.	Neutral	
Locally produced cigarettes if their on pack printer retail price exceeds PKR 12,500, FED of PKR 16,500 will be deducted per 1,000 cigarettes	Negative	
Rate of FED on filter rod to be enhanced from PKR 1,500 per kg to PKR 80,000 per kg	Negative	

Proposal - Textile	Impact	Analyst Comments
Income from exports proceed previously taxed at the rate of 1% under final tax regime to be taxed under the normal rate and treated as minimum tax going forward.	Negative	Industry players may be subject to higher rate of taxation going forward dampening profitability.
Increase in the reduced sales tax from 15% to 18% on supplies made by point of sale (POS) retailers dealing in leather and textile products.	Negative	Will result in increased prices of domestically sold articles, thereby adversely impacting demand.
Timely settlement of DLTL claims.	Positive	Will help improve working capital position of the sector.
Increase in allocation for export refinance schemes.	Positive	To bode well enabling growth in textile exports.

Proposal	Impact	Analyst Comments
Increase in sales tax on Agriculture inputs including tractors, fertilizers (GST on DAP increased to 18%) etc. (Fertilizer)	Negative	May adversely impact fertilizer sales.
Increase in Petroleum Levy on petroleum products. (OMCs)	Negative	May increase prices and result in drop in consumption of petroleum products, affecting sales of OMCs.
Allocation of PKR 79Bn for development of IT sector and IT related human capital in Pakistan along with PKR 8Bn for establishment of IT park in Karachi and PKR 11Bn for establishment of IT park in Islamabad. Allocation of PKR 2Bn for Pakistan Software Export Board. (IT & ITeS)	Positive	Investment in IT & ITeS to help growth of IT related exports and also facilitate development of local IT industry including development of IT related human capital.
Exemption of ACD on raw materials of Fluids and Powders for use in Hemodialyzers. (Pharmaceutical)	Positive	Positive for pharmaceutical companies engaged in provision of related products and services.
Continuation of RD on import of Chloroparafins liquid. Also, increase in customs duty on import of containers for Aerosol Products. (Paints & Chemical)	Negative	Adverse for domestic paint producers and chemical companies.
Withdrawal of exemption of RD on import of ground nuts and margarine imported by Food Confectionary. (FMCG)	Negative	Adverse for domestic FMCG companies importing margarine.
Imposition of PKR 15/Kg FED on supply of sugar to manufacturers. (Sugar)	Negative	May have the impact of immediately increasing Sugar prices in the domestic market.

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- Discounted cash flow (DCF, DDM)
- Justified price to book (JPB)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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Frequently Used Acronyms

TP	Target Price	DDM	Dividend Discount Model	FCF	Free Cash Flows
FCFE	Free Cash Flows to Equity	FCFF	Free Cash Flows to Firm	DCF	Discounted Cash Flows
PE	Price to Earnings ratio	PB	Price to Book ratio	BVPS	Book Value per Share
EPS	Earnings per Share	DPS	Dividend per Share	ROE	Return on Equity
ROA	Return on Assets	SOTP	Sum of the Parts	JPB	Justified Price to Book