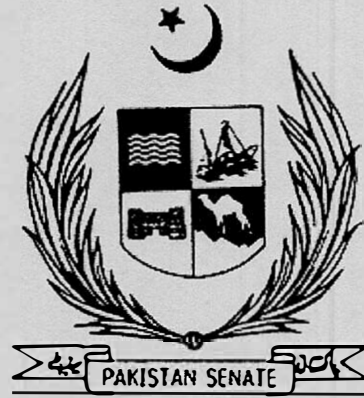


SENATE OF PAKISTAN



House of the Federation

REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE

ON

THE FINANCE BILL, 2026,
CONTAINING THE ANNUAL BUDGET STATEMENT

PRESENTED BY

SENATOR SALEEM MANDVIWALLA
CHAIRMAN COMMITTEE

SENATE SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON FINANCE AND REVENUE ON THE FINANCE BILL, 2026, CONTAINING THE ANNUAL BUDGET STATEMENT

The budget for the year 2026-27 was presented in the National Assembly on 12th June, 2026, by Mr. Muhammad Aurangzeb, Federal Minister for Finance and Revenue. On the same day a copy of the Finance Bill, containing the Annual Budget Statement was laid in the Senate. The Senate was asked to make recommendations thereon, under Article 73 of the Constitution, to the National Assembly.

2. The proposals were invited from the members of the Senate so as to reach by Monday, the 15th June, 2026 at the latest. The Honourable Chairman Senate announced that the proposals received for making recommendations on the Finance Bill, 2026, containing the Annual Budget Statement shall be sent to the Senate Standing Committee on Finance and Revenue and the proposals pertaining to the PSDP shall be sent to the Senate Standing Committee on Planning, Development and Special Initiatives, which shall examine them and forward its recommendations to the Standing Committee on Finance and Revenue by Wednesday, the 17th June, 2026.

3. Notices of proposals were received from the members and referred to the Standing Committee on Finance and Revenue for consideration and report. The Standing Committee held seven (07) meetings on 13th, 14th, 15th, 16th & 17th June, 2026 (totaling 35 hours) respectively at Parliament House, Islamabad. The Committee considered the Finance Bill, 2026, clause by clause, proposed various amendments therein and the recommendations of each Senator were considered and deliberated upon. In addition, the Committee heard various representatives and stakeholders from private sectors and considered their proposals as well.

4. The following Members attended the meetings:-


1. Senator Saleem Mandviwalla	Chairman
2. Senator Farooq Hamid Naek	Member
3. Senator Sherry Rehman	Member
4. Senator Anusha Rahman Ahmad Khan	Member
5. Senator Shahzaib Durrani	Member
6. Senator Fesal Vawda	Member
7. Senator Ahmed Khan	Member
8. Senator Mohammad Abdul Qadir	Member
9. Senator Dilawar Khan	Member
10. Minister for Finance and Revenue	Ex-officio Member
11. Minister of State for Finance and Revenue	Ex-Officio Member
12. Minister for Science & Technology	Special Invitee
13. Minister for Commerce	Special Invitee
14. SA to PM on Industries & Production	Special Invitee

Attendance of members till 17th June, 2026

5. The proposals of Members of the Senate referred to, and as received by, the Senate Standing Committee on Finance and Revenue is placed at (**Annex-A**), Standing Committee on Planning, Development and Special Initiatives, at (**Annex-B**), and the consolidated recommendations addressed to the National Assembly of Pakistan at (**Annex-C**). The Committee in its meeting held on 17th June, 2026, (in the evening) gave approval for presentation of this report to the House.



(IFFAT MUSTAFA)
Secretary (Committee)



(SENATOR SALEEM MANDVIWALLA)
Chairman (Committee)

Islamabad, the
18th June, 2026

LIST OF PARTICIPANTS TO THE MEETINGS OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE HELD AT PARLIAMENT HOUSE FROM 13th TO 17th JUNE, 2026

SL. #	NAME/DESIGNATION	MINISTRY/DIVISION
FINANCE DIVISION		
1.	Dr. Najeeb Ahmad Memon	D.G Tax Policy
2.	Mr. Mian Ahmed Chaudhary	Director Tax Policy Officer
3.	Mr. Ansar Majeed	Second Secretary ST. Budget
4.	Mr. Abdul Malik Bulghari	Joint Secretary
FEDERAL BOARD OF REVENUE		
5.	Mr. Rashid Mahmood	Chairman, FBR/Secretary
6.	Mr. Hamid Ateeq Sarwar	Member FBR
7.	Mr. Sajjad Taslim Azam	Member IR Policy, FBR
8.	Mr. Arshad Jawad	Member Custom Policy FBR
9.	Dr. Haris Ansari	Chief custom Tariff FBR
10.	Mr. M. Amin Qureshi	Secretary Income Tax Policy
11.	Mr. Asif Rasool	Chief Income Tax Policy
12.	Mr. Ajaz Hussain	Director TPO,
13.	Mr. Naveed Mukhtar	Chief S.T FE Policy
14.	Mr. Nouman	Second Secretary
15.	Syed Fawad Ali Shah	Chief Custom Policy
Ministry of Commerce		
16.	Mr. Jawad Paul	Secretary
17.	Mr. Muhammad Ashfaq	Joint Secretary
18.	Mr. Muhammad Ashfaq	Joint Secretary
National Tariff Commission		
19.	Mr. Jawad Uwais Agha	Chairman NTC
Petroleum Division		
20.	Mr. Imran Ahmed	D.G (Oil)
21.	Mr. Waleed Tariq	Legal Advisor
Ministry of Law and Justice		
22.	Mr. Jam Muhammad Aslam	Additional Draftsman Ministry of LAW
23.	Security and Exchange Commission	
24.	Mr. Imtiaz Haider	Commissioner
25.	Mr. Ali Azeem	E.D
26.	Ms. Bushra ASlam	SECP ED (SSD)
Economic Affairs Division		
27.	Mr. Muhammad Ahmad Khan	J.S
28.	Ms. Huma Safdar	D.S Economic Affairs Division
Ministry of Science and Technology		
29.	Mr. Shahid Iqbal Baloch	Secretary
30.	Mr. Ashfaq Ahmed	
31.	Mr. Sadullah Yousafzai	CFAO
Ministry of Industries and Production		
32.	Mr. Saif Anjum	Secretary Industries and Production
33.	AGPR	
34.	Mr. Kamran Rashid	AGPR
35.		
Other Ministries/Divisions / Private Sector Officers		
36.	Mr. Nouman Wazir	Ex-Senator
37.	Mr. Tariq Salam	J.S MOI & NC
38.	Mr. Ahsan Ali Mangi	Special Secretary
39.	Mr. Bilal Azam	Director Excise

40.	Mr. Zain ul Abadin Sahi	CRDO PRAL
41.	Mr. Javaid Iqbal	Chairman PALSP
42.	Mr. Javaid Musa	PALSP
43.	Mr. Hadi akberaci	PALSP
44.	Mr. S Wajid I Bukhari	PALSP
45.	Mr. Zarak Khan	PALSP
46.	Mr. Saad Salman	Distribution Association
47.	Mr. M Ali Butt	President GCCI
48.	Mr. Hassan Farid	CEO
49.	Mr. Adil Tariq	CEO
50.	Mr. Kamran Nishat	CEO Muller & Phipps (M&P) Pakistan
51.	Mr. saad Ahmed	APDA (Member)
52.	Mr. Malik Qaisar	Secretary General (APDA)
53.	Mr. Mian Shoaib Ahmed	APDA
54.	Mr. Ali Bahadr	A.S, SLT
55.	Mr. Omer	CCI
56.	Mr. Muhammad iftikhar	TCCC
57.	Mr. Muhammad Aman	FPCCI
58.	DR. Faisal	Coca-Cola
59.	Mr. Muhammad Jawed Bilwani	All Pakistan Exporters Association
60.	Mr. Zahid Hussain	Refum Retail (Borjan)
61.	Mr. Javaid Siddiqui	Director Stylo Group
62.	Mr. Muhammad Fahad Arani	CFO Bata Pakistan Limited
63.	Mr. Syed Faisal Rizvi	CEO Service Shoes

C O N T E N T S

<u>SR.NO.</u>	<u>NAME OF SENATOR(S)</u>	<u>PAGE NOS.</u>
1.	Senator Sherry Rehman	1
2.	Senator Molana Atta-ur-Rehman, Senator Kamran Murtaza, Senator Atta-ul-Haq, Senator Abdul Shakoor Khan, Senator Dilawar Khan, Senator Molana Abdul Wassay	1 – 2
3.	Senator Amir Waliuddin Chishti	3
4.	Senator Kamil Ali Agha	4
5.	Senator Mohammad Azam Khan Swati	4–10
6.	Senator Dr. Zarqa Suharwardy Taimur	10–12
7.	Senator Rubina Qaimkhani	13–26
8.	Senator Mohsin Aziz	26–27
9.	Senator Shahadat Awan & Senator Rana Mahmood ul Hassan	27-28
10.	Senate Standing Committee On Finance And Revenue	28–33

**PROPOSALS OF MEMBERS OF THE SENATE FOR THE BUDGET
YEAR 2026-27**

(1) SENATOR SHERRY REHMAN

1. In the said Bill, in clause 3, in sub-clause (2), after paragraph (b), the following new paragraph (c), shall be added, namely:-

“(c) in section 3, after sub-section (4), the following new sub-section (5) shall be added, namely:-

“(5) The Climate Support Levy shall be kept separate from the petroleum levy and shall be utilized exclusively for decarbonization efforts, combating climate change impacts and environmental protection.”.

**(2) SENATOR MOLANA ATTA-UR-REHMAN, SENATOR KAMRAN MURTAZA,
SENATOR ATTA-UL-HAQ, SENATOR ABDUL SHAKOOR KHAN, SENATOR
DILAWAR KHAN, SENATOR MOLANA ABDUL WASSAY**

1. Relief for Salaried and Low-Income Classes:-

- Increase the income tax exemption threshold for low-income earners.
- Reduce tax rates on salaried individuals affected by inflation.
- Expand targeted social protection programs for vulnerable households.

Recommended

2. Reduction of Indirect Taxes:-

- Reduce GST on essential food items, medicines, educational materials, and agricultural inputs.
- Avoid imposing new taxes on basic necessities that disproportionately affect lower-income groups.

Recommended

3. Energy Sector Relief

- Allocate funds for reduction of electricity tariffs.
- Introduce a transparent roadmap for reducing capacity payments and circular debt.
- Provide targeted subsidies for low-consumption domestic consumers.

Recommended

4. Agriculture Support

- Reduce taxes and duties on fertilizers, seeds, pesticides, and agricultural machinery.
- Increase allocations for water conservation and agricultural research.

Recommended

5. Education and Health

- Increase federal allocations for public hospitals and primary healthcare.
- Enhance funding for higher education, scholarships, and vocational training programs.

Recommended

6. Transparency and Accountability:

- Recommend publication of all tax exemptions and concessions granted to specific sectors or entities.
- Require periodic reporting to Parliament on public debt, circular debt, and major public-sector expenditures.

Recommended

7. Public Debt Management:

- Reduce non-development expenditure where possible.
- Present a medium-term debt reduction strategy before Parliament.

Recommended

8. Small Business Support:

- Simplify tax procedures for SMEs.
- Provide concessional financing and incentives for employment-generating industries.

Recommended

9. Climate and Disaster Preparedness

- Increase allocations for flood protection, drought mitigation, and climate-resilient infrastructure.
- That the National Assembly reconsider the proposed taxation measures on essential commodities and the salaried class, and instead broaden the tax base by eliminating preferential exemptions, enhancing tax administration, and ensuring equitable taxation of undertaxed sectors, so as to protect ordinary citizens from further inflationary pressures

Recommended

(3) **SENATOR AMIR WALIUDDIN CHISHTI**

1. The oil marketing sector supports the Government's objective of timely and complete collection of the Petroleum Levy and the Climate Support Levy. The sector accepts several of the proposed provisions and respectfully requests amendments to three provisions which, as drafted, are constitutionally vulnerable and commercially destabilizing.

Provisions Accepted

The sector accepts the late payment surcharge under section 3B, the recovery of the levies through the Commissioner (Inland Revenue) under section 3C, and the period of ninety days under section 3C (1) before recovery is initiated.

Proposed Amendments

(a) Retrospective applicability in section 3C(5). This provision applies the new recovery regime, including its bar on instalments and on legal challenge, to liabilities that accrued under the previous law. It is requested that section 3C(5) be deleted, or amended so that the new provisions apply prospectively only from the commencement of the Finance Act 2026.

Recommended

(b) Ouster of remedy in section 3C(3). Read with the proviso to section 3C(1), this provision leaves a company with no remedy against an erroneous or excessive recovery, however manifest the error. A complete ouster of the tribunals and the High Courts is inconsistent with Article 10A and with the jurisdiction of the High Courts under Article 199, which cannot be ousted by ordinary legislation. It is requested that section 3C(3) be deleted and a proper right of appeal provided, preserving the jurisdiction of the superior courts.

Recommended

(c) Default as a licence condition in section 3(1). By deeming payment of the levies to be a licence condition, any default, including one arising from a genuine dispute or a timing mismatch, becomes a breach of the OGRA licence and exposes the company or refinery to suspension or cancellation. This is disproportionate, as the surcharge and the recovery mechanism already enforce payment in full. Linking a fiscal default to the licence to operate places fuel supply, consumers and energy security at risk and renders the sector unbankable. It is requested that section 3(1) be amended to delink payment of the levies from the conditions of the OGRA licence.

Recommended

(4) **SENATOR KAMIL ALI AGHA**

1. **Rationalization of Duties and Taxes on Lithium-Ion Stand alone cells to Promote Local Battery Manufacturing:** A supportive tariff framework for lithium-ion cells will not only strengthen Pakistan's emerging battery manufacturing sector but will also contribute to broader national objectives related to industrial growth, energy security, technological advancement, environmental sustainability, and economic development. In this regard, the Senate of Pakistan may recommend to the National Assembly that :-

- a. Lithium-ion cells imported as raw material for local battery manufacturing be granted **zero-rated status or substantial duty and tax relief.**

Recommended

- b. The Government continue to collect applicable GST and other indirect taxes at the point of sale of the finished battery products after local value addition.

Recommended

- c. The tariff structure be aligned with Pakistan's industrialization, localization, and clean energy objectives by incentivizing domestic assembly and manufacturing activities.

Recommended

- d. HS. Code of stand alone cells be separate from completely building imported battery packs.

Recommended

2. Keeping in view of the impact of fixed charges, FC surcharge, and General Sales Tax (GST) being charged in electricity bills across the country especially on domestic consumers and low-income households, the Senate of Pakistan may recommend to the National Assembly that the Government should rationalize or withdraw such additional charges in order to provide relief to the general public.

Recommended

(5) **SENATOR MOHAMMAD AZAM KHAN SWATI**

1. Relief for Salaried Class

Legislative Target

Act/Law to be amended: Income Tax Ordinance, 2001

Section: First Schedule relating to income tax rates for salaried individuals.

Proposed Amendment

Type of Amendment: Substitution

Exact Text of Proposed Change

Substitute the proposed tax slabs for salaried individuals with revised slabs reducing tax liability on annual incomes up to Rs. 6,000,000 and increase tax-free threshold to reflect inflation and cost of living.

Rationale for Amendment**Objective**

To reduce the tax burden on the salaried class and provide relief against rising inflation.

Current Issue

Salaried taxpayers are subjected to automatic deduction of taxes while inflation, utility charges and housing costs have increased substantially.

Proposed Impact

Increase disposable income, stimulate consumer spending and improve voluntary tax compliance.

Supporting Data

Inflation and utility costs have significantly reduced real incomes of middle-class households.

Stakeholder Impact**Affected Stakeholders**

- Salaried employees
- Pensioners
- Middle-income households

Benefits

- Increased purchasing power
- Reduced financial stress
- Higher economic activity

Potential Drawbacks

Short-term reduction in revenue collection which can be compensated through documentation of untaxed sectors.

Alignment with Budget Goals**National Budget Priority**

Reducing inflationary pressure and protecting middle-income families.

Consistency with Existing Laws

Consistent with progressive taxation principles under the Income Tax Ordinance.

Recommended

(Clubbed with Recommendation No.1 of Senator Molana Atta-Ur-Rehman, Senator Kamran Murtaza, Senator Atta-UI-Haq, Senator Abdul Shakoor Khan, Senator Dilawar Khan, Senator Molana Abdul Wassay)

2. Abolition of Additional Tax on Electricity Bills**Legislative Target**

Income Tax Ordinance, 2001

Relevant provisions imposing withholding and advance taxes through electricity bills.

Proposed Amendment

Type: Omission

Exact Text

Omit additional withholding taxes collected through electricity bills from consumers who are already registered taxpayers.

Rationale**Objective**

Reduce electricity costs.

Current Issue

Consumers are paying multiple taxes through electricity bills regardless of actual income.

Proposed Impact

Immediate relief to households and businesses.

Supporting Data

Electricity bills have become one of the largest household expenditures.

Stakeholders

Domestic consumers, SMEs, industries.

Benefits

Reduced cost of living and production.

Drawbacks

Minor revenue impact offset through improved tax administration.

Alignment

Supports inflation reduction and industrial competitiveness.

Recommended

(Clubbed with Recommendation No.2 of Senator Kamil Ali Agha)

3. Tax Relief for Agriculture Inputs**Legislative Target**

Sales Tax Act, 1990

Relevant entries imposing sales tax on agricultural inputs.

Proposed Amendment

Type: Omission/Reduction

Reduce GST on fertilizers, seeds, pesticides and agricultural machinery to zero or minimum rate.

Rationale**Objective**

Support farmers and food security.

Current Issue

Increasing cost of inputs has reduced profitability of farmers.

Proposed Impact

Lower production costs and food inflation.

Stakeholders

Farmers, consumers, agriculture sector.

Benefits

Higher crop production and lower food prices.

Drawbacks

Minimal revenue loss offset by increased agricultural output.

Alignment

Supports national food security and rural development.

Recommended

(Clubbed with Recommendation No.4 of Senator Molana Atta-Ur-Rehman, Senator Kamran Murtaza, Senator Atta-Ul-Haq, Senator Abdul Shakoor Khan, Senator Dilawar Khan, Senator Molana Abdul Wassay)

4. Incentives for IT Exports
 - Legislative Target**
Income Tax Ordinance, 2001
Relevant provisions governing taxation of IT exports.
 - Proposed Amendment**
Extend tax incentives for IT exporters and freelancers for an additional ten years.
 - Rationale
 - Objective**
Increase export earnings.
 - Current Issue**
Uncertainty regarding future tax treatment discourages investment.
 - Proposed Impact**
Expansion of IT industry and foreign exchange earnings.
 - Stakeholders**
IT companies, freelancers, startups.
 - Benefits**
Job creation and export growth.
 - Drawbacks**
Negligible revenue impact due to increased economic activity.
 - Alignment**
Supports export-led growth and digital economy objectives.
We must remember that short term reduction in revenue will be compensated through documentation of untaxed sectors.

Recommended

5. Tax on Luxury Assets Instead of Essential Consumption
 - Legislative Target**
Income Tax Ordinance, 2001
Relevant provisions concerning advance taxes and luxury taxation.
 - Proposed Amendment**
Increase taxation on luxury vehicles above 3000cc, luxury properties and non-productive assets while reducing indirect taxes on essential goods.
 - Rationale
 - Objective**
Promote equitable taxation.
 - Current Issue**
Indirect taxes disproportionately affect lower-income groups.
 - Proposed Impact**
Shift burden towards higher-income individuals.
 - Stakeholders**
General public and high-net-worth individuals.
 - Benefits**
Fairer tax system and reduced inequality.
 - Drawbacks**
Potential resistance from luxury sectors.
 - Alignment**
Broadening progressive taxation while protecting vulnerable groups.

Recommended

6. Strengthening Local Governments

Legislative Target

Federal Development Grants Framework

Proposed Amendment

Create a dedicated federal transfer mechanism ensuring development funds are channeled directly to elected local governments.

Rationale

Objective

Strengthen grassroots governance.

Current Issue

Local governments remain financially weak and dependent.

Proposed Impact

Improved service delivery at local level.

Stakeholders

Citizens, local governments, municipalities.

Benefits

Better education, health, sanitation and water services.

Alignment

Supports decentralization and efficient governance.

Recommended

7. Comprehensive Relief Package for Farmers Legislative Target.

Income Tax Ordinance, Customs Act and Sales Tax Act

Proposed Amendment

Type: Addition

Provide tax exemptions and subsidies on agricultural inputs, diesel for farming, tube wells, certified seeds, fertilizers and farm machinery.

Rationale

Objective

Revive agriculture and food security.

Current Issue

Farmers face rising production costs without corresponding support mechanisms.

Proposed Impact

Higher agricultural productivity and lower food inflation.

Affected Stakeholders

Farmers, consumers, agri-businesses.

Benefits

Increased crop yields and rural employment.

Alignment

Supports food security and economic growth.

Recommended

(Clubbed with Recommendation No.4 of Senator Molana Atta-Ur-Rehman, Senator Kamran Murtaza, Senator Atta-Ul-Haq, Senator Abdul Shakoor Khan, Senator Dilawar Khan, Senator Molana Abdul Wassay)

8. Broadening Tax Base Instead of Increasing Burden on Existing Taxpayers Legislative Target

Income Tax Ordinance 2001

Proposed Amendment

Type: Addition

Introduce comprehensive documentation and taxation measures for high-value retail, real estate speculation and non-filer luxury transactions.

Rationale

Objective

Ensure equitable taxation.

Current Issue

The burden of taxation continues to fall disproportionately on salaried persons and registered businesses while large segments remain undertaxed.

Proposed Impact

Broader tax base and improved revenue collection.

Affected Stakeholders

Retail sector, real estate sector, documented businesses.

Benefits

Greater tax fairness and reduced pressure on salaried taxpayers.

Alignment

Broadening tax base and improving compliance.

Recommended

9. National Youth Employment and Skills Initiative Legislative Target

Federal Budget 2026-27

Proposed Amendment

Type: Addition

Create a dedicated Youth Employment Fund for skills development, IT training, apprenticeships, entrepreneurship financing and startup incubation.

Rationale

Objective

Address unemployment among youth.

Current Issue

A large percentage of Pakistan's population is under 30 years of age, yet limited targeted funding exists for employment generation.

Proposed Impact

Job creation and economic participation.

Affected Stakeholders

Youth, universities, SMEs.

Benefits

Reduced unemployment and increased productivity.

Alignment

Supports demographic dividend and export-oriented growth.

Recommended

10. Strengthening Local Governments through Direct Fiscal Transfers
Legislative Target

Federal and Provincial Fiscal Framework

Proposed Amendment

Type: Addition

Allocate a fixed percentage of federal development funds directly to elected local governments through transparent formula-based transfers.

Rationale

Objective

Improve grassroots service delivery.

Current Issue

Local governments remain financially weak and unable to perform basic civic functions effectively.

Proposed Impact

Improved delivery of health, education, water supply, sanitation and municipal services.

Benefits

Better governance and public accountability.

Alignment

Consistent with democratic decentralization and efficient public service delivery.

Recommended

(6) **SENATOR DR. ZARQA SUHARWARDY TAIMUR**

1. Do not abolish Section 7E completely.

Restore deemed-income tax on vacant plots, multiple urban properties, commercial property and holdings above Rs50m. Exempt only one self-occupied house, inherited family home, and low-cost housing.

Not Recommended

2. Reverse the blanket property tax cut.

Keep reduced 236C/236K rates only for first-time home buyers and houses under a defined value. For investors, files, plots and second homes, restore higher progressive rates.

Recommended

3. Restore super tax on ultra-rich incomes.

Reject abolition up to Rs500m and reduction from 10% to 8% above Rs500m. Keep relief only for exporters meeting job/export targets.

Not Recommended

4. Reverse foreign card tax cut from 5% to 0.5%.

Keep 5% on luxury foreign spending; reduce only for students, patients, official medical travel, and overseas worker remittances.

Not Recommended

5. Do not reduce FED on foreign travel across the board.

Restore higher FED for business/first class and non-essential foreign travel. Exempt or reduce only for economy-class students, patients, labour migrants and Hajj/Umrah low-cost packages.

Not Recommended

6. Restore sales tax exemption on family planning devices.

Delete the withdrawal. This is a direct anti-women, anti-health, anti-poor measure.

Recommended

7. Block Third Schedule expansion for essential consumer goods.

Sales tax at consumer price should not apply to food staples, school items, medicines, hygiene products, baby products and low-income household goods.

Recommended

8. Withdraw FED on petroleum-linked inputs unless prices are protected.

FED on naphtha, solvent oil, base oil and lubricants should be removed or ring-fenced so it cannot raise transport, agriculture and manufacturing costs.

Recommended

9. Do not double minimum tax on distributors/wholesalers without anti-pass-through protection.

The increase from 0.25% to 0.5% should be withdrawn for food, medicine and essential supply chains.

Recommended

10. Put sunset and disclosure clauses on all exemptions for lobbies.

EV CKD, aircraft parts, refinery capital goods, shipping, construction vehicles and strategic imports must have: one-year sunset, named beneficiaries, revenue loss, and proof of consumer benefit.

Recommended

11. Increase FED, customs duty, regulatory duty and withholding taxes on:

- i. Imported chocolates, confectionery and premium food products.

Recommended

- ii. Imported soft drinks, energy drinks and luxury beverages.

Recommended

- iii. Imported cosmetics, perfumes and luxury personal-care products above a prescribed value.

Recommended

- iv. Luxury watches, jewellery and designer goods.

Recommended

- v. High-end mobile phones above a specified threshold.

Recommended

- vi. Imported luxury vehicles and SUVs above 1800cc.

Recommended

- vii. Introduce an additional Luxury Consumption Levy of 5–10% on non-essential imported consumer goods above a prescribed value.

Recommended

- 12. Increase advance tax and registration taxes on new vehicles above 1300cc, luxury SUVs and double-cabin vehicles. vehicles exceeding a prescribed value threshold.

Recommended

- 13. Reduce withholding tax, registration charges and transfer taxes on:

- i. Second-hand vehicles up to 1300cc.

Recommended

- ii. Vehicles purchased by first-time owners.

Recommended

- iii. Locally assembled fuel-efficient and small-engine vehicles.

Recommended

- iv. Increase FED on cigarettes and tobacco products sufficiently to ensure that annual tobacco tax increases exceed inflation and income growth, thereby reducing consumption and increasing revenue.

Recommended

(7) SENATOR RUBINA QAIMKHANI

1. **Recommendation No. 1 — Restoration of the Sales Tax Exemption on Contraceptives and Family-Planning Devices**

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Sales Tax Act, 1990.</p> <p>Provision affected: Sixth Schedule (Exemptions), Table-1. Finance Bill 2026-27, Clause 5(19) (amendments to the Sixth Schedule, Table-1). The entry relating to contraceptives and family-planning devices.</p> <p>Current provision: Contraceptives and family-planning devices presently enjoy exemption from sales tax under the Sixth Schedule, Table-1. The Finance Bill 2026-27 proposes, through Clause 5(19), to WITHDRAW this exemption, thereby subjecting these essential health goods to the standard rate of sales tax.</p>
3.	Proposed Amendment	<p>Type of amendment: Omission (of the proposed withdrawal) and Retention/Restoration of the existing exemption.</p> <p>Proposed amendment (legislative drafting): In the Sales Tax Act, 1990, in the Sixth Schedule, in Table-1, the entry providing exemption to contraceptives and family-planning devices shall be retained and restored; and accordingly, the amendment proposed under Clause 5(19) of the Finance Bill, 2026-27 in so far as it withdraws the said exemption shall be omitted.</p> <p>Destination in the Bill: Finance Bill 2026-27, Clause 5(19); in the Sixth Schedule, Table-1, against the entry relating to contraceptives and family-planning devices.</p>
4.	Rationale	<p>Objective: To safeguard maternal and child health, support voluntary family planning, and avoid regressive taxation of an essential, health-protecting good.</p> <p>Current issue: Withdrawing the exemption would impose the standard sales tax on contraceptives, raising retail prices most sharply for low-income households who are least able to absorb the increase. This directly undermines population-stabilisation and maternal-health objectives and shifts the tax burden onto a price-sensitive, health-critical category.</p> <p>Economic, fiscal and social impact: ECONOMIC: protects household purchasing power and supports a healthier, more productive workforce over the medium term. FISCAL: revenue impact is negligible against Rs 1,273.97 billion of sales-tax expenditure. SOCIAL: directly advances maternal and child health, reproductive choice, and the demographic objectives underpinning federal welfare spending.</p> <p>Stakeholder implications — Affected: Women of reproductive age; low-income households; the public-health and population-welfare system; family-planning service providers and NGOs; pharmaceutical importers and distributors.</p> <p>Benefits: Lower out-of-pocket cost for essential health goods; improved maternal and child health outcomes; reinforcement of voluntary family-planning programmes; protection of a price-sensitive category from inflationary pass-through.</p> <p>Potential drawbacks: A minor amount of revenue forgone. This is mitigated by the negligible size of the base and by offsetting savings</p>

		<p>in maternal-health expenditure and in the social cost of unintended pregnancies.</p> <p>Alignment with Budget 2026-27: National budget priority — Public welfare and health; gender-responsive budgeting (the federal budget tags 9% of current and 8% of development spending as gender-responsive). Consistency with existing laws — Consistent with the constitutional commitment to social well-being (Article 38) and with the continuation of other health exemptions in the Sixth Schedule, including the Bill's own abolition of the tampon tax and its strengthened federal health allocations.</p>
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Recommended

(Clubbed with Recommendation No.6 of Senator Zarqa Suharwardy Taimur)

2. Recommendation No. 2 — Deepening and Statutory Indexation of Salaried Income-Tax Relief

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Income Tax Ordinance, 2001.</p> <p>Provision affected: First Schedule, Part I, Division I (rates of tax for salaried individuals). Finance Bill 2026-27, Clause 6(44) (rates applicable to salaried individuals). The rate slabs and thresholds applicable to salaried individuals.</p> <p>Current provision: The Finance Bill 2026-27 restructures the salaried slabs, introduces intermediate slabs and raises the threshold for the 35% top rate from Rs 4.1 million to Rs 7 million (Clause 6(44)). The slab thresholds, however, remain fixed in nominal terms and are not protected against inflation, exposing salaried taxpayers to recurring bracket creep.</p>
3.	Proposed Amendment	<p>Type of amendment: Substitution (of the first-slab rate) and Addition (of a new indexation proviso).</p> <p>Proposed amendment (legislative drafting): In the Income Tax Ordinance, 2001, in the First Schedule, Part I, in Division I, (a) the rate of tax applicable to the first taxable slab of salaried individuals shall be substituted so as to reduce it by not less than one percentage point; and (b) after the rate table, the following new proviso shall be added: "Provided that, with effect from tax year 2028, the income thresholds specified in this Division shall be adjusted at the commencement of each tax year in accordance with the percentage change in the national Consumer Price Index for the immediately preceding fiscal year, as officially notified."</p> <p>Destination in the Bill: Finance Bill 2026-27, Clause 6(44); in the First Schedule, Part I, Division I, in the rate table and by addition of the proviso thereafter.</p>
4.	Rationale	<p>Objective: To restore the real disposable income of the salaried class, protect it against inflation-driven bracket creep, and reward a fully documented taxpayer segment.</p> <p>Current issue: Salaried taxpayers are taxed at source on gross income with limited avenues for adjustment, and bear a disproportionate documented burden relative to under-documented sectors. Because slab thresholds are not indexed, inflation pushes taxpayers into higher brackets even when their real incomes are static</p>

		<p>or falling.</p> <p>Economic, fiscal and social impact: ECONOMIC: raises disposable income and consumption and reduces the incentive for skilled emigration. FISCAL: a measurable but manageable cost, offsettable through the Bill's documentation and base-broadening measures, consistent with the medium-term framework under the Fiscal Responsibility and Debt Limitation Act, 2005. SOCIAL: improves horizontal equity between the salaried class and harder-to-tax segments.</p> <p>Stakeholder implications — Affected: Salaried individuals across the public and private sectors; employers acting as withholding agents; the Federal Board of Revenue.</p> <p>Benefits: Higher take-home pay; support to domestic consumption; improved retention of skilled professionals and a check on emigration of talent; greater fairness between documented and under-documented taxpayers.</p> <p>Potential drawbacks: A revenue cost in the near term. This is mitigated by the substantial base-broadening already contained in the Bill (retail-price taxation, e-commerce and toll-manufacturer withholding, faceless audit and production monitoring), the proceeds of which can offset salaried relief.</p> <p>Alignment with Budget 2026-27: National budget priority — Tax fairness; relief to the documented middle class; sustaining consumption-led growth. Consistency with existing laws — Builds directly on the Bill's own salaried-slab restructuring and Super Tax relief, and harmonises with the medium-term budgetary framework by pairing relief with explicit base-broadening offsets.</p>
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Recommended

(Clubbed with Recommendation No.1 of Senator Molana Atta-Ur-Rehman, Senator Kamran Murtaza, Senator Atta-UI-Haq, Senator Abdul Shakoor Khan, Senator Dilawar Khan, Senator Molana Abdul Wassay)

3. Recommendation No. 3 — Expansion of the Life-Saving-Drug Exemption Beyond Oncology Active Pharmaceutical Ingredients

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Customs Act, 1969 (read with the Sales Tax Act, 1990).</p> <p>Provision affected: Fifth Schedule to the Customs Act, 1969; and the Sixth Schedule to the Sales Tax Act, 1990. Finance Bill 2026-27, Clause 4(14) (Customs Fifth Schedule) and Clause 5(19) (Sales Tax Sixth Schedule). Entries relating to pharmaceutical raw materials and finished life-saving medicines.</p> <p>Current provision: The Finance Bill 2026-27 exempts customs duty on cancer-related active pharmaceutical ingredients (APIs). Finished oncology formulations and the APIs and finished medicines for other catastrophic and chronic conditions — cardiac, renal/dialysis, diabetes, thalassaemia and hepatitis — continue to attract duty and tax.</p>

3.	Proposed Amendment	<p>Type of amendment: Insertion / Addition of entries.</p> <p>Proposed amendment (legislative drafting): In the Customs Act, 1969, in the Fifth Schedule, the exemption from customs duty presently extended to cancer-related active pharmaceutical ingredients shall be extended to finished oncology formulations and to the active pharmaceutical ingredients and finished preparations of cardiac, renal (including dialysis-related), diabetic, thalassaemia and hepatitis medicines, to be specified by reference to their PCT codes; and a corresponding exemption shall be inserted in the Sixth Schedule to the Sales Tax Act, 1990.</p> <p>Destination in the Bill: Finance Bill 2026-27, Clause 4(14), Customs Fifth Schedule; and Clause 5(19), Sales Tax Sixth Schedule, by insertion of a defined positive list of life-saving medicines and their PCT codes.</p>
4.	Rationale	<p>Objective: To reduce catastrophic out-of-pocket health expenditure and improve the affordability of life-saving and chronic-disease medicines.</p> <p>Current issue: By limiting relief to cancer APIs alone, the Bill leaves finished oncology drugs and the medicines for the leading non-communicable diseases subject to duty and tax. This sustains high treatment costs and pushes vulnerable patients toward impoverishment or treatment abandonment.</p> <p>Economic, fiscal and social impact: ECONOMIC: reduces the financial burden of illness on households and improves workforce health. FISCAL: a contained cost within Rs 499.13 billion of customs tax expenditure, targeted for maximum social return. SOCIAL: protects catastrophic-disease patients from impoverishment and improves survival and quality of life.</p> <p>Stakeholder implications — Affected: Patients with cancer and chronic disease; charitable and not-for-profit hospitals (including SIUT); pharmaceutical importers; the public health system.</p> <p>Benefits: Lower medicine prices; greater equity in access to treatment; reinforcement of the Bill's own SIUT income-tax exemption, cancer-API relief, and the Rs 1 billion provision for free medicines in federal hospitals.</p> <p>Potential drawbacks: Customs and sales-tax revenue forgone, and a risk of misclassification. Both are mitigated by confining relief to a defined positive list keyed to PCT codes and to recognised therapeutic categories.</p> <p>Alignment with Budget 2026-27: National budget priority — Public health and welfare; protection of vulnerable populations. Consistency with existing laws — Aligns with the Bill's exemption for cancer APIs and the new income-tax exemption for SIUT, and with the federal commitment to free essential medicines.</p>

Recommended

4. **Recommendation No. 4 — Extension of the Agricultural-Machinery Exemption to Sales Tax and to Climate-Smart Irrigation Equipment**

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Customs Act, 1969 (read with the Sales Tax Act, 1990).</p> <p>Provision affected: Fifth Schedule to the Customs Act, 1969; and the Sixth Schedule to the Sales Tax Act, 1990. Finance Bill 2026-27, Clause 4(14) (Customs Fifth Schedule) and Clause 5(19) (Sales Tax Sixth Schedule). Entries relating to agricultural machinery and irrigation equipment.</p> <p>Current provision: The Finance Bill 2026-27 exempts customs duty, additional customs duty and regulatory duty on agricultural machinery. The exemption does not extend to sales tax, and does not expressly cover climate-smart drip, sprinkler and solar-powered irrigation equipment.</p>
3.	Proposed Amendment	<p>Type of amendment: Insertion / Addition of entries.</p> <p>Proposed amendment (legislative drafting): In the Sales Tax Act, 1990, in the Sixth Schedule, a new entry shall be inserted exempting from sales tax agricultural machinery already exempt from customs duty under the Fifth Schedule to the Customs Act, 1969, together with drip and sprinkler irrigation systems and solar-powered irrigation equipment specified by reference to their PCT codes; and the corresponding customs exemption shall be retained and so extended.</p> <p>Destination in the Bill: Finance Bill 2026-27, Clause 5(19), Sales Tax Sixth Schedule; read with Clause 4(14), Customs Fifth Schedule.</p>
4.	Rationale	<p>Objective: To advance food security, water conservation and climate resilience, and to support smallholder farmers, including the water-stressed farmers of Sindh and Balochistan.</p> <p>Current issue: Customs relief alone leaves a sales-tax burden on agricultural machinery, and the absence of an express exemption for drip, sprinkler and solar irrigation keeps the capital cost of water-efficient technology high at a time of acute water scarcity and reliance on wasteful flood irrigation.</p> <p>Economic, fiscal and social impact: ECONOMIC: raises farm productivity and rural incomes and supports the agricultural value chain. FISCAL: a targeted, time-bound cost aligned with the climate-favourable share of subsidies. SOCIAL: improves food security and supports the livelihoods of water-stressed smallholders.</p> <p>Stakeholder implications — Affected: Smallholder and tenant farmers (notably in Sindh and Balochistan); agricultural-equipment suppliers; provincial agriculture departments; the rural economy.</p> <p>Benefits: Higher agricultural productivity; significant water savings; improved rural incomes; and accelerated adoption of climate-resilient technology.</p> <p>Potential drawbacks: Revenue forgone and a risk of leakage to non-agricultural use. These are mitigated by a defined positive list keyed to PCT codes and by linkage to farmer or dealer registration.</p> <p>Alignment with Budget 2026-27: National budget priority — Food security; climate adaptation (climate-responsive budget tagging); agricultural modernisation. Consistency with existing laws — Extends the Bill's own customs exemption for agricultural machinery and aligns</p>

		with the green budget-tagging framework and climate-favourable subsidy classification.
5.	Member Signatures	
6.	Date & Time of Submission	

Recommended

5. Recommendation No. 5 — Establishment of a Statutory, Ring-Fenced National Disaster Risk Financing Mechanism

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Fiscal Responsibility and Debt Limitation Act, 2005 (read with the Public Finance Management Act, 2019).</p> <p>Provision affected: A new section in the FRDLA, 2005 (after Section 5, the Medium-Term Budgetary Statement); with appropriation under the National Disaster Management Authority (Demand No. 9). Finance Bill 2026-27 / Annual Budget Statement — appropriation line for NDMA (Demand No. 9). A new dedicated National Disaster Risk Financing provision and Fund.</p> <p>Current provision: Disaster financing is presently ad hoc. The current expenditures include only a Rs 20 billion provision for natural disasters within “Provision for Emergency and others”, and the budget tags merely 0.04% of development spending as disaster-responsive. There is no statutory, pre-arranged disaster risk financing facility.</p>
3.	Proposed Amendment	<p>Type of amendment: Insertion (of a new section establishing a ring-fenced Fund and minimum annual allocation).</p> <p>Proposed amendment (legislative drafting): In the Fiscal Responsibility and Debt Limitation Act, 2005, after Section 5, a new section shall be inserted to provide: “(1) There shall be established a National Disaster Risk Financing Fund into which the Federal Government shall, in each financial year, appropriate an amount not less than a prescribed minimum percentage of current expenditure. (2) The Fund shall be deployed through pre-arranged instruments, including budgetary reserves, contingent credit and risk-transfer mechanisms, in a layered manner. (3) The Federal Government shall lay before Parliament an annual statement of the Fund’s status and utilisation.”</p> <p>Destination in the Bill: Insertion in the FRDLA, 2005 (after Section 5); corresponding appropriation under Demand No. 9 (National Disaster Management Authority) in the Annual Budget Statement 2026-27.</p>
4.	Rationale	<p>Objective: To convert reactive, ad hoc disaster spending into pre-arranged, predictable and adequately sized financing, and thereby to reduce fiscal volatility from natural disasters.</p> <p>Current issue: The Fiscal Risk Statement identifies an average natural disaster, absent disaster risk financing, as the single largest source of fiscal deviation — widening the deficit by an estimated 1.5% of GDP, against only 0.4% where disaster risk financing is in place.</p>

		<p>Current arrangements (a Rs 20 billion provision and a 0.04% disaster-responsive development tag) are wholly inadequate to this exposure.</p> <p>Economic, fiscal and social impact: ECONOMIC: protects growth and infrastructure from disaster shocks and lowers the cost of recovery. FISCAL: addresses the single largest identified fiscal-risk deviation (1.5% versus 0.4% of GDP). SOCIAL: ensures rapid, adequately financed relief for the most vulnerable.</p> <p>Stakeholder implications — Affected: Disaster-affected populations; the NDMA and provincial disaster-management authorities; the Ministry of Finance; provinces; development partners.</p> <p>Benefits: Greater fiscal stability; faster and more predictable relief; lower post-disaster borrowing costs; protection of planned development spending.</p> <p>Potential drawbacks: Earmarking reduces in-year flexibility. This is mitigated by a layered design that draws on the cheapest instruments first and by the substantial net fiscal savings relative to unfinanced disaster response.</p> <p>Alignment with Budget 2026-27: National budget priority — Fiscal sustainability; disaster-responsive budgeting; climate resilience. Consistency with existing laws — Operationalises the fiscal-responsibility mandate of the FRDLA, 2005, gives effect to the Bill's own disaster-risk disclosure and tagging, and complements the existing National Disaster Risk Management Fund.</p>
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Recommended

6. Recommendation No. 6 — Institutionalization of Tax-Expenditure Rationalization Through Sunset Clauses and Mandatory Cost-Benefit Disclosure

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Public Finance Management Act, 2019 (read with the Income Tax Ordinance, 2001; the Sales Tax Act, 1990; and the Customs Act, 1969).</p> <p>Provision affected: Section 8 of the PFMA, 2019 (tax-expenditure statement); with consequential effect on the Second Schedule (Income Tax), Sixth Schedule (Sales Tax) and Fifth Schedule (Customs). Amendment to PFMA, 2019, Section 8; framework provision applicable to exemption Schedules. Requirements attaching to the grant and renewal of tax concessions.</p> <p>Current provision: Section 8 of the PFMA, 2019 requires a tax-expenditure statement but does not require sunset clauses, published cost-benefit analysis, or beneficiary-category disclosure for individual concessions. As a result, exemptions accumulate without systematic review.</p>
3.	Proposed Amendment	<p>Type of amendment: Substitution / Addition (to PFMA Section 8) and Insertion (of a standard sunset proviso in the exemption Schedules).</p> <p>Proposed amendment (legislative drafting): In the Public Finance Management Act, 2019, in Section 8, the following shall be added: "(a) every new or renewed tax exemption, concession or preferential rate shall carry a sunset clause not exceeding three years unless expressly re-enacted; (b) each such measure shall be accompanied by a published cost-benefit analysis and disclosure of the categories</p>

		<p>of beneficiaries; provided that exemptions on essential food and life-saving medicines and on goods protecting maternal, child and menstrual health shall stand expressly protected from automatic lapse.”</p> <p>Destination in the Bill: PFMA, 2019, Section 8; with a consequential standard sunset proviso applied to the Income Tax Second Schedule, Sales Tax Sixth Schedule and Customs Fifth Schedule.</p>
4.	Rationale	<p>Objective: To impose discipline and transparency on tax expenditures, broaden the tax base, and ensure that every concession is evidence-based and time-bound.</p> <p>Current issue: Tax expenditure for FY2024-25 reached Rs 2,352.8 billion (Sales Tax Rs 1,273.97 billion; Income Tax Rs 579.69 billion; Customs Rs 499.13 billion). The Fiscal Risk Statement identifies tax expenditures as the largest structural revenue risk, equivalent to approximately 1.3% of GDP. Without sunset and review requirements, ineffective concessions persist indefinitely.</p> <p>Economic, fiscal and social impact: ECONOMIC: removes distortions and improves the efficiency of the tax system. FISCAL: directly addresses the largest structural revenue risk (about 1.3% of GDP) and recovers space from Rs 2,352.8 billion of tax expenditure. SOCIAL: improves equity while protecting essential welfare exemptions.</p> <p>Stakeholder implications — Affected: The Federal Board of Revenue; beneficiary sectors of existing concessions; the general body of taxpayers; Parliament in its oversight role.</p> <p>Benefits: Recovery of revenue from ineffective concessions; greater fairness; evidence-based tax policy; and improved transparency and accountability.</p> <p>Potential drawbacks: Resistance from beneficiary interests and an administrative review burden. These are mitigated by a phased rollout, de-minimis thresholds, and the express protection of essential welfare exemptions identified above.</p> <p>Alignment with Budget 2026-27: National budget priority — Fiscal sustainability; base broadening; budget transparency. Consistency with existing laws — Builds on the existing tax-expenditure reporting under PFMA Section 8 and reinforces the Bill's own clean-up of redundant concessions in the Customs Fifth Schedule.</p>

Recommended

(Clubbed with Recommendation No.10 of Senator Zarqa Suharwardy Taimur)

7. Recommendation No. 7 — Calibration of the Digital-Content-Creator Withholding Tax With a Small-Earner Threshold

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Income Tax Ordinance, 2001.</p> <p>Provision affected: The new section introduced for withholding on social-media and digital-content income; read with the relevant Division of the First Schedule. Finance Bill 2026-27, Clause 6(26) (withholding on social-media / influencer income). Proviso to the charging and withholding provision for resident creators.</p>

		<p>Current provision: The Finance Bill 2026-27 introduces, through Clause 6(26), a withholding tax on income of social-media and digital-content creators, to be deducted by banks and financial institutions. As drafted, it does not provide a small-earner exemption threshold and risks operating as a flat charge on emerging and low-income creators.</p>
3.	Proposed Amendment	<p>Type of amendment: Insertion (of a proviso establishing a threshold and adjustability for residents).</p> <p>Proposed amendment (legislative drafting): In the Income Tax Ordinance, 2001, in the provision introduced under Clause 6(26) of the Finance Bill, 2026-27, the following proviso shall be inserted: "Provided that no tax shall be withheld under this section from a resident person whose aggregate annual digital-content income does not exceed the basic exemption threshold applicable to individuals; and provided further that, for resident persons, the tax so withheld shall be adjustable against the final tax liability and shall not constitute a minimum or final tax."</p> <p>Destination in the Bill: Finance Bill 2026-27, Clause 6(26); by insertion of the proviso to the new withholding section and a corresponding note in the relevant First Schedule Division.</p>
4.	Rationale	<p>Objective: To support the youth, freelance and digital-content economy while preserving the progressive taxation of high-earning creators.</p> <p>Current issue: A flat withholding mechanism applied through banks and financial institutions, without a small-earner threshold, would capture nascent and low-income creators and freelancers, discouraging both formalisation and use of the banking channel.</p> <p>Economic, fiscal and social impact: ECONOMIC: nurtures a high-growth digital and freelance sector and youth entrepreneurship. FISCAL: preserves revenue from high earners while exempting marginal cases. SOCIAL: advances youth employment and digital inclusion.</p> <p>Stakeholder implications — Affected: Digital-content creators and freelancers; banks and electronic money institutions acting as withholding agents; the Federal Board of Revenue.</p> <p>Benefits: Support to youth employment and the digital economy; improved documentation; and greater fairness for small earners.</p> <p>Potential drawbacks: A risk of threshold-splitting across accounts. This is mitigated by aggregation across accounts at the institution level and by the adjustable (rather than final) character of the deduction, reconciled at the time of filing.</p> <p>Alignment with Budget 2026-27: National budget priority — Digitalisation; youth employment; growth of the documented digital economy. Consistency with existing laws — Harmonises with the Bill's reduced-rate IT/ITeS regime and its adjustable treatment of e-commerce income above Rs 200 million.</p>

Recommended

8. **Recommendation No. 8 — Making Gender-Responsive Budgeting Binding Through a Statutory Allocation Floor**

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Public Finance Management Act, 2019 (read with the Budget Call Circular and the Constitution, Articles 25 and 34).</p> <p>Provision affected: A new section in the PFMA, 2019 establishing a minimum gender-responsive allocation and ring-fenced categories. Amendment to the PFMA, 2019; consequential to the Budget Call Circular and the relevant appropriations. Minimum floor and ring-fenced gender-responsive expenditure categories.</p> <p>Current provision: Gender-responsive budgeting is presently advisory and tag-based. The federal budget tags 9% of current and 8% of development spending as gender-responsive across six classifications, but there is no statutory floor and the tagged spending is therefore exposed to discretionary reduction.</p>
3.	Proposed Amendment	<p>Type of amendment: Insertion (of a new section establishing a floor and ring-fenced categories).</p> <p>Proposed amendment (legislative drafting): In the Public Finance Management Act, 2019, a new section shall be inserted to provide: “(1) The Federal Government shall ensure that gender-responsive allocations in each financial year are not less than a prescribed minimum proportion of the budget. (2) Allocations for maternal health, safe public transport for women, and women's economic empowerment shall be ring-fenced and shall not be reappropriated to other heads. (3) The Federal Government shall lay before Parliament an annual gender budget statement.”</p> <p>Destination in the Bill: PFMA, 2019, by insertion of a new section; given operational effect through the Budget Call Circular and the relevant appropriations.</p>
4.	Rationale	<p>Objective: To convert advisory gender tags (9% of current and 8% of development spending) into enforceable minimum commitments with protected funding for priority categories.</p> <p>Current issue: Because gender budgeting rests on non-binding tags, the funding earmarked for women-centric services can be reduced or reappropriated, undermining predictability and the constitutional commitment to equality and women's participation.</p> <p>Economic, fiscal and social impact: ECONOMIC: raises female participation and the associated growth dividend. FISCAL: re-prioritises rather than necessarily increasing aggregate spending, operating within existing tagged shares. SOCIAL: advances constitutional equality and protects essential women-centric services.</p> <p>Stakeholder implications — Affected: Women and girls; the National Commission on the Status of Women; line ministries and provinces; the Ministry of Finance.</p> <p>Benefits: Stronger gender equity; higher female labour-force participation; and the growth dividend associated with women's economic inclusion.</p> <p>Potential drawbacks: Some loss of in-year flexibility and dependence on tagging quality. These are mitigated by a phased floor and by continued refinement of the existing six-classification tagging</p>

		<p>methodology.</p> <p>Alignment with Budget 2026-27: National budget priority — Gender-responsive budgeting; inclusive and equitable growth. Consistency with existing laws — Gives statutory effect to the constitutional mandate under Articles 25 and 34 and builds on the gender-tagging methodology already adopted in the federal budget.</p>
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Recommended

9. Recommendation No. 9 — Protection of Essential-Goods Distributors From the Minimum-Tax Increase

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Income Tax Ordinance, 2001.</p> <p>Provision affected: Section 113 (minimum tax on turnover), read with the reduced-rate provision for distributors, dealers, sub-dealers and wholesalers. Finance Bill 2026-27 (increase of the reduced minimum-tax rate from 0.25% to 0.5%). Proviso retaining the lower rate for distributors of essential goods.</p> <p>Current provision: The Finance Bill 2026-27 increases the minimum tax applicable to distributors, dealers, sub-dealers and wholesalers from 0.25% to 0.5% of turnover. Applied uniformly, this doubles the turnover-based charge on high-volume, low-margin distributors of essential goods.</p>
3.	Proposed Amendment	<p>Type of amendment: Substitution / Insertion (a proviso retaining 0.25% for essential-goods distributors).</p> <p>Proposed amendment (legislative drafting): In the Income Tax Ordinance, 2001, in the provision increasing the minimum tax for distributors, dealers, sub-dealers and wholesalers to 0.5%, the following proviso shall be inserted: "Provided that the rate of minimum tax shall continue to be 0.25% in respect of distributors of fast-moving consumer goods comprising essential food items and medicines, as may be specified."</p> <p>Destination in the Bill: Finance Bill 2026-27; in the provision amending Section 113 and the connected reduced-rate clause for distributors, by insertion of the proviso.</p>
4.	Rationale	<p>Objective: To prevent cost-push inflation on essential food and medicine and to protect thin-margin distribution networks.</p> <p>Current issue: Doubling the minimum tax on turnover bears disproportionately on distributors of essential goods, whose margins are often only a few percent. Because the charge is on turnover rather than profit, the increase is readily passed through to consumer prices of food and medicine.</p> <p>Economic, fiscal and social impact: ECONOMIC: protects supply chains for essentials and dampens cost-push inflation. FISCAL: a limited cost confined to essential categories, with 0.5% retained elsewhere. SOCIAL: protects consumers, particularly low-income households, from price increases on food and medicine.</p> <p>Stakeholder implications — Affected: FMCG and pharmaceutical distributors; retailers; consumers of essential goods; the Federal</p>

		<p>Board of Revenue.</p> <p>Benefits: Price stability for essential goods; continuity of essential supply chains; and protection of consumer purchasing power.</p> <p>Potential drawbacks: Revenue forgone and a definitional challenge in identifying essential categories. These are mitigated by a defined positive list of essential food and medicine and by retaining the higher 0.5% rate for all non-essential distribution.</p> <p>Alignment with Budget 2026-27: National budget priority — Inflation control; consumer welfare; protection of essential supply chains. Consistency with existing laws — Preserves the Bill's broader documentation and minimum-tax objectives while carving out a narrow, defensible exception for essentials.</p>
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Recommended

(Clubbed with Recommendation No.9 of Senator Zarqa Suharwardy Taimur)

10. Recommendation No. 10 — Commendation of the Tampon-Tax Abolition and Extension of Relief to the Full Menstrual-Hygiene and Maternal Basket

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Sales Tax Act, 1990.</p> <p>Provision affected: Sixth Schedule (Exemptions). Finance Bill 2026-27, Clause 5(19) (amendments to the Sixth Schedule). Entries relating to menstrual-hygiene products and the core maternal-health basket.</p> <p>Current provision: The Finance Bill 2026-27 abolishes the so-called tampon tax — a welcome step. The relief, however, does not clearly extend to the full menstrual-hygiene basket (sanitary pads, menstrual cups and reusable products) or to the core maternal-health basket, and there is no mechanism to ensure the tax saving reaches consumers.</p>
3.	Proposed Amendment	<p>Type of amendment: Addition / Insertion (of entries) with a pass-through safeguard.</p> <p>Proposed amendment (legislative drafting): In the Sales Tax Act, 1990, in the Sixth Schedule, the relief extended by the abolition of the tampon tax shall be expanded to exempt, or zero-rate, sanitary pads, menstrual cups, reusable menstrual products and the core maternal-health basket, to be specified; and the Federal Government shall monitor and ensure that the resulting price benefit is passed through to consumers.</p> <p>Destination in the Bill: Finance Bill 2026-27, Clause 5(19); in the Sixth Schedule, by addition of entries for the menstrual-hygiene and maternal basket, with a consumer pass-through safeguard.</p>
4.	Rationale	<p>Objective: To advance women's health and dignity, address period poverty, and ensure that the relief granted is actually realised by consumers.</p> <p>Current issue: While the tampon tax has rightly been abolished, the broader menstrual-hygiene and maternal basket may remain taxed, and there is no safeguard to prevent the tax saving from being retained by sellers rather than passed to consumers.</p> <p>Economic, fiscal and social impact: ECONOMIC: supports female participation in education and work. FISCAL: a minor cost with a high</p>

		<p>social return. SOCIAL: directly advances women's health, dignity and the fight against period poverty.</p> <p>Stakeholder implications — Affected: Women and girls; manufacturers and importers of menstrual-hygiene products; retailers; the public health system.</p> <p>Benefits: Better health and dignity; improved school and workplace attendance for girls and women; and assured consumer benefit through enforced pass-through.</p> <p>Potential drawbacks: A minor revenue cost and the challenge of enforcing pass-through. These are mitigated by competitive market dynamics and by price monitoring through the Competition Commission of Pakistan.</p> <p>Alignment with Budget 2026-27: National budget priority — Gender-responsive budgeting; women's health and welfare. Consistency with existing laws — Extends the Bill's own abolition of the tampon tax into a coherent women's-health basket and complements Recommendation 1.</p>
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Recommended

11. Recommendation No. 11 — Petroleum Levy Transparency, a Per-Litre Statutory Ceiling and Earmarking for Clean Transport and Subsidy Protection

1.	Name of Senator	Senator Rubina Qaimkhani
2.	Existing Clause	<p>Act / Law to be amended: The Petroleum Products (Petroleum Levy) framework (read with the Finance Act and the Public Finance Management Act, 2019).</p> <p>Provision affected: The Petroleum Levy framework / Finance Act provisions governing the levy; with reporting under the PFMA, 2019. Finance Bill 2026-27 / Annual Budget Statement (Petroleum Levy, budgeted at Rs 1,676,509 million). A statutory per-litre ceiling, earmarking and quarterly reporting requirement.</p> <p>Current provision: Petroleum Levy is budgeted at Rs 1,676,509 million for FY2026-27 and is among the largest non-tax revenue lines. It sits outside the divisible pool, is subject to limited statutory ceiling or earmarking, and is reported with limited transparency.</p>
3.	Proposed Amendment	<p>Type of amendment: Insertion (of a statutory ceiling, earmarking and reporting requirement).</p> <p>Proposed amendment (legislative drafting): In the law governing the Petroleum Levy, the following shall be inserted: "(1) The levy on each petroleum product shall not exceed a prescribed maximum per litre. (2) A prescribed share of the proceeds of the levy shall be earmarked for clean-transport initiatives and for the protection of targeted energy subsidies. (3) The Federal Government shall publish a quarterly statement of the rates, collections and utilization of the levy."</p> <p>Destination in the Bill: The Petroleum Levy framework / Finance Act; with consequential quarterly reporting under the PFMA, 2019 and reflection in the Annual Budget Statement.</p>
4.	Rationale	Objective: To bring transparency and predictability to the Petroleum Levy, protect consumers from an open-ended charge, and channel a

		<p>defined share toward the clean-energy transition.</p> <p>Current issue: As a large, federally retained non-tax revenue with limited statutory ceiling or earmarking, the levy is opaque to the public and can be raised without a clear cap, while its proceeds are not transparently linked to transport or energy-transition outcomes.</p> <p>Economic, fiscal and social impact: ECONOMIC: stabilizes fuel-price expectations and supports the clean-transport transition. FISCAL: preserves a major revenue line while improving its transparency and predictability. SOCIAL: protects consumers and links a defined share to climate and subsidy-protection outcomes.</p> <p>Stakeholder implications — Affected: Consumers and the transport sector; the Ministry of Finance; provinces (noting the levy's federally retained, non-divisible character); the climate and energy-transition agenda.</p> <p>Benefits: Greater transparency and predictability; dedicated financing for clean transport; and improved fiscal credibility.</p> <p>Potential drawbacks: Earmarking introduces rigidity and reduces federal flexibility over a key revenue line. These are mitigated by a capped earmarked share and a periodic sunset review.</p> <p>Alignment with Budget 2026-27: National budget priority — Fiscal transparency; climate and clean-transport financing; energy-subsidy reform. Consistency with existing laws — Aligns with the green-component-of-revenues framework and the Climate Support Levy reflected in the federal budget.</p>
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Recommended

(8) **SENATOR MOHSIN AZIZ**

1. Taxation on exporters – Section 153

Despite stated Government ambitions to grow exports, the minimum tax on exporters under Section 153 has been raised from 1.0% to 1.25%.

Recommended

2. Turnover tax on FMCG distributors – Section 2(22A)

FMCG distributors of local manufacturing currently pay 0.25% turnover tax under Section 113, reflecting their inherently thin, commission-based margins. The finance bill proposes to delete the FMCG definition under Section 2(22A), exposing distributors to a 1.25% rate – a fivefold increase that is simply unviable for the FMCG sector.

Recommended

3. Tax regime for retailers:

A workable, Achievable/Rational policy should be introduced to bring non-filers into the tax net, especially retailers and wholesalers in this country. The previously introduced scheme or policy for bringing in new taxpayers could not see the light of day, as like the Tajir Dost scheme. Similarly, the presently introduced policy of 1% turnover will not achieve the desired results. Therefore, a fixed income tax scheme along with sales tax should be introduced for retailers and wholesalers.

Recommended

4. Super tax – Section 4C

The super tax was introduced in 2015-16 as a one-time levy for the rehabilitation of temporarily displaced persons. It has since become a permanent burden, in direct contravention of its original mandate. Because of the dollar appreciation, inflation at the rate of 5% Maximum and other factors, the minimum threshold should be Rs 1 billion. A 5% super tax is tantamount to a reduction in economic activity and disincentivizes growth.

Recommended

5. Sales Tax on Educational Stationery:

Sales tax on educational stationery should be withdrawn, because this country is far behind in having a decent educated youth among developing countries with the imposition of this tax, we will further reduce the educated class in the country.

Recommended

6. Petroleum Levy:

The petroleum levy on motorcycles should be completely abolished, and separate dispensing stations system dedicated to motorcycles should be introduced.

Recommended

(9) **SENATOR SHAHADAT AWAN & SENATOR RANA MAHMOOD-UL-HASSAN**

1. The Senate of Pakistan recommends to the National Assembly of Pakistan that proposed increase under clause 24D should be withdrawn and retain the minimum tax rate at 0.25% for fertilizer distributors, dealers, sub-dealers and wholesalers.

Recommended

2. The Senate of Pakistan recommends to the National Assembly of Pakistan that provisions of section 236H of the Income Tax Ordinance, 2001 should be withdrawn for the fertilizer sector or its rate be substantially reduced.

Recommended

3. The Senate of Pakistan recommends to the National Assembly of Pakistan that the taxation framework applicable to fertilizer dealers and distributors should be rationalized to prevent excessive taxation on turnover-based transactions.

Recommended

4. The Senate of Pakistan recommends to the National Assembly of Pakistan that the agriculture sector should be protected from additional indirect tax burdens that ultimately impact farmers and food production.

Recommended

(10) SENATE STANDING COMMITTEE ON FINANCE AND REVENUE

1. The Senate of Pakistan recommends to the National Assembly of Pakistan that the Federal Government should approve a minimum recurring budget of Rs.130 billion in respect of universities for the FY2026-27.

Recommended

2. The Senate of Pakistan recommends to the National Assembly of Pakistan that multiyear financing strategy should be adopted for the universities to ensure predictability and stability, as under:-

Fiscal Year	Recurring Budget
2026-27	Rs. 130 Billion
2027-28	Rs. 145 Billion
2028-29	Rs. 160 Billion
2029-30	Rs. 175 Billion
2030-31	Rs. 190 Billion

Recommended

3. The Senate of Pakistan recommends to the National Assembly of Pakistan that the Government should restore previously available tax exemptions and incentives for university faculty or approve research allowance for the university teachers and research institutes.

Recommended

4. The Senate of Pakistan recommends to the National Assembly of Pakistan that the Federal Government should establish a dedicated pension support mechanism for public universities.

Recommended

5. The Senate of Pakistan recommends to the National Assembly of Pakistan that a dedicated funding should be allocated for research grants, innovation projects, patent development, technology commercialization and industry-academia partnership. Furthermore, additional support should be provided to ORICs, business incubation centers and technology transfer offices.

Recommended

6. The Senate of Pakistan recommends to the National Assembly of Pakistan that legislative reforms should be introduced to empower universities to generate non-traditional revenue streams through technology parks, research centers, innovation hubs, industry partnership and endowment funds.

Recommended

7. The Senate of Pakistan recommends to the National Assembly of Pakistan that Government should establish a competitive funding program to reward universities demonstrating excellence in research output, innovation and graduate employment.

Recommended

8. The Senate of Pakistan recommends to the National Assembly of Pakistan that imported evaporators (PCT 8418.9910) and condensers (PCT 8418.9920) be included in the First Schedule to the Federal Excise Act, 2005, and subjected to FED at 15%, to be collected by Pakistan Customs at the import stage.

Recommended

9. The Senate of Pakistan recommends to the National Assembly of Pakistan that sales tax exemption should be given on cotton seed (HS Code 1207.2100) and Cotton Seed Cake (HS Code 2306.1000).

Recommended

10. The Senate of Pakistan recommends to the National Assembly of Pakistan that one percent Final Tax Regime (FTR) for exporters should be reinstated.

Recommended

11. The Senate of Pakistan recommends to the National Assembly of Pakistan that white uniform should be made compulsory for custom officers/officials deputed at the airports.

Recommended

12. The Senate of Pakistan recommends to the National Assembly of Pakistan that a dedicated budgetary relief should be allocated for industrial electricity and gas tariffs, moreover, structural inequity of cross-subsidization should also be addressed without further delay.

Recommended

13. The Senate of Pakistan recommends to the National Assembly of Pakistan that funds should be allocated for a one-time clearance of all outstanding refunds, as was done during COVID-19. Furthermore, taxpayers integrated with FBR's digital systems and e-invoicing where inputs and outputs are verified in real time should receive refunds within one month of filing without additional process.

Recommended

14. The Senate of Pakistan recommends to the National Assembly of Pakistan that the withholding tax rate should be reduced from 6% to 4% u/s 153 and carry forward of turnover tax from two years to five years u/s 113 of Income Tax Ordinance, 2001).

Recommended

15. The Senate of Pakistan recommends to the National Assembly of Pakistan that advance tax should be reduced from 15% to 8% on telecom services under section 236 of Income Tax Ordinance, 2001.

Recommended

16. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Serial No.14 of Third Schedule of Sales Tax Act, 1990 the following amendment should be made:-

“Tea, excluding bulk tea in packing exceeding 5 kg” or “Tea sold in retail packing bearing a brand name/trade mark”

Recommended

17. The Senate of Pakistan recommends to the National Assembly that the federal excised duty imposed on aerated beverages should be reduced to 15%.

Recommended

18. The Senate of Pakistan recommends to the National Assembly of Pakistan that the 90% input tax adjustment limit should be abolished entirely or failing abolishment, the limit should be increased to atleast 95% with any further adjustments by FBR permitted only upward and strictly conditional upon clearly define, published criteria.

Recommended

19. The Senate of Pakistan recommends to the National Assembly of Pakistan that a phased implementation beginning with large composite unites should be made to give diversity of textile processes, including weaving, dyeing and stitching followed by medium and small units.

Recommended

20. The Senate of Pakistan recommends to the National Assembly of Pakistan that sales tax refunds should be processed and disbursed within 72 hours in accordance with rule 39F of the sales tax rules, 2006 and the prescribed timeline should strictly be implemented for all refund claims including both faster-based and manual refunds to ensure uninterrupted cash flow for exporters, minimize working capital pressure, and strengthen the competitiveness of Pakistan's export sector.

Recommended

21. The Senate of Pakistan recommends to the National Assembly of Pakistan that export receipts either be exempted from the advance receipt invoice requirement or be accommodated through a separate export-specific format.

Recommended

22. The Senate of Pakistan recommends to the National Assembly of Pakistan that all export-related disputes, including valuation, classification, input consumption and bond audits, be prioritized under this system to reduce procedural delays.

Recommended

23. The Senate of Pakistan recommends to the National Assembly of Pakistan explicit inclusion of loom monitoring systems, dye-house automation, ERP and production planning software, and energy monitoring systems to accelerate digital transformation across the towel manufacturing sector.

Recommended

24. The Senate of Pakistan recommends to the National Assembly of Pakistan that sufficient funds should be allocated for construction of a proper approach road from Old Shujabad Road to the premises of Cadet College for Multan to enhance potential of the cadet college to cater to the education needs of area.

Recommended

25. The Senate of Pakistan recommends to the National Assembly of Pakistan that the notification issued empowering Engineering Development Board (EDB) to issue fitness standard certificate on import of commercial used-cars should be withdrawn and PSQCA should be notified as principal authority for issuing such certification.

Recommended

26. The Senate of Pakistan recommends to the National Assembly of Pakistan that turnover thresholds and technical support as well as an adequate transition period for SMEs should be provided.

Recommended

27. The Senate of Pakistan recommends to the National Assembly of Pakistan that government should issue necessary directions to the FBR for issuance of Tax Exemption Certificates under Sections 159(1) and 151 of the Income Tax Ordinance, 2001 in favor of the Workers Welfare Board Sindh and the Sindh Employees' Social Security Institution.

Recommended

28. In the said Bill, in clause 5, after sub-clause (17), a new sub-clause (17A) shall be inserted, namely:-

“(17A) in the Third Schedule, in column (1), Serial No. 43 and entries relating thereto in columns (2) and (3), shall be omitted.”

Recommended

29. In the said Bill, in clause 5, in sub-clause (20), after the paragraph (b), a new paragraph (c), shall be added namely, –

“(c) in Eighth Schedule, after serial No.90, a following new serial No.91 and entries thereto in column (2), (3) & (4), shall be added namely, –

91	Import of Lead and Lead Alloys supplied to the Registered Persons Manufacturing Lead Batteries	Under Chapter 78 (PCT Heading 7801.1000, 7801.9100, 7801.9900, 7802.000, 78.03, 7804.,1100, 7804.1900, 7804.2000, 78.05, 7806.0010, 7806.0020, 7806.0090)	20% of the Applicable Rate of Sales tax.”
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Recommended

30. In the said Bill, in clause 5, in sub-clause (21), for paragraph (a), the following shall be substituted; namely:-

“(a) for Serial No. 4, for entries relating thereto in columns (2), after the word, “instruments”, the words, “and persons supplying lead & scrap batteries to the registered persons manufacturing lead batteries”, shall be inserted.”

Recommended

31. The Senate of Pakistan recommends to the National Assembly of Pakistan that Litharge import should be subject to 20% CD and 4% ACD (Chapter 28.24).

Recommended

32. The Senate of Pakistan recommends to the National Assembly of Pakistan that batteries import with solar solutions should be subject to 20% CD and 4% - ACD (Chapter 8507).

Recommended

**REPORT OF THE SENATE STANDING COMMITTEE ON
PLANNING, DEVELOPMENT AND SPECIAL INITIATIVES**



House of the Federation

**“REPORT ALONG WITH RECOMMENDATIONS
RELATING TO PUBLIC SECTOR DEVELOPMENT
PROGRAMME (PSDP) 2026-2027”**

Presented by:

**SENATOR QURATULAIN MARRI
Chairperson**

Senate Standing Committee on Planning, Development and Special Initiatives

Report No. 6/2024-27

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SENATE SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON PLANNING, DEVELOPMENT & SPECIAL INITIATIVES ON PUBLIC SECTOR DEVELOPMENT PROGRAM (PSDP) 2026-2027 AND RECOMMENDATIONS FOR THE FEDERAL BUDGET 2026-2027

I, Senator Quratulain Marri, Chairperson, Standing Committee on Planning, Development & Special Initiatives, have the honour to present on behalf of the Committee, this report on the Public Sector Development Program (PSDP) 2026-2027 and recommendations for the Federal Budget 2026-2027

2. The composition of the Committee is as under:-

(i) Senator Quratulain Marri	Chairperson
(ii) Senator Jam Saifullah Khan	Member
(iii) Senator Shahadat Awan	Member
(iv) Senator Liaqat Khan Tarakai	Member
(v) Senator Dr. Afnan Ullah Khan	Member
(vi) Senator Mir Dostain Khan Domki	Member
(vii) Senator Syed Faisal Ali Subzwari	Member
(viii) Senator Atta ur Rehman	Member
(ix) Senator Saadia Abbasi	Member
(x) Senator Manzoor Ahmed	Member
(xi) Senator Mashal Azam	Member
(xii) Minister for Planning, Development and Special Initiatives	Ex-Officio Member

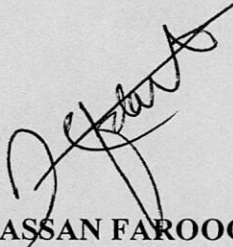
3. The meetings of the Committee were convened from 15th to 17th June, 2026 for finalization of the recommendations and report of the Committee. Following Members of the Committee attended the meetings;

(i) Senator Quratulain Marri	Chairperson
(ii) Senator Dr. Afnan Ullah Khan	Member
(iii) Senator Manzoor Ahmed	Member
(iv) Senator Mir Dostain Khan Domki	Member
(v) Senator Saadia Abbasi	Member
(vi) Senator Shahadat Awan	Member

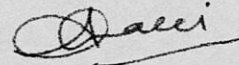
4. After detailed deliberations on schemes under each Ministry/ Division and consideration of the recommendations and proposals submitted to the Senate Standing Committee on Planning, Development and Special Initiatives during its meetings held in connection with the Public Sector Development Programme (PSDP) 2026-2027, the Committee finalized a consolidated set of recommendations placed at **Annexure-A**. The Committee has also recommended for inclusion of said recommendations in the Budget report of the Senate Standing Committee on Finance and Revenue and for subsequent presentation before the House.

Recommendations:

5. The Committee made following recommendations:
- i) The Committee made recommendations at **Annexure-A** pertaining to PSDP 2026-2027 and approved inclusion of said recommendations in the Budget Report of the Senate Standing Committee on Finance and Revenue and for subsequent presentation before the House.
 - ii) The Committee recommended that proposals of schemes from Members of Senate be forwarded to the Ministry of Planning, Development & Special initiatives and Ministry of Finance & Revenue for inclusion in PSDP 2026-2027.



(HASSAN FAROOQ DAR)
Section Officer/ Secretary Committee



(SENATOR QURATULAIN MARRI)
Chairperson
Senate Standing Committee on Planning, Development &
Special Initiatives

Islamabad, the
17th June, 2026.

SENATE SECRETARIAT

**SENATE STANDING COMMITTEE ON PLANNING, DEVELOPMENT &
SPECIAL INITIATIVES**


***PUBLIC SECTOR DEVELOPMENT PROGRAMME (PSDP)
RECOMMENDATIONS FOR THE FEDERAL BUDGET 2026-2027***

CONSENSUS RECOMMENDATIONS

1. The Senate of Pakistan recommends to the National Assembly of Pakistan that no new schemes be included in the PSDP until substantial progress is achieved on ongoing schemes as the Committee observed that the existing throw-forward liability is already considerable, and the addition of New Schemes would further stretch available resources, resulting in delays in the completion on ongoing schemes.
2. The Senate of Pakistan recommends to the National Assembly of Pakistan the allocation of around Rs. 3,000 million additional funds under the PSDP 2026–2027 for the completion of the “Quetta Expo Centre (Revised) (PSDP Sr. No. 15)”, contingent upon the resolution of all pending issues including those related to the project’s location and subject to the availability of funds during the next financial year.
3. The Senate of Pakistan recommends to the National Assembly of Pakistan that the ongoing scheme “Establishment of Hub Special Economic Zone, Lasbela (PSDP share: Rs. 2,000 million) (PSDP Sr. No. 466)”, be deleted in view of planning deficiencies, administrative mismanagement, lack of satisfactory progress, and non-availability of the requisite funding from the provincial government.
4. The Senate of Pakistan recommends to the National Assembly of Pakistan the deletion of the unapproved new scheme “Margalla Avenue Link Road to M-1 (PSDP Sr. No. 533)”, as the Ministry was unable to adequately justify its inclusion under the Government’s policy of allowing only national security and defence-related new schemes in the PSDP 2026-2027. The Committee therefore recommends its deletion as the scheme does not meet the stated criteria.
5. The Senate of Pakistan recommends to the National Assembly of Pakistan the allocation of Rs. 895 million additional funds under the PSDP 2026–2027 for the completion of “Construction of Hajj Complex at Lahore (PSDP Sr. No. 699)”, contingent upon the availability of funds during the next financial year.

6. The Senate of Pakistan recommends to the National Assembly of Pakistan that the release of PSDP funds for all schemes previously executed by the defunct Pakistan Public Works Department (PWD) and presently being implemented by Provincial Governments be made contingent upon the submission of quarterly progress reports detailing both physical and financial progress. The Committee noted with concern that, despite its recommendation during the previous budget cycle, the transfer of schemes of the defunct PWD was not undertaken uniformly, with schemes in Sindh and Khyber Pakhtunkhwa being transferred to Pakistan Infrastructure Development Company Limited (PIDCL), whereas schemes in Punjab and Balochistan were transferred to the respective Provincial Governments. The Committee further noted that the latter category of schemes lacks a clearly defined federal oversight mechanism despite continued federal funding, and therefore considered it necessary that quarterly progress updates be furnished by the Provincial Governments prior to the release of funds for each subsequent quarter.
7. The Senate of Pakistan recommends to the National Assembly of Pakistan that alternative sources of funding be explored during the financial year 2026–2027 for the “Dualization of Kuchlak–Zhob Section of N-50 (305 KM) (PSDP Sr. No. 54)”, as the project has experienced significant delays due to lack of funding. The Committee emphasized the strategic importance of the project and its critical role in regional connectivity and socio-economic development.
8. The Senate of Pakistan recommends to the National Assembly of Pakistan the release of an additional allocation of approximately Rs. 40 billion (over and above the current allocation of Rs. 30 billion) during the financial year 2026–2027 for the scheme “Construction of Hyderabad–Sukkur (306 KM), 6-Lane Divided, Fenced Motorway on Build Operate Transfer (BOT) Basis – 2nd Revised (PSDP Sr. No. 55)”, subject to the satisfactory utilization of previously allocated funds and availability of resources during the financial year.
9. The Senate of Pakistan recommends to the National Assembly of Pakistan that the schemes “Construction of Nokundi–Mashkhel Road (103 KM) (PSDP Sr. No. 48)” and “Dualization of Kuchlak–Zhob Section of N-50 (305 KM) (PSDP Sr. No. 54)”, be treated as an integrated corridor and accorded priority in funding and implementation, given their strategic importance for inter-provincial connectivity and regional development across three provinces.
10. The Senate of Pakistan recommends to the National Assembly of Pakistan that priority in the allocation and reallocation of PSDP funds be accorded to projects nearing completion, in order to ensure their timely completion, contain the growing throw-forward burden, and maximize the efficient use of scarce development resources.

11. The Senate of Pakistan recommends to the National Assembly of Pakistan the deletion of the new scheme “Establishment of Prime Minister’s ESports Arenas and Training Centers in HEIs – HEC (PSDP Sr. No. 437)”, in view of prevailing fiscal constraints and the Government’s policy of restricting new PSDP schemes to those related to national security and defence, the scheme does not qualify for inclusion or funding under PSDP 2026–2027.
12. The Senate of Pakistan recommends to the National Assembly of Pakistan that the scheme “500 KV HVDC Transmission System between Tajikistan and Pakistan for Central Asia–South Asia Transmission Interconnection (CASA-1000), World Bank IDA-5409” (PSDP Sr. No. 627)”, be reviewed with a view to revising and realigning the proposed route, as the current alignment passes through areas of low security, resulting in persistent project delays. The Committee therefore recommends consideration of alternative, more secure alignments to facilitate timely implementation.
13. The Senate of Pakistan recommends to the National Assembly of Pakistan that all financial liabilities and obligations arising from foreign-funded schemes under the Power Division, including foreign currency commitments, be fully and properly disclosed under the PSDP and related budget documents to ensure transparency and effective parliamentary oversight.
14. The Senate of Pakistan recommends to the National Assembly of Pakistan that, in respect of the scheme titled “Enhancement of Capacity of Federal Government Entities in Preparation of Policy/Programmes/Projects etc. (Umbrella Programme) (PSDP Sr. No. 665)”, funds amounting to approximately Rs. 1.4 billion, on account of outstanding liabilities incurred during the period when the scheme was under the Planning Division, be transferred to the Privatization Division, which has recently been assigned responsibility for the said scheme, to ensure proper budgetary alignment and timely completion of the project.
15. The Senate of Pakistan recommends to the National Assembly of Pakistan the provision of additional allocation of funds for the scheme “Investment Project Financing (IPF) Component of Pakistan Raises Revenue Project (2nd Revised) (PSDP Sr. No. 703)”, subject to the availability of funds during the financial year 2026–2027, as the scheme is nearing completion and requires additional funds for its timely completion.



SENATE SECRETARIAT

RECOMMENDATIONS OF THE SENATE OF PAKISTAN ON THE FINANCE BILL, 2026

BUDGET PROPOSAL 2026-27

PROPOSED AMENDMENTS IN THE FINANCE BILL, 2026

In the Finance Bill, 2026, hereinafter referred to as the said Bill, the following amendments are proposed:-

THE PETROLEUM PRODUCTS (PETROLEUM LEVY AND CLIMATE SUPPORT LEVY) ORDINANCE, 1961 (XXV OF 1961)

1. In the said Bill, in clause 3, in sub-clause (2), after paragraph (b), the following new paragraph (c), shall be added, namely:-

“(c) in section 3, after sub-section (4), the following new sub-section (5) shall be added, namely:-

“(5) The Climate Support Levy shall be kept separate from the petroleum levy and shall be utilized exclusively for decarbonization efforts, combating climate change impacts and environmental protection.”.

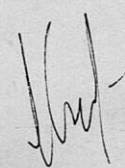
THE CUSTOMS ACT, 1969 (IV OF 1969)

2. In the said Bill, in clause 4, in sub-clause (5), in paragraph (a), in sub-paragraph (i), for the words “Board”, the expression “Minister-in-Charge”, shall be substituted.
3. In the said Bill, in clause 4, in sub-clause (6), after paragraph (c), the following new paragraph (d), shall be added, namely:-

“(d) in section 156, after sub-section (4), the following new sub-section (5), shall be added, namely:-

“(5) The Board shall initiate disciplinary proceedings against any officer who willfully or malafide makes a wrongful detection, seizure or confiscation under this section.”.

4. In the said Bill, in clause 4, sub-clause (7), shall be omitted.
5. In the said Bill, in clause 4, in sub-clause (8), in the proposed substitution in section 170, after the word, “Act”, occurring at the end, the words, “which shall be completed within six months after receiving of such goods”, shall be inserted.



THE SALES TAX ACT, 1990

6. In the said Bill, in clause 5, in sub-clause (1), paragraph (f) shall be omitted.
7. In the said Bill, in clause 5, in sub-clause (2), for the newly proposed proviso, the following shall be substituted, namely:-
- “Provided further that in the case of steel melters, steel re-rollers and composite units, the tax shall be collected on the basis of per unit electricity consumption at the rate as prescribed by the Board, through notification in the official Gazette. The tax so collectable shall be adjustable against import GDs via WEBOC/PRAL through Board’s automated system or any other manner as may be determined by the Board to those registered persons who integrate with the Board’s prescribed production monitoring and digital invoicing systems or otherwise.”.
8. In the said Bill, in clause 5, for sub-clause (6), the following shall be substituted, namely:-
- (6) “in section 21:-
- a. in the marginal note, the words, “De-registration, blacklisting and”, shall be omitted;
- b. in sub-section (2), after the word, “invoices”, the expression, “or has committed non-compliance of sub-sections (5) and (6) of section 23 or section 40C” shall be inserted, and thereafter, for the words, “and blacklisting such person or suspend his registration”, the words, “of such person”, shall be substituted;
- c. in sub-section (2A), the words, “or issue an appealable speaking order for blacklisting of the registered person”, shall be omitted; and
- d. in sub-section (3), the words “and once such person is blacklisted, the refund or input tax credit claimed against the invoices issued by him, whether prior or after such black listing, shall be rejected through a self-speaking appealable order and after affording an opportunity of being heard to such person”, shall be omitted.
9. In the said Bill, in clause 5, in sub-clause (18), in serial No.65, the entries relating thereto in column (2) and (3), shall be omitted.
10. In the said Bill, in clause 5, in sub-clause (13), in paragraph (b), in the proposed sub-section (6) of section 40C, the expression “, along with the conveyance used for the movement, carriage or transportation of such goods”, shall be omitted.

11. In the said Bill, in clause 5, for sub-clause (17), the following shall be substituted, namely;–

“(17) in section 56B,–

- (a) in the marginal note, the words, “a public servant”, shall be omitted.;
- (b) in sub-section (1), the word, “public servant”, shall be omitted; and
- (c) After sub-section (2), the following new sub-section (3), shall be added, namely, –

“(3) Notwithstanding anything contained in sub-section (1), the Board shall have the power to share data contained in Sales Tax returns of registered persons belonging to a sector amongst all registered persons of the same sector under strict non-disclosure agreements to create market equity and to enhance tax compliance subject to such limitations, restrictions and conditions as may be specified by the Board.”;

12. In the said Bill, in clause 5, after sub-clause (17), a new sub-clause (17A) shall be inserted, namely:–

“(17A) in the Third Schedule, in column (1), Serial No. 43 and entries relating thereto in columns (2) and (3), shall be omitted.”.

13. In the said Bill, in clause 5, in sub-clause (19), in paragraph (a), for sub-paragraph (ii), the following shall be substituted, namely:–

“(ii)

(A) against serial number 157, in corresponding column (2), for the expression “2026”, the expression “2027” shall be substituted; and

(B) against serial number 163, in corresponding column (2), after the expression, “diplomatic missions,”, the expression, “honorary consuls,” shall be inserted.”

14. In the said Bill, in clause 5, in sub-clause (19), in paragraph (a),–

- (a) in sub-paragraph (iii), in the Table, in column II, after the expression, “Pakistan International Airlines Corporation Limited (PIACL)”, the words, “and other Airlines”, shall be added; and

15. In the said Bill, in clause 5, in sub-clause (20), after the paragraph (b), a new paragraph (c), shall be added namely, –

“(c) in Eighth Schedule, after serial No.90, a following new serial No.91 and entries thereto in column (2), (3) & (4), shall be added namely, –

91	Import of Lead and Lead Alloys supplied to the Registered Persons Manufacturing Lead Batteries	Under Chapter 78 (PCT Heading 7801.1000, 7801.9100, 7801.9900, 7802.000, 78.03, 7804.,1100, 7804.1900, 7804.2000, 78.05, 7806.0010, 7806.0020, 7806.0090)	20% of the Applicable Rate of Sales tax.”
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16. In the said Bill, in clause 5, in sub-clause (21), for paragraph (a), the following shall be substituted; namely:-

“(a) for Serial No. 4, for entries relating thereto in columns (2), after the word, “instruments”, the words, “and persons supplying lead & scrap batteries to the registered persons manufacturing lead batteries”, shall be inserted.”

17. In the said Bill, in clause 5, in sub-clause (22), in the proviso, in entry (iv), for the word, “prosecution”, the words, “pay surcharge”, shall be substituted.

AMENDMENT IN THE INCOME TAX ORDINANCE, 2001, (XLIX of 2001)

18. In the said Bill, in clause 6, in sub-clause (1), paragraph (e), shall be omitted.
19. In the said Bill, in clause 6, in sub-clause (7), for the word, “five”, the word, “three” shall be substituted.
20. In the said Bill, in clause 6, in sub-clause (9), in the proposed section 64D, in sub-section (2), for the words, “ten percent”, the words, “twenty percent” shall be substituted.
21. In the said Bill, in clause 6, in sub-clause (11), in the proposed Explanation of section 79, the expression, “of an asset, in the nature”, shall be omitted
22. In the said Bill, in clause 6, in sub-clause (28), in the proposed section 165AB, in sub-section (1), after the word, “information”, occurring for the first time, the expression, “for the financial year 2026 – 2027, on or before the 30th June, 2027”, shall be inserted.

23. In the said Bill, in clause 6, in sub-clause (44),–

- (i) in paragraph (a), sub-paragraph (vi) shall be omitted; and
- (ii) in paragraph (b), in sub-paragraph (ii), in entry (A), in sub-entry (1), for the expression, “7%”, the expression, “4%”, shall be substituted.

24. In the said Bill, in clause 6, in sub-clause (52), –

- (i) in paragraph (a), in sub-paragraph (i), for the Table, following shall be substituted, namely:-

“

liii	Pakistan Red Crescent Society
liv	Shaheen Foundation established by Pakistan Air Force
lv	Dawat-e-Hadiyah
lvi	Pakistan Navy Benevolent Association (PNBA)
lvii	Sindh Institute of Urology and Transplantation
lviii	Sindh Institute of Advanced Endoscopy and Gastroenterology

”; and

- (ii) in paragraph (b), in sub-paragraph (iii), for the expression, “0.5%”, the expression, “0.25%” shall be substituted.
- (iii) in paragraph (c), sub-paragraph (iii), shall be omitted.

AMENDMENT IN THE FEDERAL EXCISE ACT, 2005

25. In the said Bill, in clause 7, in sub-clause (14), in paragraph (1), in sub-paragraph (g), in the Table, after S. No.65 and entries relating thereto in column (2), (3) & (4), the following new S. No.66 and entries relating thereto in column (2), (3) and (4) shall be added, namely:-

“66.	(i) Evaporators	8418.9910	15% ad valorem
	(ii) Condensers	2710.1942	15% ad valorem”

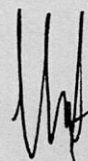
GENERAL CONSENSUS RECOMMENDATIONS ON BUDGET 2026-27

26. The Senate of Pakistan recommends to the National Assembly of Pakistan that one percent Final Tax Regime (FTR) for exporters should be reinstated.
27. The Senate of Pakistan recommends to the National Assembly of Pakistan that white uniform should be made compulsory for custom officers/officials deputed at the airports.
28. The Senate of Pakistan recommends to the National Assembly of Pakistan that a dedicated budgetary relief should be allocated for industrial electricity and gas tariffs, moreover, structural inequity of cross-subsidization should also be addressed without further delay.
29. The Senate of Pakistan recommends to the National Assembly of Pakistan that funds should be allocated for a one-time clearance of all outstanding refunds, as was done during COVID-19. Furthermore, taxpayers integrated with FBR's digital systems and e-invoicing where inputs and outputs are verified in real time should receive refunds within one month of filing without additional process.
30. The Senate of Pakistan recommends to the National Assembly of Pakistan that advance tax should be reduced from 15% to 8% on telecom services under section 236 of Income Tax Ordinance, 2001.
31. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Serial No.14 of Third Schedule of Sales Tax Act, 1990 the following amendment should be made:-

“Tea, excluding bulk tea in packing exceeding 5 kg” or “Tea sold in retail packing bearing a brand name/trade mark”
32. The Senate of Pakistan recommends to the National Assembly that the federal excised duty imposed on aerated beverages should be reduced to 15%.
33. The Senate of Pakistan recommends to the National Assembly of Pakistan that the 90% input tax adjustment limit should be abolished entirely or failing abolishment, the limit should be increased to atleast 95% with any further adjustments by FBR permitted only upward and strictly conditional upon clearly define, published criteria.
34. The Senate of Pakistan recommends to the National Assembly of Pakistan that a phased implementation beginning with large composite unites should be made to give diversity of textile processes, including weaving, dyeing and stitching followed by medium and small units.



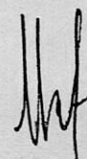
35. The Senate of Pakistan recommends to the National Assembly of Pakistan that sales tax refunds should be processed and disbursed within 72 hours in accordance with rule 39F of the sales tax rules, 2006 and the prescribed timeline should strictly be implemented for all refund claims including both faster-based and manual refunds to ensure uninterrupted cash flow for exporters, minimize working capital pressure, and strengthen the competitiveness of Pakistan's export sector.
36. The Senate of Pakistan recommends to the National Assembly of Pakistan that export receipts either be exempted from the advance receipt invoice requirement or be accommodated through a separate export-specific format.
37. The Senate of Pakistan recommends to the National Assembly of Pakistan that all export-related disputes, including valuation, classification, input consumption and bond audits, be prioritized under this system to reduce procedural delays.
38. The Senate of Pakistan recommends to the National Assembly of Pakistan explicit inclusion of loom monitoring systems, dye-house automation, ERP and production planning software, and energy monitoring systems to accelerate digital transformation across the towel manufacturing sector.
39. The Senate of Pakistan recommends to the National Assembly of Pakistan that turnover thresholds and technical support as well as an adequate transition period for SMEs should be provided.
40. The Senate of Pakistan recommends to the National Assembly of Pakistan that government should issue necessary directions to the FBR for issuance of Tax Exemption Certificates under Sections 159(1) and 151 of the Income Tax Ordinance, 2001 in favor of the Workers Welfare Board Sindh and the Sindh Employees' Social Security Institution.
41. The Senate of Pakistan recommends to the National Assembly of Pakistan that proposed increase under clause 24D should be withdrawn and retain the minimum tax rate at 0.25% for fertilizer distributors, dealers, sub-dealers and wholesalers.
42. The Senate of Pakistan recommends to the National Assembly of Pakistan that provisions of section 236H of the Income Tax Ordinance, 2001 should be withdrawn for the fertilizer sector or its rate be substantially reduced.
43. The Senate of Pakistan recommends to the National Assembly of Pakistan that the taxation framework applicable to fertilizer dealers and distributors should be rationalized to prevent excessive taxation on turnover-based transactions.
44. The Senate of Pakistan recommends to the National Assembly of Pakistan that the agriculture sector should be protected from additional indirect tax burdens that ultimately impact farmers and food production.



45. The Senate of Pakistan recommends to the National Assembly of Pakistan that sales tax exemption should be given on cotton seed (HS Code 1207.2100) and Cotton Seed Cake (HS Code 2306.1000).
46. The Senate of Pakistan recommends to the National Assembly of Pakistan that the existing income tax deducted at source under Section 153(1)(c), currently ranging from approximately 7.5% to 8%, should be rationalized and retained as part of a simplified final tax regime.
47. The Senate of Pakistan recommends to the National Assembly of Pakistan that an additional final tax of 1% should be levied, resulting in a consolidated and final tax incidence of approximately 9% on gross turnover derived from government contracts.
48. The Senate of Pakistan recommends to the National Assembly of Pakistan that the aforesaid 9% tax should constitute the full and final tax liability of the contractor in respect of government contracts, eliminating the need for further withholding obligations, tax adjustments, reconciliations, and related compliance requirements.
49. The Senate of Pakistan recommends to the National Assembly of Pakistan that the legal provision in law should be provided so that FBR may issue exemption certificate to IT & IT enabled service providers who discharge their liability in advance or whose tax is either minimum or final discharge under law.
50. The Senate of Pakistan recommends to the National Assembly of Pakistan that batteries import with solar solutions should be subject to 20% CD and 4% - ACD (Chapter 8507).
51. The Senate of Pakistan recommends to the National Assembly of Pakistan that Litharge import should be subject to 20% CD and 4% ACD (Chapter 28.24).
52. The Senate of Pakistan recommends to the National Assembly of Pakistan that the Federal Government should approve a minimum recurring budget of Rs.130 billion in respect of universities for the FY2026-27.
53. The Senate of Pakistan recommends to the National Assembly of Pakistan that multi-year financing strategy should be adopted for the universities to ensure predictability and stability, as under:-

Fiscal Year	Recurring Budget
2026-27	Rs. 130 Billion
2027-28	Rs. 145 Billion
2028-29	Rs. 160 Billion
2029-30	Rs. 175 Billion
2030-31	Rs. 190 Billion

54. The Senate of Pakistan recommends to the National Assembly of Pakistan that the Government should restore previously available tax exemptions and incentives for university faculty or approve research allowance for the university teachers and research institutes.
55. The Senate of Pakistan recommends to the National Assembly of Pakistan that the Federal Government should establish a dedicated pension support mechanism for public universities.
56. The Senate of Pakistan recommends to the National Assembly of Pakistan that a dedicated funding should be allocated for research grants, innovation projects, patent development, technology commercialization and industry-academia partnership. Furthermore, additional support should be provided to ORICs, business incubation centers and technology transfer offices.
57. The Senate of Pakistan recommends to the National Assembly of Pakistan that legislative reforms should be introduced to empower universities to generate non-traditional revenue streams through technology parks, research centers, innovation hubs, industry partnership and endowment funds.
58. The Senate of Pakistan recommends to the National Assembly of Pakistan that Government should established a competitive funding program to reward universities demonstrating excellence in research output, innovation and graduate employment.
59. The Senate of Pakistan recommends to the National Assembly of Pakistan that resident and visiting foreigners be allowed to bring alcoholic beverages for their own consumption.
60. The Senate of Pakistan recommends to the National Assembly of Pakistan that the medical allowance for federal government employees and pensioners, which has remained frozen since 2015, should be de-frozen.
61. The Senate of Pakistan recommends to the National Assembly of Pakistan that salary of the federal government employees should be increased by 15% atleast.
62. The Senate of Pakistan recommends to the National Assembly of Pakistan that tax rates for salaried and low-income individuals should be reduced and tax exemptions threshold be increased to provide relief to the salaried and low-income classes in accordance with the percentage change in the national Consumer Price Index. Furthermore, targeted social protection programs for vulnerable households be expanded.
63. The Senate of Pakistan recommends to the National Assembly of Pakistan that GST on essential food items, medicines, educational materials, and agricultural inputs be reduced and imposing new taxes on basic necessities should be avoided as it disproportionately affected lower-income groups.



64. The Senate of Pakistan recommends to the National Assembly of Pakistan that funds should be allocated for reduction in electricity tariff along with provision of targeted subsidies for low-consumption domestic consumers. Furthermore, a transparent roadmap for reducing capacity payments and circular debt be introduced.
65. The Senate of Pakistan recommends to the National Assembly of Pakistan that taxes and duties on fertilizers, seeds, pesticides, diesel and agricultural machinery should be reduced to zero or minimum rate and allocations be increased for water conservation and agricultural research.
66. The Senate of Pakistan recommends to the National Assembly of Pakistan that federal allocations for public hospitals and primary healthcare should be increased and funding for higher education, scholarships, and vocational training programs be enhanced.
67. The Senate of Pakistan recommends to the National Assembly of Pakistan that all tax exemptions and concessions granted to specific sectors or entities be publicized and a periodic reporting also be made to the Parliament on public debt, circular debt, and major public-sector expenditures.
68. The Senate of Pakistan recommends to the National Assembly of Pakistan that non-development expenditure should be reduced where possible and a medium-term debt reduction strategy be presented before the Parliament.
69. The Senate of Pakistan recommends to the National Assembly of Pakistan that tax procedures for SEMs should be simplified and concessional financing and incentives be provided for employment-generating industries.
70. The Senate of Pakistan recommends to the National Assembly of Pakistan that allocations for flood protection, drought mitigation, and climate-resilient infrastructure should be increased.
71. The Senate of Pakistan recommends to the National Assembly of Pakistan that proposed taxation measures on essential commodities and the salaried class be reconsidered and instead tax base be broadened by eliminating preferential exemptions, enhancing tax administration, and ensuring equitable taxation of undertaxed sectors, so as to protect ordinary citizens from further inflationary pressures.
72. The Senate of Pakistan recommends to the National Assembly of Pakistan that Section 3C(1) of the Petroleum Products (Petroleum Levy and Climate Support Levy), Ordinance, 1961 (XXV of 1961) be amended to delink payment of the levies from the conditions of the OGRA license.
73. The Senate of Pakistan recommends to the National Assembly of Pakistan that Section 3C(3) of the Petroleum Products (Petroleum Levy and Climate Support Levy), Ordinance, 1961 (XXV of 1961) be deleted and a proper right of appeal be provided, preserving the jurisdiction of the superior courts.

74. The Senate of Pakistan recommends to the National Assembly of Pakistan that Section 3C(5) of the Petroleum Products (Petroleum Levy and Climate Support Levy), Ordinance, 1961 (XXV of 1961) should be deleted or amended so that the new provisions apply prospectively only from the commencement of the Finance Act 2026.
75. The Senate of Pakistan recommends to the National Assembly of Pakistan that lithium-ion cells imported as raw material for local battery manufacturing be granted zero-rated status or substantial duty and tax relief.
76. The Senate of Pakistan recommends to the National Assembly of Pakistan that the Government should continue to collect applicable GST and other indirect taxes at the point of sale of the finished battery products after local value addition.
77. The Senate of Pakistan recommends to the National Assembly of Pakistan that the tariff structure for Pakistan's local lithium-ion battery manufacturing industry should be aligned with Pakistan's industrialization, localization, and clean energy objectives by incentivizing domestic assembly and manufacturing activities.
78. The Senate of Pakistan recommends to the National Assembly of Pakistan that HS. Code of stand-alone cells be separated from completely building imported battery packs.
79. The Senate of Pakistan recommends to the National Assembly of Pakistan that keeping in view of the impact of fixed charges, FC surcharge, and General Sales Tax (GST) being charged in electricity bills across the country especially on domestic consumers and low-income households, the Government should withdraw such additional charges/taxes in order to provide relief to the general public.
80. The Senate of Pakistan recommends to the National Assembly of Pakistan that tax incentives should be extended for IT exporters and freelancers for an additional ten years.
81. The Senate of Pakistan recommends to the National Assembly of Pakistan that taxation on luxury vehicles above 3000cc, luxury properties and non-productive assets should be increased, moreover, indirect taxes on essential goods be reduced.
82. The Senate of Pakistan recommends to the National Assembly of Pakistan that a dedicated federal transfer mechanism should be formulated to channel directly the development funds to elected local governments for strengthening grassroots governance.
83. The Senate of Pakistan recommends to the National Assembly of Pakistan that comprehensive documentation and taxation measures for high-value retail, real estate speculation and non-filer luxury transactions should be introduced.

84. The Senate of Pakistan recommends to the National Assembly of Pakistan that a dedicated Youth Employment Fund for skills development, IT training, apprenticeships, entrepreneurship financing and startup incubation should be created.
85. The Senate of Pakistan recommends to the National Assembly of Pakistan that a fixed percentage of federal development funds should be allocated directly to elected local governments through transparent formula-based transfers.
86. The Senate of Pakistan recommends to the National Assembly of Pakistan that reduced property rates under 236C/236K should be kept only for first-time home buyers and houses under a defined value. Furthermore, for investors, files, plots and second homes, higher progressive rates be restored.
87. The Senate of Pakistan recommends to the National Assembly of Pakistan that sales tax exemption on family planning devices should be restored.
88. The Senate of Pakistan recommends to the National Assembly of Pakistan that sales tax at consumer price on food staples, school items, medicines, hygiene products, baby products and low-income household goods should be withdrawn.
89. The Senate of Pakistan recommends to the National Assembly of Pakistan that FED on petroleum-linked inputs should be withdrawn unless prices are protected.
90. The Senate of Pakistan recommends to the National Assembly of Pakistan that increase from 0.25% to 0.5% in minimum tax on distributors and wholesalers for food, medicine and essential supply chains should be withdrawn.
91. The Senate of Pakistan recommends to the National Assembly of Pakistan that sunset and disclosure clauses should be added in tax laws for all exemptions.
92. The Senate of Pakistan recommends to the National Assembly of Pakistan that FED, customs duty, regulatory duty and withholding taxes should be increased on following items:-
- (i) Imported chocolates, confectionery and premium food products.
 - (ii) Imported soft drinks, energy drinks and luxury beverages.
 - (iii) Imported cosmetics, perfumes and luxury personal-care products above a prescribed value.
 - (iv) Luxury watches, jewellery and designer goods.
 - (v) High-end mobile phones above a specified threshold.
 - (vi) Imported luxury vehicles and SUVs above 1800cc.
 - (vii) Introduce an additional Luxury Consumption Levy of 5–10% on non-essential imported consumer goods above a prescribed value.

93. The Senate of Pakistan recommends to the National Assembly of Pakistan that advance tax and registration taxes should be increased on new vehicles above 1300cc. luxury SUVs and double-cabin vehicles, Vehicles exceeding a prescribed value threshold.
94. The Senate of Pakistan recommends to the National Assembly of Pakistan that withholding tax, registration charges and transfer taxes should be reduced on the following:-
- (i) Second-hand vehicles up to 1300cc.
 - (ii) Vehicles purchased by first-time owners.
 - (iii) Locally assembled fuel-efficient and small-engine vehicles.
95. Cigarettes and tobacco products to ensure that annual tobacco tax increases exceed inflation and income growth, thereby reducing consumption and increasing revenue.
96. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Customs Act, 1969, in the Fifth Schedule, the exemption from customs duty presently extended to cancer-related active pharmaceutical ingredients shall be extended to finished oncology formulations and to the active pharmaceutical ingredients and finished preparations of cardiac, renal (including dialysis-related), diabetic, thalassemia and hepatitis medicines, to be specified by reference to their PCT codes; and a corresponding exemption shall be inserted in the Sixth Schedule to the Sales Tax Act, 1990.
97. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Sales Tax Act, 1990, in the Sixth Schedule, a new entry shall be inserted exempting from sales tax agricultural machinery already exempt from customs duty under the Fifth Schedule to the Customs Act, 1969, together with drip and sprinkler irrigation systems and solar-powered irrigation equipment specified by reference to their PCT codes; and the corresponding customs exemption shall be retained and so extended.
98. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Fiscal Responsibility and Debt Limitation Act, 2005, after Section 5, a new section shall be inserted to provide:
- (a) There shall be established a National Disaster Risk Financing Fund into which the Federal Government shall, in each financial year, appropriate an amount not less than a prescribed minimum percentage of current expenditure;
 - (b) The Fund shall be deployed through pre-arranged instruments, including budgetary reserves, contingent credit and risk-transfer mechanisms, in a layered manner; and
 - (c) The Federal Government shall lay before Parliament an annual statement of the Fund's status and utilization.

99. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Income Tax Ordinance, 2001, in the provision introduced under Clause 6(26) of the Finance Bill, 2026-27, the following provisos shall be inserted:

“Provided that no tax shall be withheld under this section from a resident person whose aggregate annual digital-content income does not exceed the basic exemption threshold applicable to individuals; and

Provided further that, for resident persons, the tax so withheld shall be adjustable against the final tax liability and shall not constitute a minimum or final tax.”

100. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Public Finance Management Act, 2019, a new section shall be inserted to provide:

- (a) The Federal Government shall ensure that gender-responsive allocations in each financial year are not less than a prescribed minimum proportion of the budget;
- (b) Allocations for maternal health, safe public transport for women, and women's economic empowerment shall be ring-fenced and shall not be reappropriated to other heads' and
- (c) The Federal Government shall lay before Parliament an annual gender budget statement.”

101. The Senate of Pakistan recommends to the National Assembly of Pakistan that sufficient funds should be allocated for construction of a proper approach road from Old Shujabad Road to the premises of Cadet College for Multan to enhance potential of the cadet college to cater to the education needs of area.

102. The Senate of Pakistan recommends to the National Assembly of Pakistan that the notification issued empowering Engineering Development Board (EDB) to issue fitness standard certificate on import of commercial used-cars should be withdrawn and PSQCA should be notified as principal authority for issuing such certification.

103. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the Sales Tax Act, 1990, in the Sixth Schedule, the relief extended by the abolition of the tampon tax shall be expanded to exempt, or zero-rate, sanitary pads, menstrual cups, reusable menstrual products and the core maternal-health basket, to be specified, moreover, the Federal Government shall monitor and ensure that the resulting price benefit is passed on to consumers.

104. The Senate of Pakistan recommends to the National Assembly of Pakistan that in the law governing the Petroleum Levy, the following shall be inserted:
- (a) The levy on each petroleum product shall not exceed a prescribed maximum per litre.
 - (b) A prescribed share of the proceeds of the levy shall be earmarked for clean-transport initiatives and for the protection of targeted energy subsidies.
 - (c) The Federal Government shall publish a quarterly statement of the rates, collections and utilization of the levy.”
105. The Senate of Pakistan recommends to the National Assembly of Pakistan that a workable, achievable/rational policy should be introduced to bring non-filers into the tax net, especially retailers and wholesalers in this country moreover, a fixed income tax scheme along with sales tax should also be introduced for retailers and wholesalers.
106. The Senate of Pakistan recommends to the National Assembly of Pakistan that the minimum threshold should be Rs.1 billion for imposition of super tax.
107. The Senate of Pakistan recommends to the National Assembly of Pakistan that sales tax on educational stationery should be reinstated to zero rated because this country is far behind in having a decent educated youth among developing countries with the imposition of this tax.
108. The Senate of Pakistan recommends to the National Assembly of Pakistan that the petroleum levy on motorcycles should be completely abolished, and separate dispensing stations system dedicated to motorcycles should be introduced.

PUBLIC SECTOR DEVELOPMENT PROGRAMME (PSDP)

109. The Senate of Pakistan recommends to the National Assembly of Pakistan that no new schemes be included in the PSDP until substantial progress is achieved on ongoing schemes as the Committee observed that the existing throw-forward liability is already considerable, and the addition of New Schemes would further stretch available resources, resulting in delays in the completion on ongoing schemes.
110. The Senate of Pakistan recommends to the National Assembly of Pakistan the allocation of around Rs. 3,000 million additional funds under the PSDP 2026–2027 for the completion of the “Quetta Expo Centre (Revised) (PSDP Sr. No. 15)”, contingent upon the resolution of all pending issues including those related to the project’s location and subject to the availability of funds during the next financial year.



111. The Senate of Pakistan recommends to the National Assembly of Pakistan that the ongoing scheme “Establishment of Hub Special Economic Zone, Lasbela (PSDP share: Rs. 2,000 million) (PSDP Sr. No. 466)”, be deleted in view of planning deficiencies, administrative mismanagement, lack of satisfactory progress, and non-availability of the requisite funding from the provincial government.
112. The Senate of Pakistan recommends to the National Assembly of Pakistan the deletion of the unapproved new scheme “Margalla Avenue Link Road to M-1 (PSDP Sr. No. 533)”, as the Ministry was unable to adequately justify its inclusion under the Government’s policy of allowing only national security and defence-related new schemes in the PSDP 2026-2027. The Committee therefore recommends its deletion as the scheme does not meet the stated criteria.
113. The Senate of Pakistan recommends to the National Assembly of Pakistan the allocation of Rs. 895 million additional funds under the PSDP 2026–2027 for the completion of “Construction of Hajj Complex at Lahore (PSDP Sr. No. 699)”, contingent upon the availability of funds during the next financial year.
114. The Senate of Pakistan recommends to the National Assembly of Pakistan that the release of PSDP funds for all schemes previously executed by the defunct Pakistan Public Works Department (PWD) and presently being implemented by Provincial Governments be made contingent upon the submission of quarterly progress reports detailing both physical and financial progress. The Committee noted with concern that, despite its recommendation during the previous budget cycle, the transfer of schemes of the defunct PWD was not undertaken uniformly, with schemes in Sindh and Khyber Pakhtunkhwa being transferred to Pakistan Infrastructure Development Company Limited (PIDCL), whereas schemes in Punjab and Balochistan were transferred to the respective Provincial Governments. The Committee further noted that the latter category of schemes lacks a clearly defined federal oversight mechanism despite continued federal funding, and therefore considered it necessary that quarterly progress updates be furnished by the Provincial Governments prior to the release of funds for each subsequent quarter.
115. The Senate of Pakistan recommends to the National Assembly of Pakistan that alternative sources of funding be explored during the financial year 2026–2027 for the “Dualization of Kuchlak–Zhob Section of N-50 (305 KM) (PSDP Sr. No. 54)”, as the project has experienced significant delays due to lack of funding. The Committee emphasized the strategic importance of the project and its critical role in regional connectivity and socio-economic development.
116. The Senate of Pakistan recommends to the National Assembly of Pakistan the release of an additional allocation of approximately Rs. 40 billion (over and above the current allocation of Rs. 30 billion) during the financial year 2026–2027 for the scheme “Construction of Hyderabad–Sukkur (306 KM), 6-Lane Divided, Fenced Motorway on Build Operate Transfer (BOT) Basis – 2nd Revised (PSDP Sr. No. 55)”, subject to the satisfactory utilization of previously allocated funds and availability of resources during the financial year.

117. The Senate of Pakistan recommends to the National Assembly of Pakistan that the schemes “Construction of Nokundi–Mashkhel Road (103 KM) (PSDP Sr. No. 48)” and “Dualization of Kuchlak–Zhob Section of N-50 (305 KM) (PSDP Sr. No. 54)”, be treated as an integrated corridor and accorded priority in funding and implementation, given their strategic importance for inter-provincial connectivity and regional development across three provinces.
118. The Senate of Pakistan recommends to the National Assembly of Pakistan that priority in the allocation and reallocation of PSDP funds be accorded to projects nearing completion, in order to ensure their timely completion, contain the growing throw-forward burden, and maximize the efficient use of scarce development resources.
119. The Senate of Pakistan recommends to the National Assembly of Pakistan the deletion of the new scheme “Establishment of Prime Minister’s ESports Arenas and Training Centers in HEIs – HEC (PSDP Sr. No. 437)”, in view of prevailing fiscal constraints and the Government’s policy of restricting new PSDP schemes to those related to national security and defence, the scheme does not qualify for inclusion or funding under PSDP 2026–2027.
120. The Senate of Pakistan recommends to the National Assembly of Pakistan that the scheme “500 KV HVDC Transmission System between Tajikistan and Pakistan for Central Asia–South Asia Transmission Interconnection (CASA-1000), World Bank IDA-5409” (PSDP Sr. No. 627)”, be reviewed with a view to revising and realigning the proposed route, as the current alignment passes through areas of low security, resulting in persistent project delays. The Committee therefore recommends consideration of alternative, more secure alignments to facilitate timely implementation.
121. The Senate of Pakistan recommends to the National Assembly of Pakistan that all financial liabilities and obligations arising from foreign-funded schemes under the Power Division, including foreign currency commitments, be fully and properly disclosed under the PSDP and related budget documents to ensure transparency and effective parliamentary oversight.
122. The Senate of Pakistan recommends to the National Assembly of Pakistan that, in respect of the scheme titled “Enhancement of Capacity of Federal Government Entities in Preparation of Policy/Programmes/Projects etc. (Umbrella Programme) (PSDP Sr. No. 665)”, funds amounting to approximately Rs. 1.4 billion, on account of outstanding liabilities incurred during the period when the scheme was under the Planning Division, be transferred to the Privatization Division, which has recently been assigned responsibility for the said scheme, to ensure proper budgetary alignment and timely completion of the project.
123. The Senate of Pakistan recommends to the National Assembly of Pakistan the provision of additional allocation of funds for the scheme “Investment Project Financing (IPF) Component of Pakistan Raises Revenue Project (2nd Revised) (PSDP Sr. No. 703)”, subject to the availability of funds during the financial year 2026–2027, as the scheme is nearing completion and requires additional funds for its timely completion.
