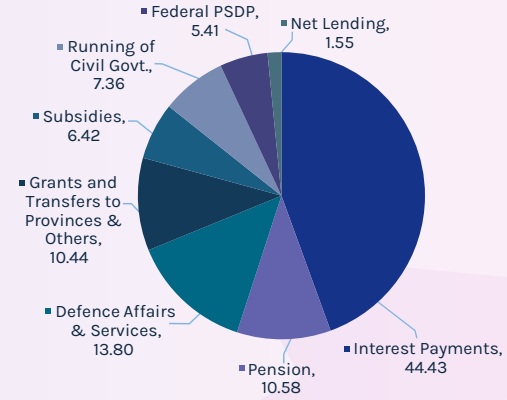


HEADLINES

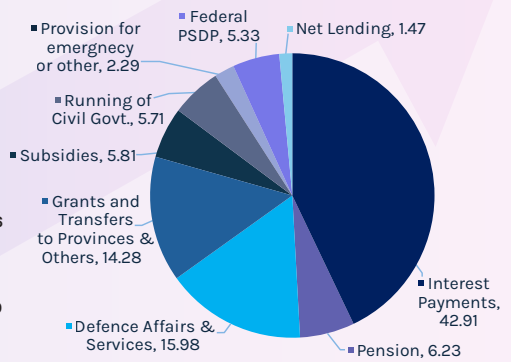
- It is a fiscal consolidation budget that also meets some popular demands.
- A relatively better budget compared to the last three.
- The budget is likely to remain inflationary due to continued reliance on GST and PDL.
- Total budget outlay is Rs 18,771 billion – 6.81 percent higher than last year.
- The budget deficit is 8 percent higher than last fiscal year's.
- Interest payments make up 42.9 percent of the total budget outlay and 52.76 percent of tax revenue.
- Rs 752 billion more allocated to grants compared to last year.
- Net transfers to provinces are set at Rs 8,848 billion.
- Two new tax slabs have been introduced.
- The 9 percent income tax surcharge on high-earning salaried individuals has been removed.
- The super tax on business income between Rs 150 million and Rs 500 million has been abolished, and set at 8 percent on income above Rs 500 million.
- The 0.25 percent Final Tax Regime (FTR) on IT and software export income has been extended for the next three fiscal years to support export growth in the IT services sector.
- A minimum fixed tax of Rs 25,000 has been set for shopkeepers with annual sales up to Rs 20 crore, and 1 percent of turnover for sales above Rs 20 crore.
- Sales tax on wholesale building materials cut from 2.5 percent to 1.25 percent, and on retail building materials from 5.5 percent to 2.75 percent.
- The Export Development Surcharge of 0.25 percent has been abolished, and the markup rate under the Export Finance Scheme dropped to 4.5 percent.
- Withholding tax on the use of credit and debit cards abroad has been reduced from 5 percent to 0.5 percent.
- BISP coverage will expand to 12 million households, with allocations rising 17 percent compared to last fiscal year.
- Rs 103.1 billion has been allocated for water projects to reduce future disaster risks, and Rs 116.2 billion for the power sector.
- Salaries and pensions will increase by 7 percent, and the minimum wage has been set at Rs 40,700.
- The petroleum levy target is set at Rs 1,677 billion, an increase of 11.91 percent.

PERCENTAGE SHARE AS TOTAL EXPENDITURE CURRENT + DEVELOPMENT

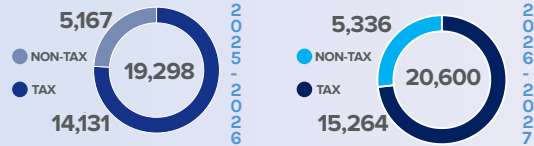
2025 - 26 B.E



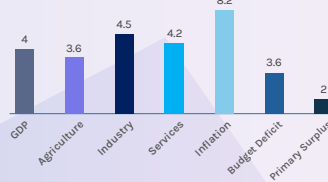
2026 - 27 B.E



REVENUE TARGETS



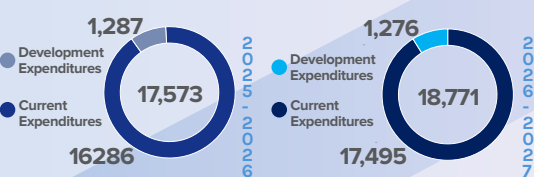
SECTORAL TARGETS



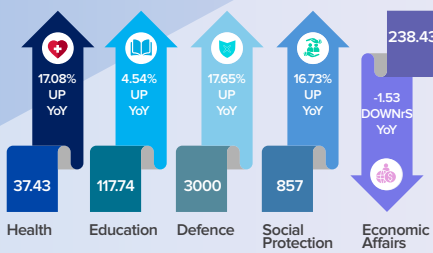
FINANCING THE DEFICIT - 7,020

Category	Value
A) Net External Financing	813
Multilateral & Bilateral Sources	30
Commercial & Bonds	783
B) Net Domestic Financing	6,046
National Saving schemes, GP fund and Deposits	274
Govt. Securities (Bank & Non-Bank)	5772
C) Privatisation Proceeds	161
Total Financing (A+B+C)	7,020

EXPENDITURE TARGETS



MAJOR SECTORAL ALLOCATIONS (RS BILLION)



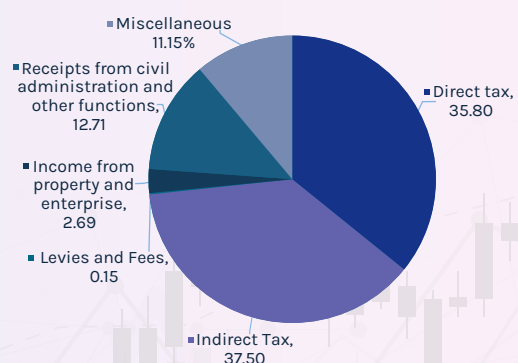
BALANCING THE 4DS

Net Federal Revenue = 11,751

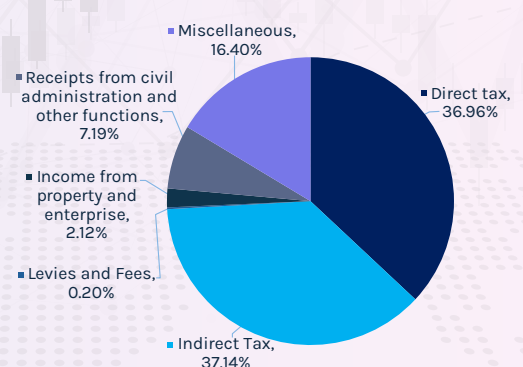
- Current Expenditures (D1+D2+D3+D4)
 - D1 - Debt Interest Payment = 8,054
 - D2 - Defence = 3,000
 - D3 - Day to Day Running of Civil Government (Civil Administration Pay, Pensions) = 2,240
 - D4 - Development (Grants + Subsidies) = 3,771
 - D1+D2+D3+D4 = 17,065
- Federal PSDP = 1000

PERCENTAGE SHARE AS TOTAL REVENUE TAX + NON-TAX

2025 - 26 B.E



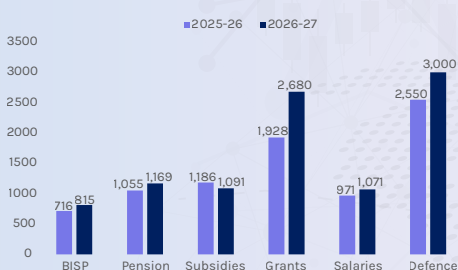
2026 - 27 B.E



INCOME TAX SLAB

Income Tax Slab (Million PKR) 2025-26	Income Tax Slabs (Million PKR) 2026-27
0 – 0.6 Mn (Zero tax)	0 – 0.6 Mn (Zero tax)
0.6 – 1.2 Mn (1% tax)	0.6 – 1.2 Mn (1% tax)
1.2 – 2.2 Mn (6,000 fixed tax + 11% above 1.2 Mn)	1.2 – 2.2 Mn (6,000 fixed tax + 11% above 1.2 Mn)
2.2 – 3.2 Mn (116,000 fixed tax + 23% above 2.2 Mn)	2.2 – 3.2 Mn (116,000 fixed tax + 20% above 2.2 Mn)
3.2 – 4.1 Mn (346,000 fixed tax + 30% above 3.2 Mn)	3.2 – 4.1 Mn (316,000 fixed tax + 25% above 3.2 Mn)
4.1 Mn – Above (616,000 fixed tax + 35% above 4.1 Mn)	4.1 – 5.6 Mn (541,000 fixed tax + 29% above 4.1 Mn)
No Slab Defined	5.6 – 7 Mn (976,000 fixed tax + 32% above 5.6 Mn)

OTHER ALLOCATIONS (RS BILLION)



KEY CHALLENGES

- FBR revenue target of Rs15,267 billion with a 14% growth over the current year's target – an ambitious and risky target.
- Pension allocation is higher than Federal PSDP.
- 8,054 billion in debt servicing, crowding out social and development spendings.
- Sectoral targets could become unachievable if conflict resumes and oil price spikes.
- No clarity to include undertaxed sectors like wholesalers, retailers, and real estate except shopkeepers by imposing minimum tax of 25,000.
- The budget falls short on structural and bold reforms.