

**RRI & A**



# **SALIENT FEATURES FEDERAL BUDGET SPEECH FY 2022-23**

**Research, Regulatory Insights and Advocacy Assistance for SMEs (RRI&A)  
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## Salient Features of Federal Budget Speech FY 2022-23

1. **Pension** Increased to PKR 530 Billion in FY23 compared to PKR 490 Billion in FY22
2. **GDP growth** targeted at 5% compared to actual GDP growth rate at 5.97% in FY22
3. GDP Projected at PKR 78.3 trillion vs. PKR 67 trillion during FY22
4. **Inflation** expected at 11.5% in FY23 vs. 11.7% in FY22
5. Tax to GDP ratio to be taken to 9.2% in FY23 vs. 8.6% in FY22
6. Fiscal deficit to be reduced to 4.9% in FY23 vs. 8.6% in FY22
7. Primary surplus expected at 0.19% in FY23 vs. primary deficit of 2.4% in FY22
8. Imports projected at \$70bn in FY23 vs. \$76bn in FY22
9. Exports projected at US\$ 35bn in FY23 vs. US\$ 31.3bn in FY22
10. Remittances estimated at US\$33.2bn (FY23) vs. US\$31.1bn in FY22
11. Current Account Deficit (CAD) projected at 2.2% of GDP in FY23 vs. 4.1% of GDP in FY22
12. Total Interest payment of PK 3,144bn; Domestic interest payment: PKR 2,770bn and external interest payment PKR 373bn
13. Debt ceiling at 60% of GDP
14. FBR revenue: PKR 6,000 billion; Non tax revenue PKR 1,315 billion
15. Total PSDP: PKR 800bn; Federal PSDP: PKR 550 billion
16. Overdue receivables of petroleum sector estimated at PKR 284bn, while next year's allocation is set at PKR 71bn
17. Machinery and equipment imported for use in films and dramas to be exempted from Customs Duty (CD) for 5 years. Moreover, sales tax & entertainment duty levied on films and dramas to be removed. Furthermore, the film makers, new cinemas, production houses shall be given 5 year tax holiday.

18. Fixed Income and Sale Tax on small retailers - to be collected with electricity bills (SME related news)
19. 100% depreciation adjustment in first year of operations for corporates and businesses.
20. Advance income tax at import stage to be made adjustable i.e. Taxes collect during import stage to made admissible for industries.
21. Youth Employment Policy – targeting employment opportunities for 2 Million. Interest free loans (PKR 0.5 million) to be made available to the youth. Loan scheme on lower interest rate also to be offered. 25% quota for young women reserved.
22. Nine (9) Special Economic Zones along CPEC route to be set-up to attract foreign investors. Economic zones in Rashakai in KPK, Lahore in Punjab and Dhabe Jee in Sindh to be provided electricity and gas on top priority.
23. Current budget for **higher education commission (HEC)** to be set at PKR 65bn. Another PKR 44bn set aside for development schemes of the HEC.
24. PKR 21bn allocated for increasing **livestock** growth.
25. People having more than one immovable property worth more than PKR 25mn will be assumed to have 5% rental income on market value, which will be taxed at 1% of this fair market value.
26. Capital Gain Tax (CGT) to be levied on immovable properties in first year of holding period at 15%. This will be reduced by 2.5% per year over the next six years.
27. Advance income tax on buying and selling of property to be increased from 1% to 2% for filers and to 5% for non-filers.
28. Companies and AOPs that generate a bottom-line of over PKR 300mn will be subject to a 2% additional tax.
29. Advance tax on electric vehicles to be levied at 2% and for non-filers tax rates shall be increased by 100% to 200%.
30. Increased advanced tax on automobiles above 1600cc
31. Taxation levied on Banks has been increased to 42% from previous 39% (This includes super tax as well).

32. Advance withholding tax to the tune of 1% for filers and 2% for non-filers to be levied on credit, debit and prepaid cards used to send money out of Pakistan. This shall be adjustable against tax payable.
33. Sales tax exemption on solar panels
34. Sales tax on **tractors** to be removed. Furthermore, annulment of sales tax on wheat, maize, sunflower, canola etc.
35. Custom duty removed on agriculture machinery
36. Customs duties rationalized on 400 items within the manufacturing sector
37. Tariff rationalized on synthetic yarn (PSF)
38. Custom Duty to be removed on 30 Active Pharmaceutical Ingredients (APIs)
39. Salaries for Government employees to be increased by 10%.
40. DLT: PKR 40.5bn to be released in Jun'22
41. Power subsidy: PKR 570bn, Petrol subsidy PKR 71bn
42. Industries manufacturing first aid bandages will no longer be subjected to CD.
43. BISP will give relief to 9 million families whereby PKR 266bn has been set aside. PKR 35bn to be allocated for Benazir education program. 10,000 students to be given Benazir undergraduate scholarships worth PKR 9bn.
44. Custom Duty, Advance Custom Duty and Regulatory Duty (RD) on 400 tariff lines related to manufacturing sector to be rationalized.