



Standing Committee- Finance and Revenue

PRESS RELEASE

Islamabad, the 13th June, 2025:

The Committee expressed serious concern over the increase in tax on profits and tax on cash withdrawals.

The Chairman directed the FBR to minimize the tax on profits of small depositors. He also directed the Revenue Division to increase the withdrawal limit up to Rs. 75,000 without tax.

The Standing Committee on Finance and Revenue opposed the gradual withdrawal of the extension to the exemption for FATA/PATA.

Chairman Syed Naveed Qamar considered it an economic assassination of small-scale businesses in the area. He directed the FBR to reconsider the withdrawal and provide relief to the locals.

A meeting of the Standing Committee on Finance and Revenue held today at the Parliament House, Islamabad, under the chairmanship of Hon. **Syed Naveed Qamar**, MNA/Chairman of the Committee.

Hon. Minister of State for Finance and Revenue and Chairman FBR presented an overview of Finance Bill Proposals and a summary of the FBR Transformation Plan. He informed the committee that FBR has developed an ambitious transformation plan, which will be implemented from December 2025. He said that FBR's real tax, after adjusting for inflation and real GDP, has been 1% from 2016–18 and -0.3% from 2018–24. He added that Pakistan faces a tax gap of ~PKR 7.1 trillion in FY 2024–25 and also lags behind peers in the tax-to-GDP ratio.

The FBR Chairman updated the Committee on a series of reforms, but noted a lack of enforcement. He said that a Delivery Unit has been set up to drive transformation interventions with all stakeholders. A roadmap is in place to deliver transformational impact by the end of the year. He updated the Committee on the Digital Production Tracking, Digital Invoicing, Digital Enforcement Stations, Cargo Tracking System, and Faceless Assessment System.

Hon. Minister of State for Finance and Revenue Chairman FBR also briefed the Committee on potential concerns and justifications. He updated the Committee on the current budgetary position, revenue receipts, target for FY 2025–2026, summary of income tax measures,

summary of sales tax measures, relief for salaried individuals, relief in super tax, rationalization in rates of advance tax on rendering of services to non-residents, reintroduction of tax credit for housing loans for small residences, gradual withdrawal of extension to exemption to FATA/PATA, allowance to coal miners in Sindh to sell to buyers other than IPPs, dividend tax on mutual funds, tax on e-commerce transactions, and an increase in advance tax on cash withdrawals by non-filers.

The Members of the Committee opposed the gradual withdrawal of the extension to the exemption for FATA/PATA. Chairman Syed Naveed Qamar considered it an economic assassination of small-scale businesses in the area. He directed the FBR to reconsider the withdrawal and provide relief to the locals.

Some committee members raised issues with the Faceless Assessment System in Karachi, citing complaints of high charges, delays in examination and reviews, which caused significant demurrages. The Hon. Members also complained about the misuse of the Digital Production Tracking and Digital Invoicing System. They stated that the Digital Production Tracking system makes errors in distinguishing between old, used, and scrap material. The FBR was of the view that there are reports of usable material being misrepresented as scrap.

Chairman Syed Naveed Qamar observed that the digital enforcement station plan may choke port points and that the cargo tracking system will create practical issues.

The Chair observed that the mortgage culture has not yet been introduced in the country. He emphasized the need for the FBR to simplify the process of tax credits for housing loans. He directed the FBR to provide a specific table of options with thresholds for the Committee's consideration.

The Committee expressed serious concern over the increase in tax on profits and tax on cash withdrawals. The Chairman directed the FBR to minimize the tax on profits of small depositors. He also directed the Revenue Division to increase the withdrawal limit up to Rs. 75,000 without tax.

The meeting was attended by Mr. Omar Ayub Khan, Rana Iradat Sharif Khan, Syed Sami Ul Hassan Gilani, Mr. Ali Zahid, Ms. Zeb Jaffar, Mr. Muhammad Usman Awaisi, Dr. Mirza Ikhtiar Baig, Dr. Nafisa Shah, Ms. Sharmila Sahiba Faruque Hashaam, Mr. Ali Jan Mazari, Mr. Muhammad Jawed Hanif Khan, Mr. Arshad Abdullah Vohra, Mr. Muhammad Ali Sarfraz (on Zoom), Mr. Muhammad Mobeen Arif, Mr. Usama Ahmed Mela, and Ms. Shahida Begum, MNAs. The meeting was also attended by the Hon. Minister of State for Finance and Revenue, Secretary Revenue Divisions, Special Secretary Finance and other senior officers from both the divisions.

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(HAMMAD ULLAH KAZI)
Secretary Committee