

# AHL Brief Note: Pakistan Strategy

## Finance Act 2024

## Parliament approves Budget FY25

The National Assembly approved Federal Budget FY25 on 28th Jun'24, incorporating some amendments. Following are some changes made via Finance Act:

### Amendments in Federal Budget FY25 (Finance Act 2024):

- Reduction of capital gain tax from 20% to 15% on stock fund if dividends are less than capital gains. **(Positive)**
- Individuals including the salaried class and associations of persons (AOP) with an income exceeding PKR 10mn have been subjected to a 10% surcharge on tax liability. **(Negative)**
- FATA/PATA region granted extension in exemption of sales tax until 30th Jun'25. **(Negative for Engineering, Paper and Board and others)**
- Further increase in FED on cements in Finance Act to PKR 4.00/kg as compared to PKR 3.00/kg proposed in the Finance bill. **(Neutral for Cement)**
- FED has been notified through Finance Act on lubricating oil at the rate of 5%. **(Neutral for OMCs)**
- Petroleum levy maximum limit on MS and HSD will now be PKR 70/ltr instead of PKR 80/ltr proposed in the Finance bill. **(Neutral for OMCs)**
- Additional taxes of PKR 30,000, PKR 60,000, and PKR 100,000 is imposed on business class and club class tickets to Middle East/Africa, Europe/Australia/New Zealand and North America, respectively. **(Neutral for Aviation Industry)**
- The GST rates for hybrid vehicles, set at 8.5% for cars up to 1800cc and 12.5% for cars from 1800cc to 2500cc, are slated to remain unchanged until June 30, 2026 in Finance Act. To recall, it was proposed earlier in the Finance bill to increase GST on hybrid vehicles. **(Positive for Hybrid Auto Assemblers)**

**Disclaimer:** This document has been prepared by Research analysts at Arif Habib Limited (AHL). This document does not constitute an offer or solicitation for the purchase or sale of any security. This publication is intended only for distribution to the clients of the Company who are assumed to be reasonably sophisticated investors that understand the risks involved in investing in equity securities. The information contained herein is based upon publicly available data and sources believed to be reliable. While every care was taken to ensure accuracy and objectivity, AHL does not represent that it is accurate or complete and it should not be relied on as such. In particular, the report takes no account of the investment objectives, financial situation and particular needs of investors. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. AHL reserves the right to make modifications and alterations to this statement as may be required from time to time. However, AHL is under no obligation to update or keep the information current. AHL is committed to providing independent and transparent recommendation to its client and would be happy to provide any information in response to specific client queries. Past performance is not necessarily a guide to future performance. This document is provided for assistance only and is not intended to be and must not alone be taken as the basis for any investment decision. The user assumes the entire risk of any use made of this information. Each recipient of this document should make such investigation as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult his or her own advisors to determine the merits and risks of such investment. AHL or any of its affiliates shall not be in any way responsible for any loss or damage that may be arise to any person from any inadvertent error in the information contained in this report.

### AHL Research

D: +92 21 38280274

UAN: +92 21 111 245 111, Ext: 322

[research@arifhabibltd.com](mailto:research@arifhabibltd.com)