



GOVERNMENT OF PAKISTAN
Tax Policy Office
Ministry of Finance, Islamabad

No.F.2(2)-TPO/2025

Islamabad, the 31st December, 2025

To,
The President,
Lahore Chamber of Commerce & Industry
Shahrah-e-Aiwan-e-Sanat-O-Tijarat, Lahore

SUBJECT: STRATEGY PAPER ON TAXATION SEEKING PROPOSALS FOR BUDGET 2026-27

Dear

I am pleased to introduce the budget process for Financial Year 2026–27. As you are aware, this year marks a significant change: the task of tax policy formulation has been separated from the Federal Board of Revenue (FBR) and entrusted to the Tax Policy Office under the Ministry of Finance. Taxation will be guided by economic value considerations and policy consistency rather than short-term revenue exigencies. To achieve these objectives, the budget-making process is planned to be carried out in close consultation with all stakeholders. The tax regime, in particular, will be refined with adequate representation from relevant groups to ensure that it does not put sub-optimal burden on taxpayers.

In view of the current economic situation, taxation, energy tariffs, and financing costs need further consideration to support economic growth. Moreover, it is imperative that the upcoming budget, being a main component of government's long term financial plan, be shaped with proposals that not only address the above costs to economic activities but also align with the broader national goals set out in policy frameworks. The priorities articulated in Uraan Pakistan and policy documents of the government emphasize the following:

- **Exports led growth** by enhancing competitiveness, attracting foreign direct investment, and streamlining trade.
- **Enlarging manufacturing base** by promoting industrialization, including mining, with a focus on local inputs, technology adoption, and value addition.
- **Promoting ICT at all levels and for all actors** for digital transformation of economy through cashless transactions and growth in IT exports.
- **Environment & Climate Change:** Ensuring resource security (water, food, energy) and advancing green solutions.
- **Energy:** Developing efficient, affordable, and environmentally friendly energy infrastructure to reduce reliance on fossil fuels.
- **Equity, Ethics & Empowerment:** Promoting social justice, increasing women's workforce participation, and reducing youth unemployment.

You are therefore invited to submit tax-related proposals on the format (**Annexure-I**) that contribute to easing the burden on productive sectors and are consistent with the government's overarching priorities of industrial growth, export expansion, digital transformation, energy efficiency, and social

equity. Additionally, please share the proposals identifying complexities, inequities and inefficiencies in tax laws specific to an industrial sector or with broad implications aiming at securing a good tax system. Your valuable input will be carefully reviewed, and where appropriate, integrated seamlessly into the financial plan for 2026–27.

Lastly, you are requested to kindly contribute to the budget process by submitting your proposals by **30th January 2026** at **Email: so.tpo@finance.gov.pk** or **by post** at Room 607, 6th Floor, Finance Division, Q-Block, Pak Secretariat, Islamabad.

Yours Sincerely,

Dr. Najeeb A. Memon

Director General

Tax Policy Office

Tax Proposal for the Finance Bill, 2026-27

Tax Proposal:

Background:

Qualitative Reasoning:

Quantitative analysis regarding impact on revenue and other economic indicators:

Economic impact (if any) with reference to fiscal incidence etc:

Sectors and business activities to be influenced by the proposal:

Note: Although due consideration will be given to every proposal received in the Tax Policy Office, the proposals with adequate reasoning and data analysis will be given priority.