Federal Budget FY27

Budget Review

June 12, 2026

REP-019

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Prices as of: Jun 12, 2026
KSE-100 Index 172,399.90

KSE– ALL MARKET CAPITALIZATION
PkR 19,120bn (US$68.70bn)

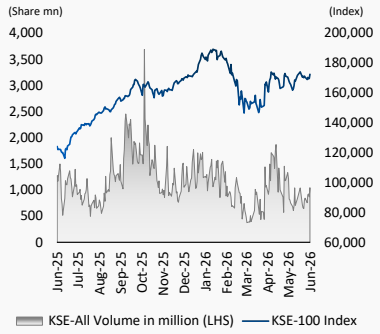
1Yr KSE-ALL SHARE AVG ADT VALUE
PkR55,509mn (US$197.74mn)

Key Macro targets stipulated in FY27 Budget

	Indicator
GDP Growth (%)	4.0%
Fiscal Deficit (% of GDP)	3.6%
Primary Balance (% of GDP)	2.0%
FBR Revenue Collection (PkRtn)	15.3
Total Expenditure (PkRtn)	18.8
Interest Expense (PkRtn)	8.1
PSDP - Federal (PkRtn)	1.0
Petroleum Levy Target (PkRtn)	1.7

Source: MoF & AKD Research

KSE100 Index Performance



Source: PSX & AKD Research

Federal Budget FY27 – Initial Impression!

- Real GDP growth projected at 4.0%YoY for FY27 (vs. 3.7% in FY26). For FY26, economy size now at US$452bn and per-capita income up to US$1,901
- Inflation for FY27 estimated at 8.2% (vs. 7.0% average in FY26).
- Budget deficit targeted at 3.6% of GDP, with a primary surplus of 2.0% of GDP (vs. +2.5% in FY26).
- FBR tax collection target set at PkR15.3tn (+17.6%YoY), with non-tax revenue at PkR5.3tn. Moreover, gross federal revenue set at PkR20.6tn. Provincial (NFC) share at PkR8.8tn, leaving net federal revenue at PkR11.8tn.
- Total federal expenditure set at PkR18.8tn, with interest payments amounting to PkR8.1tn (43% of outlay).
- Federal PSDP held at PkR1.0tn; with provincial PSDP (PkR2.2tn) and SOEs (PkR0.45tn), cumulative national development outlay reaches PkR3.7tn.
- BISP allocation increased to PkR838bn for FY27 (+17% YoY) and Kafaalat coverage widened to 12mn households.
- Defense expenditure allocated at PkR3.0tn, pension outlays at PkR1.2tn, civil administration at PkR1.1tn, and electricity/other subsidies at PkR1.1tn.
- Salary tax slabs rationalized lowered to 20% from 23% (PkR2.2–3.2mn), 30% to 25% (PkR3.2–4.1mn), 35% to 29% (PkR4.1–5.6mn). Two new slabs introduced at 32% (PkR5.6–7.0mn) and 35% (>PkR7.0mn). Moreover, income surcharge on income over PkR10mn is fully abolished (previously set at 9%).
- Super tax on six corporate slabs upto PkR150mn–PkR500mn (1.0%–7.5%) are now abolished, with top slab (PBT>PkR500mn) reduced from 10% to 8%. However, this reduction does not apply to Banks, E&Ps and Fertilizer companies.
- For relief towards exporters, 0.25% advanced export surcharge abolished and exporter minimum tax reduced to 1.25% (from 2% previously) and EFS markup also cut to 4.5%. Furthermore, final-tax regime for ITes and services of 0.25% extended until FY29.
- In order to provide stimulus on construction, WHT on property transfers almost halved to 1.25% (from 2.5%) for purchaser and 2.75% (from 5.5%) from seller side.
- WHT on cross-border credit/debit card transactions cut from 5% to 0.5%. Furthermore, Capital Value Tax (CVT) on foreign assets abolished.
- FED is proposed to increase on vehicles above 2,000cc and electric vehicles prices above PkR20mn. Duty on vehicles above 3,000cc to increase.
- New FED of PkR80/liter introduced on petroleum-based solvents (white spirit, naphtha, mineral turpentine) to curb fuel adulteration. Moreover, FED on business -class air travel abolished.

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Budget Statement FY26-27

Resources (PkRbn)		Expenditure	
Tax Revenue (FBR) - Fed. Consolidated Fund	15,264	A. Current	17,495
Non Tax Revenue	5,336	Interest Payments	8,054
a) Gross Revenue Receipts	20,600	Pension	1,169
b) Less Transfer to Provinces	8,848	Defence Affairs & Services	3,000
I. Net Revenue Receipts (a-b)	11,751	Grants and transfers to provinc-es & Others	2,680
II. Non Bank Borrowing (NSSs & Others) - Public Account	2,034	Subsidies	1,091
III. Net External Receipts - Fed. Consolidated Fund	813	Running of Civil Govt.	1,071
IV. Bank Borrowing (T-Bills, PIBs, Sukuk) - Fed. Consolidated Fund	4,012	Provision for Emergency and others	430
V. Privatization Proceesds - Fed. Consolidated Fund	161	B. Development & net Lending	1,276
	-	Federal PSDP	1,000
Total (II + III + IV + V)	7,020	Net Lending	276
Total Resources (I to V)	**18,771**	**Total Expenditure (A+B)**	**18,771**

Budget FY26-27 - Proposed Changes In Salary Slabs & Tax Rate

S#	Taxable Income	Old Rate of Tax	New Rate of Tax
1	Where taxable income does not exceed PkR600,000/-	0%	**0%**
2	Where taxable income exceeds PkR600,000 but does not exceed PkR1,200,000	1%	**1%**
3	Where taxable income exceeds PkR1,200,000 but does not exceed PkR2,200,000	11%	**11%**
4	Where taxable income exceeds PkR2,200,000 but does not exceed PkR3,200,000	23%	**20%**
5	Where taxable income exceeds PkR3,200,000 but does not exceed PkR4,100,000	30%	**25%**
6	Where taxable income exceeds PkR4,100,000 but does not exceed PkR5,600,000	35%	**29%**
7	Where taxable income exceeds PkR5,600,000 but does not exceed PkR7,000,000	35%	**32%**
8	Where taxable income exceeds PkR7,000,000	35%	**35%**

Budget FY26-27 - Proposed Changes In Super tax

Super tax rate on corporates, excluding Banks, E&Ps and Fertilizer companies			
S#	**Income under section 4C**	**Old Rate**	**New Rate**
1	Where income does not exceed PkR150mn	0.0%	**0.00%**
2	Where income exceeds PkR150mn but does not exceed PkR200mn	1.0%	**0.00%**
3	Where income exceeds PkR200mn but does not exceed PkR250mn	1.5%	**0.00%**
4	Where income exceeds PkR250mn but does not exceed PkR300mn	2.5%	**0.00%**
5	Where income exceeds PkR300mn but does not exceed PkR350mn	3.5%	**0.00%**
6	Where income exceeds PkR350mn but does not exceed PkR400mn	5.5%	**0.00%**
7	Where income exceeds PkR400mn but does not exceed PkR500mn	7.5%	**0.00%**
8	Where income exceeds PkR500mn	10.0%	**8.00%**

Source: MoF & AKD Research

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- Discounted Cash Flow (DCF, DDM)
- Relative Valuation (P/E, P/B, P/S etc.)
- Equity & Asset return based methodologies (EVA, Residual Income etc.)

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