

Monthly BULLETIN



October

2025

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OCTOBER – 2025 BULLETIN



TOP STORIES

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Introduction

- As of 19-Sept-2025, the foreign exchange reserves with SBP increased by \$716.2 million from last month Aug'25. The reserves held with SBP are \$14.380 billion and reserves with commercial banks stood at \$5.414 billion.

Economic Events

- As of 24-Oct-2025, the foreign exchange reserves with SBP increased by \$783.3 million from last month Sept'25. The reserves held with SBP are \$14.472 billion and reserves with commercial banks stood at \$5.216 billion.

LIQUID FOREIGN EXCHANGE RESERVES (MILLION US\$)

END PERIOD	NET RESERVES WITH SBP	NET RESERVES WITH BANKS	TOTAL LIQUID FX RESERVES
03-Oct-25	14,420.1	5,344.6	19,680.9
10-Oct-25	14,440.8	5,378.5	19,735.7
17-Oct-25	14,455.2	5,413.8	19,793.3
24-Oct-25	14,471.6	5,216.0	19,687.6

- **Pakistan has assured the IMF that it will introduce Rs200 billion in additional tax measures in January 2026 to offset any fiscal slippages, including higher withholding taxes on cash withdrawals, mobile and landline usage, and sales tax on solar panels. These steps form part of a contingency plan to keep the \$7 billion IMF program on track, amid slower revenue growth and rising expenditures.**
- **The World Bank highlighted Pakistan's modest growth amid recovery in industry and services but warned that slow structural transformation continues to constrain productivity and job creation. With growth projected near 3%, it called for accelerated reforms, fiscal discipline, and export diversification to strengthen resilience and sustain inclusive economic progress.**

- **The State Bank of Pakistan (SBP) launched the Zarkhez-e Digital Agriculture Financing Scheme to provide collateral-free loans to small and subsistence farmers.**
 - **Loan Amount:** Up to Rs 1 million for landowners and Rs 500,000 for tenants.
 - **Structure:** 75% of financing in-kind (inputs such as seeds, fertilizers, diesel) and 25% in cash.
 - **Eligibility:** Landholding up to 12.5 acres (Punjab & KP), 16 acres (Sindh), and 32 acres (Balochistan).
 - **Risk Sharing:** 10% first-loss coverage by SBP and Rs 10,000 operational subsidy per borrower for banks.
 - **Insurance:** Crop and life-insurance mandatory.
 - **Objective:** Promote financial inclusion, enhance productivity, and support rural uplift through digital lending.
 - **Launch Date:** October 14, 2025.

- **The Government of Punjab introduced High-Tech Mechanisation Financing Program, an interest-free loan scheme to modernise the province's agriculture sector**
 - **Loan Amount:** Up to Rs 30 million, interest-free.
 - **Purpose:** Purchase of 12 categories of high-tech farm machinery (e.g., harvesters, planters, balers, irrigation systems, tractors).
 - **Repayment:** 5 years with a 6-month grace period; quarterly instalments.
 - **Applicants:** Farmers, agri-service providers, and agricultural companies based in Punjab.
 - **Platform:** Online application via the dedicated High-Tech Mechanisation Portal.
 - **Objective:** Boost mechanisation, efficiency, and crop yields through access to modern equipment.
 - **Launch Date:** October 10, 2025.

- **Hutchison Ports Pakistan, the country's only deep-water container terminal, recently handled MSC MICOL, the largest ship ever to dock in Pakistan, with a capacity of 24,070 TEUs. This demonstrates the terminal's ability to manage ultra-large vessels, improving trade efficiency and lowering shipping costs. Additionally, Pakistan National Shipping Corporation plans to expand its fleet by acquiring two large Aframax tankers, aiming to reach 30 vessels by 2026.**

- **Chery Master Pakistan plans to start local assembly at its Port Qasim facility in Karachi by January 2026, with a \$150 million investment spanning 60 acres. The company will assemble four Chery models — Tiggo Cross, Tiggo 7, Tiggo 8, and Tiggo 9 — featuring plug-in hybrid electric vehicle technology, while establishing a nationwide dealership network. The project is expected to create over 2,000 jobs and advance Pakistan's automotive sector through training in new energy vehicle technologies.**

- Saudi Arabia strengthened its economic partnership with Pakistan by pledging a \$1 billion oil financing facility and rolling over \$5 billion in deposits for FY 2025-26, bolstering external stability and energy security. The facility, releasing around \$100 million monthly, has already financed over Rs 85 billion in oil imports. This renewed support underscores Riyadh's confidence in Pakistan's recovery and commitment to deeper strategic and investment cooperation.
- In FY2025-26, workers' remittances reached \$3.18 billion in September 2025, showing an 11.19% increase compared to \$2.86 billion in the same month of the previous fiscal year. Overall, remittances for the first quarter of FY2026 rose by \$760 million, totaling \$9.55 billion, up from \$8.79 billion during the corresponding period last year.

Year	Jul-25	Aug-25	Sep-25
FY-26	\$ 3.22 B	\$ 3.14 B	\$ 3.18 B
FY-25	\$ 2.99 B	\$ 2.94 B	\$ 2.86 B

Product	Prices as of 1st Oct (A)	Prices as of 16th Oct (B)	Prices as of 1st Nov (C)	Monthly Increase / Decrease (C-A)
MS (Petrol)	268.68	263.02	265.45	-3.23
High-Speed Diesel (HSD)	276.81	275.42	278.44	1.63

Pakistan Records Sharpest Drop in Default Risk

In a remarkable turnaround, Pakistan has recorded one of the sharpest improvements in sovereign default risk among emerging economies, second only to Turkey, according to Bloomberg data. Between June 2024 and September 2025, the country's default probability plunged by 2,200 basis points, reflecting consistent quarterly gains and signaling a strong recovery in market confidence.

Advisor to the Finance Minister Khurram Schehzad credited this transformation to disciplined macroeconomic management, structural reforms, and unwavering commitment to debt obligations under the IMF framework. He noted that recent credit rating upgrades by S&P, Fitch, and Moody's have reinforced Pakistan's credibility in global financial markets, positioning it as a reviving frontier economy steadily regaining the trust of investors and international partners.

Country	Change in Default Risk (bps)	Trend
Turkey	↓ 2,400	▼ Sharp Decline
Pakistan	↓ 2,200	▼ Sharp Decline
South Africa	↓ 300	▼ Moderate
El Salvador	↓ 200	▼ Mild
Argentina	↑ 150	▲ Increase
Egypt	↑ 120	▲ Increase
Nigeria	↑ 100	▲ Increase

Political Front

- **The federal government is preparing to convene the long-awaited National Finance Commission (NFC) meeting, tentatively planned for mid-November, in a renewed effort to advance stalled fiscal harmonisation talks. According to sources, Finance Minister Muhammad Aurangzeb is expected to chair the session in Islamabad, where federal and provincial stakeholders will deliberate on a new revenue-sharing framework. The meeting aims to establish technical sub-groups and a time-bound roadmap for negotiations — a crucial step toward replacing the decade-old 7th NFC Award and restoring fiscal balance in Pakistan.**
- **The government has approved the 2025-26 wheat policy, ensuring no restrictions on inter-provincial wheat movement to maintain nationwide availability. Wheat will be produced at Rs3,500 per maund, with federal and provincial governments acquiring 6.2 million tonnes for strategic reserves. The policy, finalized in a high-level meeting chaired by PM Shehbaz Sharif with provincial leaders and stakeholders, aims to ensure fair prices for farmers, safeguard food security, and support the agricultural economy. Implementation will be overseen by a weekly National Food Security Head Committee reporting directly to the PM.**
- **The government reaffirmed its commitment to addressing Pakistan’s housing shortage exceeding ten million units through sustainable policies and strong public-private collaboration. Speaking at the “Build Pakistan 2025 – Let’s Build Together” conference in Lahore, Federal Minister Mian Riaz Hussain Pirzada highlighted the upcoming National Housing Policy 2025, focusing on affordability, housing finance reform, and climate- resilient development. The event gathered policymakers and industry leaders to promote innovative, eco-friendly, and inclusive urban solutions.**

WHAT IS
NATIONAL
FINANCE
COMMISSION

- On October 30 2025, Shehbaz Sharif inaugurated the fourth phase of the Prime Minister Youth Laptop Scheme 2025, reaffirming his administration's strong emphasis on youth empowerment through technology and education. He pledged a substantial investment of Rs 500 billion in youth development, including the distribution of over 100,000 laptops on merit, and underscored Pakistan's ambition in AI and semiconductor sectors.
- After a 20-year gap, Pakistan and Bangladesh held the 9th Joint Economic Commission meeting in Islamabad, co-chaired by Petroleum Minister Ali Pervez Malik and Bangladesh's Finance Adviser. Pakistan offered Bangladesh the use of Karachi Port for trade with China and Central Asian states and proposed 500 scholarships under a Knowledge Corridor initiative. Both sides agreed to expedite the launch of direct flights and signed an MoU on halal food standards and certification, marking a renewed phase in bilateral economic and educational cooperation.
- Pakistan and Bangladesh resumed direct air connectivity on October 20, 2025, following a five-year hiatus, signaling a positive shift in bilateral relations. The inaugural Karachi & Dhaka service, operated by Fly Jinnah, was approved by both civil aviation authorities to strengthen regional linkages. This development is expected to enhance trade flows, business travel, and tourism, contributing to broader economic cooperation between the two South Asian economies.
- Pakistan's Privatisation Commission informed the Senate panel that the PIA privatisation process is on track to be completed by December 2025, with four consortia currently conducting due diligence on the airline's assets and operations. The government aims to ensure transparency and timely execution, as the sale is a key IMF bailout condition. This round offers full divestment, debt restructuring, and tax concessions, drawing interest from major local groups including Airblue, Lucky Cement, Arif Habib Group, and Fauji Fertiliser.
- The government has banned the hardline Islamist party Tehreek-e-Labbaik Pakistan (TLP) under anti-terrorism laws following violent protests in mid-October, which were held in support of Palestinians amid the Gaza conflict. This move reflects a firmer state stance against Islamist street movements, aiming to curb violent demonstrations and restore public order. However, the decision also raises concerns over political stability and civil liberties, with observers cautioning about potential public backlash and the practical challenges in enforcing the ban.

Pakistan–Saudi Economic Ties Enter a New Phase of Strategic Partnership

Pakistan and Saudi Arabia have reinforced their strategic economic partnership through a series of high-level engagements and investment commitments held in October 2025. The visit of a Saudi business delegation led by Prince Mansour bin Mohammad Al-Saud marked a significant step in transitioning from dialogue to implementation under the Saudi–Pakistan Joint Business Council (JBC) and the Special Investment Facilitation Council (SIFC) framework.

Key discussions focused on energy, mining, agriculture, and infrastructure, with both sides identifying bankable projects and establishing a roadmap for direct Saudi investments in Pakistan. The delegation’s meetings in Islamabad, Karachi, and Lahore underscored mutual intent to enhance trade, strengthen industrial collaboration, and expand private-sector partnerships. The delegation explored initial investment opportunities estimated at around \$1 billion in technology, agriculture, and sports equipment sectors, with broader commitments under discussion.

Key outcomes of the visit:

- ❑ **Renewed Investment Momentum:** Multiple investment opportunities were identified across energy, mining, agriculture, infrastructure, IT, tourism, and real estate sectors.
- ❑ **Institutional Collaboration:** Both countries agreed to form sector-specific working groups under the Saudi–Pakistan Joint Business Council (JBC) to convert proposals into actionable projects.
- ❑ **Provincial Partnerships:** Sindh and Punjab governments presented detailed project portfolios, with follow-up delegations planned for feasibility studies and due diligence.
- ❑ **Private Sector Linkages:** Pakistani and Saudi chambers of commerce committed to strengthening B2B cooperation, paving the way for regular business exchanges.
- ❑ **Strategic Alignment:** The engagements reaffirmed Pakistan’s integration into Saudi Arabia’s Vision 2030 supply chain diversification strategy, while aligning with Pakistan’s investment-led growth model through the SIFC framework.

World Updates

- ❑ On October 30, 2025, the U.S. Senate voted to cancel Trump-era global tariffs on more than 100 countries, with some Republican senators joining Democrats. Although the measure is mostly symbolic because the House has blocked it, the vote shows strong congressional opposition to the tariffs and sends a clear message on the need for balanced trade policies.
- ❑ India and the United States have signed a 10-year defence cooperation framework, marking a major step in their strategic partnership amid trade and geopolitical tensions. Announced after talks between US Defence Secretary Pete Hegseth and Indian Defence Minister Rajnath Singh, the pact focuses on intelligence sharing, defence technology collaboration, and regional security. The agreement follows months of diplomatic strain over tariffs and Russia-related sanctions, setting a long-term roadmap for defence and trade engagement.
- ❑ The World Bank's latest Commodity Markets Outlook projects global commodity prices to fall to a six-year low by 2026, marking a fourth straight year of decline amid weak demand, oil surpluses, and policy uncertainty. Energy and food prices are easing, helping curb inflation, though commodities remain above pre-pandemic levels. The Bank urges governments to use this respite to strengthen fiscal discipline, phase out costly fuel subsidies, and invest in productivity and resilience to counter future market volatility.
- ❑ On October 26, 2025, during the 47th ASEAN Summit, Thailand and Cambodia reached a historic breakthrough with the signing of the Kuala Lumpur Peace Accord, aimed at resolving long-standing border tensions. The agreement establishes a ceasefire, withdrawal of heavy weapons, ASEAN-led monitoring, and joint demining operations. As an immediate confidence-building step, Thailand released 18 Cambodian soldiers, reflecting a commitment to move from confrontation toward cooperation, stability, and stronger regional ties.

- ❑ In October 2025, a proposed Russia–U.S. summit in Budapest aimed at addressing the Ukraine conflict was announced but never took place. Moscow’s demand for Ukraine to cede territory was rejected, and U.S. officials effectively blocked the meeting, highlighting Washington’s dominant role in the peace process. The summit ended in stalemate, with Hungary ready to host but no date confirmed, underscoring ongoing diplomatic deadlock.
- ❑ Also the U.S. imposed sanctions on Russia’s major oil companies and banks to restrict access to global finance and pressure Moscow amid the Ukraine war. President Vladimir Putin acknowledged the measures as “serious” but stressed they would not force Russia to halt military operations, describing them as an “unfriendly act”
- ❑ Over the past two months, France has faced notable political instability. Prime Minister Sébastien Lecornu and his cabinet resigned within 14 hours on October 10, 2025, only to have Lecornu re-appointed by President Emmanuel Macron to form a new government. His minority government survived two no-confidence votes on October 16 after suspending the controversial pension reform raising the retirement age from 62 to 64. Amid this turbulence, S&P downgraded France’s sovereign credit rating from AA– to A+, citing political uncertainty and fiscal pressures, highlighting challenges to governance and economic stability.



Strategic Reset: U.S. and China Reopen Dialogue in Busan

The long-anticipated meeting between U.S. President Donald Trump and Chinese President Xi Jinping took place on the sidelines of the East Asia Summit in Busan, South Korea, marking the most significant bilateral engagement between Washington and Beijing since the trade tensions reignited earlier in 2025. The summit was held in a closed-door setting, with both leaders accompanied by senior trade, defense, and foreign policy officials. The discussions spanned over three hours, focusing on trade, technology, and regional security.

Key Points of Discussion:

1. Trade Truce Agreement:

The two sides agreed on a one-year trade truce, under which the U.S. will reduce tariffs on Chinese imports from 57% to about 47%, while China will suspend new export restrictions on rare-earth minerals—a key input for global manufacturing and technology industries.

2. Agricultural and Energy Purchases:

China pledged to resume large-scale purchases of U.S. agricultural products, primarily soybeans, corn, and energy supplies, signaling a softening of trade hostilities.

3. Fentanyl Cooperation:

Beijing agreed to tighten controls on the export of fentanyl precursors, addressing a major U.S. domestic concern and signaling renewed cooperation on transnational crime.

4. Technology and Security Dialogue:

While no concrete agreement was reached, both sides agreed to resume working-level discussions on technology transfer, AI regulation, and cybersecurity, indicating a possible thaw in communication channels.

5. Regional Stability:

The leaders exchanged views on Taiwan, the South China Sea, and North Korea, reaffirming their commitment to avoid escalation but maintaining strategic caution.

Economic and Market Impact:

The announcement of the truce triggered a positive response across global financial markets, with Asian equities rising 2–3% and the Chinese yuan strengthening against the dollar. The easing of tariff pressures is expected to boost bilateral trade volumes by early 2026 and reduce global supply chain disruptions, especially in electronics and consumer goods.

For the United States, the deal offers short-term relief from inflationary pressure tied to import costs, while China gains stability for export-driven growth amid slowing domestic demand. However, analysts caution that the agreement remains temporary and tactical, serving as a pause rather than a resolution in the broader U.S.–China strategic rivalry.

Border Tensions with Afghanistan and the Economic Impact of Refugee Repatriation

- Pakistan's western border has faced renewed volatility amid intensifying clashes and intermittent closures at key trade routes, including Torkham and Chaman, disrupting commercial flows and supply chains. The escalation stems from cross-border militant activity and disagreements over the repatriation of undocumented Afghan nationals under Pakistan's Illegal Foreigners Repatriation Program (IFRP). While the policy is aimed at strengthening border security and enforcing immigration laws, it has also placed pressure on local economies and humanitarian operations in border regions.
- In a significant diplomatic development, Pakistan and Afghanistan held talks in Doha, Qatar, in October 2025, mediated by Qatar and Türkiye, resulting in an agreement on an immediate ceasefire and the creation of a joint monitoring mechanism. The engagement marks a cautious step toward de-escalation and signals both sides' willingness to separate border security management from humanitarian and economic concerns.
- For financial observers, the ongoing tensions carry implications for regional trade stability, logistics costs, and investor confidence. Border disruptions have temporarily constrained bilateral commerce and transit trade to Central Asia, while the repatriation drive affects labor availability and consumption patterns in parts of Pakistan. However, the Doha dialogue offers a potential stabilizing pathway, underscoring that sustainable border management, humane migration policy, and regional economic cooperation are integral to Pakistan's broader strategy.

FINANCIAL WORLD

Forex Update

- The Inter Bank rate of PKR appreciated by Rs 0.75 against the Dollar in Oct'25 and closed at 281.
- The closing rate of major currencies on 31st Oct 2025;

INTER BANK RATES

Currency	Symbol	Bank Buying TT Clean	Bank Selling TT & OD
 Australian Dollar	AUD	184	184
 Canadian Dollar	CAD	201	201
 China Yuan	CNY	39	40
 Danish Krone	DKK	44	44
 Euro	EUR	325	325
 Hong Kong Dollar	HKD	36	36
 Japanese Yen	JPY	2	2
 Saudi Riyal	SAR	75	75
 Singapore Dollar	SGD	216	216
 Swedish Korona	SEK	30	30
 Swiss Franc	CHF	350	351
 Thai Bhat	THB	9	9
 U.A.E Dirham	AED	76	77
 UK Pound Sterling	GBP	369	370
 US Dollar	USD	281	281

Capital & Money Market

- On October 27, the Monetary Policy Committee (MPC) decided to keep the policy rate unchanged at 11%, the fourth consecutive hold since May 2025, reflecting a cautious yet stable policy stance. The decision was based on improving macroeconomic indicators, stable core inflation at 7.3%, and manageable external pressures.
- However, the decision did not align with the expectations of various industries and business chambers, which had anticipated a rate cut to boost credit demand and reduce financing costs. They believe a moderate reduction could have further supported investment, post- flood recovery, and industrial expansion amid improving economic fundamentals.
- KIBOR prevailing rate as of Oct 30, 2025

KIBOR		
As on 30-Sept-25		
Tenor	BID	OFFER
1 Month	10.83	11.33
3 Month	10.82	11.07
6 Month	10.84	11.09
12 Month	10.82	11.32

- The KSE-100 Index closed at 161,631.73 points, reflecting a monthly decline of 3,861.85 points from 165,493.58 points. The drop was largely attributed to profit-taking, institutional selling, and short-term selling pressure, as investors opted to book gains after recent rallies, leading to a temporary market correction.



Important Economic Indicators as of 31st Oct 2025

Currency (PKR to USD) Rs. 281

Stock Market (KSE-100 Index) 161,631.73

Unemployment Rate 5.5% (E)

Inflation Rate 6% (E)

Interest Rate 11%

Corporate Tax Rate 29%

Personal Income Tax Rate 35%

GDP Annual Growth 3.2% (E)

Consumer Confidence 39 (E)

Brent Crude Oil \$ 65.07 /Bbl

WTI Crude Oil \$ 60.98 /Bbl

Gold per Tola Rs. 423,570

Tax World

- The Federal Board of Revenue (FBR) received a record 5.9 million income tax returns for 2025, up 17.6% from last year, with tax payments increasing by 15% to Rs69 billion. While no general deadline extension was granted, taxpayers facing genuine difficulties could request relief through the IRIS system. The rise in filings reflects improved voluntary compliance supported by FBR's nationwide awareness and digital outreach initiatives.
- The Federal Board of Revenue (FBR) missed its revenue collection target for the first 4 months of FY26 by Rs 274 billion, collecting Rs3.835 trillion against the target of Rs4.108 trillion. Despite the shortfall, overall collections posted a 12% year-on-year growth compared to the same period of FY25.
- In October 2025 alone, revenue stood at Rs951 billion, Rs75 billion below target, though still 8% higher than last year.

- **Income Tax: Rs1.796 trillion collected vs. target of Rs1.899 trillion (shortfall Rs103bn); up 11% YoY from Rs1.611 trillion.**
 - **Sales Tax: Rs1.359 trillion collected vs. target of Rs1.542 trillion (shortfall Rs183bn); up 10% YoY from Rs1.236 billion.**
 - **Customs Duty: Rs420 billion collected vs. target of Rs407 billion (exceeded by Rs13bn); up 12% YoY from Rs376 billion.**
 - **Federal Excise Duty (FED): Rs259 billion collected vs. target of Rs260 billion (almost achieved); up 21% YoY from Rs214 billion.**
 - **Refunds and rebates issued during Q1 stood at Rs157 billion, higher than Rs147 billion in the same period last year.**
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- **The Lahore High Court, in the case of Harris Hasan Syed vs. Commissioner Inland Revenue (ITR No. 21137/2025), ruled that the omission of Section 126A of the Income Tax Ordinance, 2001 by the Finance Act 2025 is procedural and applies retrospectively. As a result, all pending references against Commissioner (Appeals) orders must now be transferred to the Appellate Tribunal Inland Revenue (ATIR) for hearing. The Court also ordered a refund of court fees, ensuring procedural fairness and consistency in the appellate process.**
 - **Prime Minister Shehbaz Sharif ordered a forensic audit of the PRAL system through an international firm after uncovering a 2018–19 sales tax fraud caused by outdated infrastructure and poor monitoring. He directed identification of all responsible parties and strict legal action following a detailed probe.**

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