# ICMA's BUDGET PROPOSALS ACCEPTED IN

## Federal Budget 2026-27

### ICMA acknowledges Government's positive response

ICMA INTERNATIONAL lead strategically

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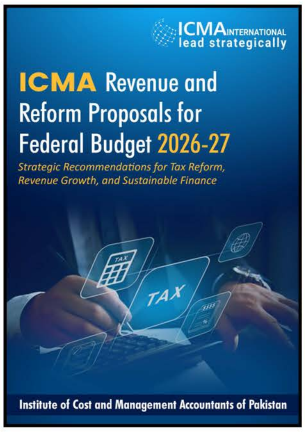


## Message from Vice President ICMA and Chairman, Research and Publications Committee

It is encouraging to note that the Government has accepted several key recommendations put forward by ICMA Pakistan for broadening the tax base and promoting equity in the taxation system. These proposals, developed by the Institute's Research and Publications Department, were formally submitted to the Federal Board of Revenue (FBR) for consideration.

The majority of ICMA's recommendations focused on identifying new and untapped avenues for tax revenue generation, with the objective of reducing the disproportionate burden on salaried individuals, a segment that continues to contribute the highest share to national tax receipts. We are pleased to share that a number of these major proposals have been incorporated into the Federal Budget 2026–27. A summary of the accepted proposals, along with corresponding references from both the ICMA Budget Proposals and the Finance Bill 2026, is presented in this document.

I extend my sincere gratitude to the Hon'ble Finance Minister, Mr. Muhammad Aurangzeb, and Chairman FBR, Mr. Rashid Mahmood Langrial, and Director General Tax Policy Office, Dr. Najeeb Ahmad Memon for positively considering and incorporating ICMA's recommendations into the national budget. We remain hopeful that the remaining proposals will also be given due consideration in future policy decisions.

I would also like to express my appreciation to the esteemed members of the Research and Publications Committee for their invaluable support and insights, and commend the outstanding efforts of our R&P team for their dedication in formulating these impactful budget proposals.

***Muhammad Yasin, FCMA***

## Digital Services Tax on Platform Revenues

### ICMA Recommendation

ICMA recommended imposing a 1% Digital Services Tax on revenues earned in Pakistan by streaming, gaming, app, and digital media platforms to formalize digital business activities. (ICMA Budget Proposals, page 5)

### Measure Introduced in Federal Budget 2026–27

The Finance Bill 2026 introduces a 5% withholding tax on revenues received by digital content creators and social media influencers from platforms such as YouTube, Facebook, Instagram, and TikTok, applicable to both residents and non-residents, under Section 154B. (Finance Bill 2026, page 63 & 85)

## One-Time Settlement for Old Tax Disputes

### ICMA Recommendation

ICMA proposed to introduce a one-time settlement scheme allowing taxpayers to resolve disputes by paying a reduced percentage of the disputed amount. (ICMA Budget Proposals, page 7)

### Measure Introduced in Federal Budget 2026–27

The Federal Budget introduces an Algorithmic Settlement Mechanism and Independent Case Scrutiny Committee for dispute resolution. (Finance Bill 2026, page 13)

## Tax Relief for Electric Vehicles

### ICMA Recommendation

ICMA suggested to provide a ten-year property tax and municipal levy reduction for operators of certified, grid-compliant EV charging stations. (ICMA Budget Proposals, page 10)

### Measure Introduced in Federal Budget 2026–27

The Budget 2026–27 had granted Special Excise Duty for electric vehicles, which has now been extended until June 30, 2027. (Finance Bill 2026, page 93 & 105)

## Commercial Utility Levy via FBR–Utility Data Sharing

### ICMA Recommendation

ICMA advocated to introduce a Commercial Utility Levy supported by data-sharing protocols between utility providers and FBR. (ICMA Budget Proposals, page 7)

### Measure Introduced in Federal Budget 2026–27

Steel sector tax linked to per-unit electricity consumption, integrated with production monitoring and digital invoicing. (Finance Bill 2026, page 16)

## Progressive Carbon and Pollution Levy

### ICMA Recommendation

ICMA recommended to impose a Pakistan Landfill and Waste Diversion Tax (PLWDT) to discourage dumping, promote recycling, and generate green revenue. (ICMA Budget Proposals, page 11)

### Measure Introduced in Federal Budget 2026–27

In the Federal Budget 2026, the payment of Petroleum Levy and Climate Support Levy has been made a license condition, with late payment surcharges introduced, a dedicated recovery mechanism established, and mandatory monthly reporting and annual audits required for companies, refineries, and licensees. (Finance Bill 2026, page 4-7).

## Simplified Micro-Trader Licensing

### ICMA Recommendation

ICMA proposed a Simplified Micro-Trader License to formalize small traders and self-employed individuals through presumptive taxation, easy digital registration, and simplified return filing. (ICMA Budget Proposals, page 17)

### Measure Introduced in Federal Budget 2026–27

The Finance Bill 2026 proposes a fixed tax regime for small retailers with turnover up to Rs. 200 million, set at 1% of sales, accompanied by simplified compliance procedures. (Finance Bill & Budget Speech 2026, page 53)

## Corporate Advertising Spending

### ICMA Recommendation

ICMA suggested a 1.5% levy on advertising and brand promotion expenses for enterprises with turnover above PKR 100 million. The levy would be calculated on total advertising spend, using invoices/contracts maintained by advertising agencies, ensuring low compliance burden. (ICMA Budget Proposals, page 6)

### Measure Introduced in Federal Budget 2026–27

The Federal Budget introduced a 1.5% withholding tax on the gross amount payable to electronic and print media for advertising services. (Finance Bill 2026, page 85).