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## Trade Bodies Push for Reinstatement of Final Tax Regime in Pakistan

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Pakistan's trade bodies have fiercely opposed the shift to the normal tax regime under the Finance Act 2025, demanding the restoration of the Final Tax Regime (FTR) to protect exporters and simplify compliance. Their unified stand reflects deep concerns over bureaucratic overreach and economic strain on businesses.

On July 21, 2025, representatives from the Sialkot Chamber of Commerce and Industry (SCCI), Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA), and Pakistan

Hosiery Manufacturers Association (PHMA) met Special Assistant to the Prime Minister (SAPM) on Industries and Production Haroon Akhtar Khan, urging a return to the FTR. They proposed a gradual tax rate increase—1.5% for fiscal year 2025 (FY25), 1.75% for FY26, and 2% for FY27—to balance revenue needs without complex audits, per The Express Tribune. “The normal tax regime burdens exporters with excessive paperwork and harassment,” said SCCI President Abdul Ghafoor Malik, highlighting how the shift threatens Pakistan’s \$25 billion export sector.

The Finance Act 2025 replaced the FTR’s 1% fixed tax with a 29% normal tax regime, sparking protests in Karachi and Lahore, where 90% of commercial activity shut down, including industrial zones and markets, per Pakistan Today. Traders also demanded the suspension of Sections 37A and 37B of the Sales Tax Act, which allow arrests without due process, and the withdrawal of Section 21(s) targeting cash-based transactions. “These measures choke small businesses,” said Karachi Chamber of Commerce and Industry (KCCI) President Jawed Bilwani, noting the unprecedented scale of the July 20 strike. The Lahore Chamber of Commerce and Industry (LCCI) echoed this, with President Mian Abuzar Shad calling it a fight for “economic justice.”

The push for FTR restoration underscores broader frustrations with Pakistan’s convoluted tax system, which discourages compliance and fuels mistrust, as noted by tax expert Dr. Ikramul Haq. With exports critical to economic stability, the government faces pressure to heed trade bodies’ calls for fair, predictable taxation to safeguard jobs and growth.