



PRESS STATEMENT

OICCI PRESS STATEMENT

The Overseas Investors Chamber of Commerce and Industry (OICCI) has expressed disappointment over the government's limited progress in addressing inequitable corporate tax rate in the recent budget. While the marginal reduction in Super Tax rates is acknowledged, OICCI reiterates the urgent need for a comprehensive overhaul of tax structures to enhance Pakistan's competitiveness and attract foreign investment.

The Chamber also notes the absence of meaningful reductions in government expenditure, which could have helped narrow the budget deficit. Fiscal discipline remains critical to ensuring macroeconomic stability, and OICCI urges the government to prioritize expenditure rationalization in its budgetary measures.

OICCI regrets the government's missed opportunity to broaden the tax base in the current budget, particularly the absence of any concrete strategy to document Pakistan's substantial Rs. 9 trillion cash-based informal economy - a critical measure for meaningful revenue enhancement and economic formalization that the Chamber has consistently advocated for.

OICCI welcomes several positive reforms, including simplified tax returns for salaried individuals and small businesses, the nationwide rollout of e-invoicing, and the expansion of POS systems, all measures long advocated by the Chamber. However, their success hinges on effective implementation, and OICCI stresses the need for transparency and consistency in execution.

The increase in the tax exemption threshold for salaried individuals (from Rs. 0.6 million to Rs. 1.2 million) and the reduction in their tax rate (from 5 percent to 1 percent) are commendable steps that align with OICCI's recommendations but still fall short of providing impactful and necessary relief to reduce ongoing brain drain in the country.

OICCI also acknowledges the government's gradual phasing out of tax exemption on FATA and PATA and the government's stricter measures against non-compliant taxpayers, including restrictions on property and vehicle purchases, asset transfers abroad, and enhanced penalties. Such actions are crucial for improving tax compliance and broadening the revenue base.

Despite these advancements, the budget falls short of introducing transformative policies for the corporate sector. OICCI emphasizes that gradually rationalizing tax slabs and reducing the overall tax burden on businesses are essential to promoting a more investment-friendly environment.

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OICCI is the first port of call for foreign investment in Pakistan. Over 200 members of OICCI, coming from over 30 countries, contribute one-third to the total revenue collection of the country. Moreover,



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members have re-invested over \$22 billion over the last decade. For more information reach out to Humayoun Ahmed Khan, Corporate Communications Lead, at humayoun.khan@oicci.org.