

Pakistan Fiscal Summary (9MFY25)

Thursday, May 8, 2025



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Primary Balance turns negative in 3QFY25

The Ministry of Finance (MoF) released Pakistan's fiscal accounts summary for the third quarter of 2025.

Key takeaways from the data include:

- The primary balance turned negative to a deficit of PkR 135bn in 3QFY25 compared to a surplus of PkR 401bn in the previous quarter.
- Total revenue collection increased by 23% YoY to PkR 3,603bn in 3QFY25, supported by a **26% YoY increase in tax collection**. Non-tax collection grew by a modest 7% YoY to PkR 533bn. Cumulatively, revenue collection surged by 37% YoY to PkR 13,367bn, supported by a 68% YoY increase in non-tax collection.
- Total expenditure increased by 24% YoY to PkR 5,269bn during 3QFY25, driven by a 19% YoY increase in the current expenditure. Notably, despite higher debt levels, the **mark-up expenditure stagnated at PkR 1,297bn** during the quarter because of a sharp decline in interest rates.
- The budget balance registered a deficit of PkR 1,432bn in 3QFY25, down 3% YoY. The cumulative budget deficit for 9MFY25 stood at PkR 2,970bn (down 24% YoY), implying an annualized 3.2% of GDP, compared to 4.9% of GDP the previous year.
- The primary balance recorded a deficit of PkR 135bn, down 27% YoY. Cumulatively, the **primary balance recorded a surplus of PkR 3,469bn (annualized 3.7% of GDP) during 9MFY25**, more than doubling from PkR 1,632bn (annualized 2.1% of GDP) from the previous year.

Pakistan Fiscal Accounts Summary

PKR bn	Mar-25	Mar-24	YoY	Dec-24	QoQ	9MFY25	9MFY24	YoY
Total Revenue	3,603	2,926	23%	3,937	-8%	13,367	9,780	37%
Tax Collection	3,070	2,428	26%	3,292	-7%	9,137	7,262	26%
Non-Tax Collection	533	498	7%	645	-17%	4,230	2,518	68%
Total Expenditure	5,269	4,238	24%	7,048	-25%	16,131	13,460	20%
Current Expenditure	4,470	3,769	19%	6,581	-32%	14,588	12,333	18%
Interest	1,297	1,298	0%	3,835	-66%	6,439	5,518	17%
Development Expenditure	799	470	70%	467	71%	1,543	1,127	37%
Budget Balance	(1,432)	(1,483)	-3%	(3,434)	-58%	(2,970)	(3,886)	-24%
% of GDP*	-4.6%	-5.6%		-11.1%		-3.2%	-4.9%	
Primary Balance	(135)	(185)	-27%	401	n.m	3,469	1,632	113%
% of GDP*	-0.4%	-0.7%		1.3%		3.7%	2.1%	

Source: MoF, BMA Research

* Annualized

Revenue collection increases by 26% YoY

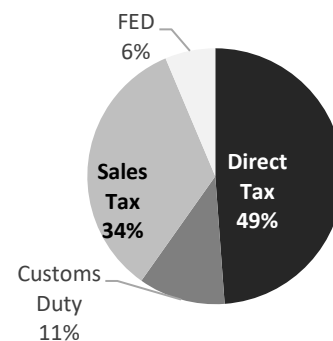
As mentioned, Pakistan's revenue collection increased by 26% YoY to PkR 9,137bn during 9MFY25.

Key takeaways from revenue accounts:

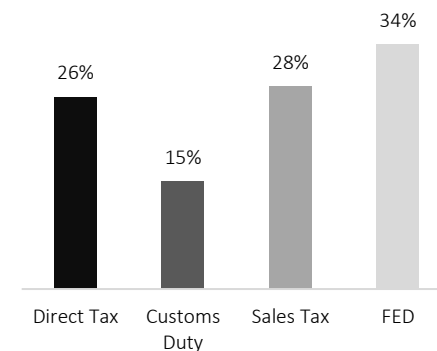
- Federal tax revenues increased by **26% YoY to PkR 8,453bn** during 9MFY25, supported by most major taxation heads. Notably, sales taxes grew by 28% YoY to PkR 2,861bn and FED rose by 34% YoY to PkR 537bn.
- FBR fell short of its **sales tax target over PkR 750bn**, driven by lower-than-projected inflation and subdued economic activity, particularly in the manufacturing space. FED collection also **missed FBR's target by over PkR 150bn** because of increased dealings in smuggled goods to bypass the elevated taxation levies.
- Direct taxation increased by **26% YoY to PkR 4,128bn**, overshooting FBR's target. Increased collection was supported by record corporate profitability and an effective taxation drive to document the black economy.
- The custom duty collection recorded a growth of 15% YoY to PkR 927bn during 9MFY25, **undershooting FBR's target by over PkR 200bn** because of a lower-than-projected external trade activity.
- To achieve IMF's revised tax collection target, the FBR needs to collect PkR 3,880bn in the fourth quarter of the fiscal year, implying required growth of nearly 50% YoY.
- The government's net federal revenue (after provincial transfers) grew by 41% YoY to PkR 7,468bn, **covering only 51% of the current expenditures**. Notably, **mark-up servicing utilized 86% of the government's net revenues**.

Revenue Collection Summary								
PkR bn	3QFY25	3QFY24	YoY	2QFY25	QoQ	9MFY25	9MFY24	YoY
Tax Revenue	3,070	2,428	26%	3,292	-7%	9,137	7,262	26%
Federal Tax	2,828	2,242	26%	3,062	-8%	8,453	6,712	26%
Direct Tax	1,346	1,116	21%	1,551	-13%	4,128	3,265	26%
Customs Duty	329	267	23%	322	2%	927	808	15%
Sales Tax	963	722	33%	993	-3%	2,861	2,237	28%
FED	190	137	39%	196	-3%	537	402	34%
Provincial Tax	242	186	30%	230	5%	684	551	24%
Non-Tax Revenue	533	498	7%	645	-17%	4,230	2,518	68%
Federal Non-Tax	473	419	13%	556	-15%	4,027	2,359	71%
Provincial (Mark-up)	24	19	26%	24	0%	73	58	26%
Dividends	41	14	198%	72	-43%	139	64	116%
SBP Profits	0	0	n.m	0	n.m	2,500	972	157%
Petroleum Levy	284	247	15%	288	-1%	834	720	16%
Others	123	139	-11%	172	-28%	505	545	-7%
Provincial Non-tax	60	80	-24%	89	-32%	203	159	28%
Total Revenues	3,603	2,926	23%	3,937	-8%	13,367	9,780	37%
Provincial Transfers	1,745	1,380	26%	1,774	-2%	5,084	3,815	33%
Net Federal Revenue	1,580	1,300	22%	1,868	-15%	7,468	5,313	41%

Share of Revenue Heads (9MFY25)



Revenue growth by Category (9MFY25)



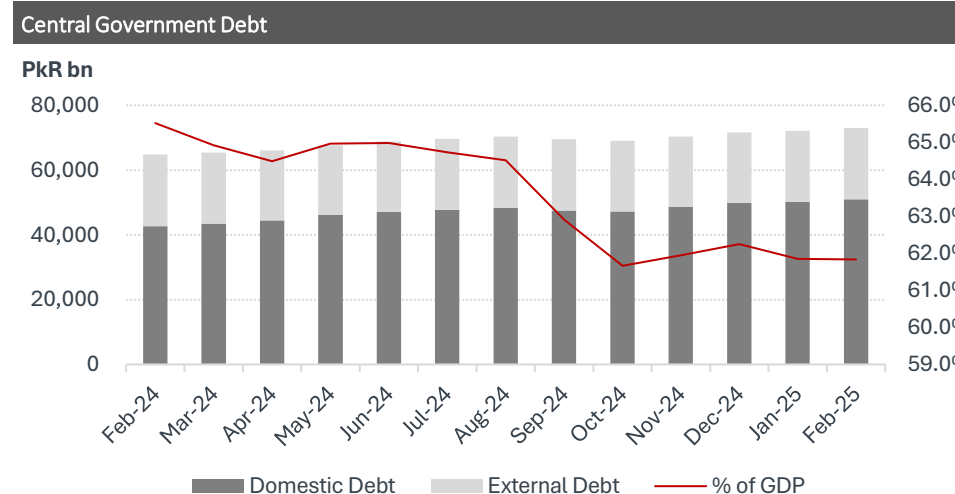
Expenditures grew by 20% YoY

Pakistan's total expenditures grew by 20% YoY during 9MFY25.

Key takeaways from expenditure accounts:

- The country's current expenditure grew by **18% YoY to PkR 14,588bn during 9MFY25**. The growth was driven by a 17% YoY increase in mark-up expenditures and a 16% rise in defense expenses.
- Despite lower interest rates, domestic mark-up servicing grew by 20% YoY to PkR 5,783bn during 9MFY25 because of a **20% YoY increase in domestic debt to PkR 51tn** (as of February 2025).
- Foreign mark-up servicing declined by 8% YoY to PkR 656bn during 9MFY25 because of a **1% decline in foreign debt to PkR 22tn** and lower interest rates.
- Total public sector development spending increased by 33% YoY to PkR 1,536bn during 9MFY25. The bulk of the increase was driven by provincial spending (+38% YoY).
- Federal PSDP, however, **grew by a modest 15% YoY to PkR 309bn**, significantly undershooting the budgeted amount. Lower spending by the federal government was **attributable to a tight fiscal space** amidst a lower-than-anticipated revenue collection.
- For FY26, the government is budgeting a **PSDP spending target of PkR 1.0tn** in a bid to support economic activity. The expenditure, however, will remain contingent on the country's fiscal balance.

Expenditure Summary								
Current Expenditures	4,470	3,769	19%	6,581	-32%	14,588	12,333	18%
Federal Expenditures	2,939	2,595	13%	5,302	-45%	10,582	9,124	16%
Mark-up	1,297	1,298	0%	3,835	-66%	6,439	5,518	17%
Domestic Mark-up	1,108	1,090	2%	3,589	-69%	5,783	4,808	20%
Foreign Mark-up	190	208	-9%	246	-23%	656	710	-8%
Defence	534	465	15%	480	11%	1,424	1,222	16%
Pension	223	207	8%	227	-2%	673	612	10%
Government Running	220	216	2%	196	12%	559	519	8%
Subsidies	229	98	134%	217	5%	466	473	-1%
Grants	436	310	41%	346	26%	1,022	780	31%
Provincial	1,531	1,174	30%	1,279	20%	4,006	3,210	25%
Dev. Expenditure	799	470	70%	467	71%	1,543	1,127	37%
Total PSDP	764	485	57%	494	55%	1,536	1,158	33%
Federal PSDP	177	140	26%	110	60%	309	270	15%
Provincial PSDP	587	345	70%	383	53%	1,226	888	38%
Other Expenditure	0	0	n.m	0	n.m	0	0	n.m
Net Lending	36	(15)	-335%	(27)	-234%	8	(31)	-124%
Total Expenditure	5,269	4,238	24%	7,048	-25%	16,131	13,460	20%



Fiscal Accounts Summary								
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Federal Non-Tax	473	419	13%	556	-15%	4,027	2,359	71%
Provincial (Mark-up)	24	19	26%	24	0%	73	58	26%
Dividends	41	14	198%	72	-43%	139	64	116%
SBP Profits	0	0	n.m	0	n.m	2,500	972	157%
Petroleum Levy	284	247	15%	288	-1%	834	720	16%
Others	123	139	-11%	172	-28%	505	545	-7%
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Other Expenditure	0	0	n.m	0	n.m	0	0	n.m
Net Lending	36	(15)	-335%	(27)	-234%	8	(31)	-124%
Total Expenditure	5,269	4,238	24%	7,048	-25%	16,131	13,460	20%
Statistical Discrepancy	(234)	171	-237%	322	-173%	206	207	-1%
Fiscal Balance	(1,432)	(1,483)	-3%	(3,434)	-58%	(2,970)	(3,886)	-24%
Primary Balance	(135)	(185)	-27%	401	-134%	3,469	1,632	113%

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Old rating system

Valuation Methodology

To arrive at our period end target prices, BMA Capital uses different valuation methodologies including

- 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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Awami Markaz Branch:

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Lahore Cavalry Branch:

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Lahore Gulberg Branch:

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Tel: (042) 35762953-57

Lahore LSE Branch:

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19- Khayaban-e-Aiwan-e-Iqbal, Lahore.
Tel: (042) 36280931-34

Islamabad Branch:

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Pakistan
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Fax: (051) 280 2356

Sialkot Branch:

2nd Floor, Sialkot Business & Commerce
Centre, Paris Road, Sialkot, Adjacent to
Sialkot Chamber of Commerce.
Tel: (052) 4260091-94

Multan Branch:

Office No. 607/A, 6th Floor,
The United Mall, Plot No. 74
Abdali Road, Multan
Tel: (061) 457 6611-15
Fax: (061) 457 6615

Sargodha Branch:

Ground floor, Shan Plaza, Block No 16,
Main Khushab Road, Near Allied Bank
Limited, Sargodha.
Tel: (048) 3767 817-18

Faisalabad Branch:

Mezzanine Floor, State Life Building #2,
Plot No. 833 Liaquat Road, Faisalabad.
Tel: (041) 2612261-5.

Gujranwala Branch:

51-H block Near Standard Chartered Bank
Trust Plaza GT road Gujranwala.
Tel: (055) 3848501-05

Chakwal Branch:

Office No. 12, 1st Floor, Ejaz Plaza,
Talagang Road Chakwal.
Tel: (0543) 553850, 0543-543720,0543-
543721.

Jhelum:

2nd Floor, Khalid Plaza, Plot#7/89,
Kazim Kamal Road, Jhelum, Punjab.
Tel: (054) 4620594-97

Peshawar Branch:

Shop No.F1 & F2, 1st Floor Mall Tower 35,
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Tel: (091) 5274770-72

Abbottabad Branch:

Gohar Son's Arcade 1st Floor Office# 4,
Supply Bazar Sikandarabad Abbottabad,
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Gujar Khan Branch:

1st Floor, Office# 101 & 102, Akbar Kayani
Plaza, GT Road, GujarKhan.
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