

BUDGET MEASURES FOR EV

Finance Bill 2025



In the Finance Bill 2025-2026, **New Energy Vehicles (NEV) Adoption Levy Act, 2025**, has been introduced to disincentivize internal combustion engine (ICE) vehicles and support a sustainable electric vehicle (EV) ecosystem.

New Energy Vehicles Adoption Levy Act, 2025

This Act shall be called the New Energy Vehicles Adoption Levy Act, 2025. It extends to the whole of Pakistan and shall come into force at once.

Purpose:

For imposition and collection of levy on internal combustion engine vehicles to promote adoption of new energy vehicles in Pakistan.

Definitions:

- **Internal Combustion Engine Vehicle:** Powered by petrol, diesel, CNG, LPG
- **New Energy Vehicle:** Battery-electric, plug-in hybrid (≥ 50 km EV range), hydrogen
- **Motor Vehicle:** Includes motorcycles, rickshaws, cars, SUVs, vans, buses, trucks
- **Bus:** Carries more than 10 passengers
- **Truck:** Payload over 1500 kg; includes pickups/loaders

USE OF LEVY:

All proceeds from the levy shall be used for promoting the adoption of new energy vehicles and matters ancillary thereto as determined by the Federal Government from time to time.

Proposed Levy Rates:

Vehicle Category	Levy Rate
ICE vehicles with engine < 1300cc	1% of invoice/assessed value (inclusive of taxes)
ICE vehicles with engine 1300cc – 1800cc	2% of invoice/assessed value (inclusive of taxes)
ICE vehicles with engine > 1800cc	3% of invoice/assessed value (inclusive of taxes)
All ICE buses and trucks	1% of invoice/assessed value (inclusive of taxes)

Exemptions:

- **New Energy Vehicles** (EVs, plug-in hybrids with ≥50km EV range, hydrogen vehicles)
- ICE vehicles manufactured/imported **exclusively for export**
- Diplomatic and consular vehicles
- Other categories as notified by the Federal Government

Carbon Levy Imposed Under Petroleum Products (Petroleum Levy) Ordinance, 1961:

A Carbon Levy shall be levied at the rate of two rupees and fifty paise (Rs. 2.5) per liter on Motor Spirit (Petrol and Gasoline) and High Speed Diesel for Financial Year 2025-26, which shall be enhanced to five rupees per liter for Financial Year 2026-27.

This measure indirectly strengthens the EV market.

Import of Electric Vehicles (EV) CBU & their Parts (Under Electric Vehicle Policy 2020)

Rates of Customs Duty as proposed in the Finance bill 2025-2026 are given below in the Table I and Table II of the Customs Act, 1969.

Part-V(A) **Import of Electric Vehicles (EV) CBU & their Parts** **Under Electric Vehicle Policy 2020**

TABLE-I

[For 2-3 Wheelers, 4-Wheelers & Heavy Commercial Vehicles (CBUs)]

No.	Description	PCT Code	Customs Duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
1.	Electric auto rickshaw	8703.803 0	50% of the prevailing tariff rate of customs duty	The concession shall be admissible for a period of 5 years with effect from 1 st July 2020, on import of 10 electric
2.	3-Wheeler electric loader	8711.606 0		

No.	Description	PCT Code	Customs Duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
4.	Electric buses	8702.409 0	1%	Nil
5.	Electric trucks	8704.603 0	1%	Nil
6.	Electric prime movers	8701.249 0	1%	Nil
7.	Electric Vehicles 4-wheelers excluding vehicles of value exceeding US\$ 50,000.	8703.809 0	25%	The concession shall be admissible w.e.f. 1 st July, 2022 till 30th June 2026.
8.	Electric Vehicles 4-wheelers	8703.809 0	50% of the rate of customs duty as specified in the column (4) of the serial No 7 above.	The concession shall be admissible till 30th June 2026, on import of Electric Vehicles 4-wheelers (CBU) per company of the same variant to be assembled / manufactured as mentioned in column (2) of this table to the extent of maximum 100 units per company, duly approved/certified by Engineering Development Board (EDB). EDB shall monitor compliance with EV Policy 2020 and intimate FBR immediately in case of violation by any manufacturer

				to stop further clearance at the concessional rate, specified in column (4).
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TABLE-II
[For CKD & EV Specific Parts]

S. No.	Description of vehicles	Description of imported goods	Customs duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
1.	Electric auto rickshaw (PCT code 8703.8030)	<p>(i) Following EV specific components for assembly / manufacturing in any kit form (CKD): -</p> <p>(a) Batteries other than lead acid (PCT code 85.07),</p> <p>(b) Battery Charger (PCT code 8504.4020),</p> <p>(c) Controller (PCT code 8542.3100),</p> <p>(d) Electric Motor (PCT code 8501.3200),</p>	1% (notwithstanding the rate of customs duty on these items as specified in the First Schedule to the Customs Act, 1969).	The concession shall be admissible to manufacturers of electric auto rickshaws for a period of five years from 1 st July, 2020 subject to certification and quota determination by the Engineering Development Board (EDB).

S. No. (1)	Description of vehicles	(e) Description of imported goods	Customs duty (%)	Conditions
	(2)	(3)	(4)	(5)
		(iii) Component for assembly / manufacturing in any kit form (CKD)- Localized parts.	15% plus Additional Customs Duty levied under SRO 693(I)/2006 dated 01.07.2006	Subject to the conditions mention at Para-2 of SRO 656(I)/2006 dated 22.06.2006.
2.	3-Wheeler electric loader (PCT code 8711.6060)	(i) Following EV specific components for assembly /	1% (notwithstanding the rate of customs duty as specified in the First Schedule to the	The concession shall be admissible to manufacturers of 3-Wheeler electric loader for a period of

S. No. (1)	Description of vehicles	(a) Description of imported goods	Customs duty (%)	Conditions
	(2)	(3)	(4)	(5)
		(iii)Component for Assembly / manufacturing in any kit	15% plus Additional Customs Duty levied under SRO 693(I)/2006	Subject to the conditions mention at Para-2 of SRO

S. No. (1)	Description of vehicles	Description of imported goods	Customs duty (%)	Conditions
(2)	(3)	(4)	(5)	
4.	Electric Buses (PCT code 8702.4090)	Components in any kit form (CKD) (PCT code 8702.4010)	1%	(i) The concession shall be admissible on import of CKD kits to manufacturers of electric buses for a period of five years with effect from 1 st July, 2020 subject to certification and quota determination by the Engineering Development Board (EDB). (ii) The concession shall be admissible subject to the conditions mentioned at Para-2 of SRO 656(I)/2006 dated 22.06.2006.

S. No.	Description of vehicles	Description of imported goods	Customs duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
7.	Electric Vehicles 4-wheelers	(i) EV Specific components for	1%	The concession shall be admissible

S. No.	Description of vehicles	Description of imported goods	Customs duty (%)	Conditions
(1)	(2)	(3)	(4)	(5)
		(iii) Components for assembly/ manufacture in any kit-form (CKD) Localized parts.	25%	The concession shall be admissible till 30 th June 2026 subject to the conditions mentioned at Para-2 of the SRO 656(I)/2006 dated 22.06.2006.

TABLE-III
[Miscellaneous]

S. No.	Description	Customs duty (%)	Conditions
(1)	(2)	(3)	(4)
1.	Plant and machinery specifically designed for use in manufacturing of electric vehicles.	0%	(i)The concession shall be admissible on one-time basis for setting up the new assembly and/ or manufacturing facility of electric vehicles, and for expansion in the existing units, duly approved/ certified, by the Engineering Development Board (EDB). (ii)The concession shall be admissible to manufacturers of the electric vehicles specified in column (2) of Table-II above, subject to certification by EDB that the plant & machinery is specifically designed for use in setting up of electric vehicle manufacturing only.
2.	Import of inputs for manufacturing of EV specific parts, as mentioned against S. No. 1, 2 and 3, of Table-II above, by vendors and OEMs of EV manufacturing .	0%	(i) The concession shall be admissible to manufacturers and vendors of EV specific parts, subject to certification and quota determination by EDB. (ii) The concession shall be admissible subject to the conditions mentioned under SRO 655(I)/2006 dated 22.06.2006.
3.	Import of CBU chargers with CKD kits for electric vehicles as specified in column 2 of Table-II above.	1% (Notwithstanding the rate of customs duty as specified in the First Schedule to Customs Act, 1969).	The concession shall be admissible on the CBU chargers, imported with CKD kits of 2-3 wheelers, 4-wheelers and HCV vehicles specified in Table-II above, subject to EDB certification.