

Date: 16th May 2026

To:

{{Name}}
MNA, National Assembly of Pakistan
Member, Standing Committee on {{SC}}
{{Address1}}
{{No}}

SUBJECT: Fiscal Reforms for Solar Imports (FY 2026–27 Budget)

Dear {{Name}},

Pakistan Solar Association (PSA) submits a data-driven case for targeted fiscal reforms in Pakistan's taxation of solar and related technologies. PSA is reaching out to you given your presence in the {{SC}} Standing Committee and the {{R}}. These recommendations are put forward in the context of the ongoing budget deliberations for FY 2026-27:

I. Removal of General Sales Tax on Solar Panels and Inverters

Imposing a General Sales Tax on solar panels and inverters increases the cost of the most affordable form of electricity currently available to citizens. In FY2024 and FY2025, electricity generated from fossil fuels was **PKR 29-32/ kWh**, while solar-generated electricity cost **PKR 3.5-5/kWh**. Taxing solar raises the cost of electricity for households and small businesses already facing rising electricity bills.

On a national level, especially as evidenced from the recent blockade on the Strait of Hormuz, taxing the solar sector will stunt Pakistan's burgeoning energy independence. Pakistan has already saved **USD 12-18 Billion** on fossil fuel imports due to rampant solarization. Large-scale deployment of solar photovoltaics (about 48 GW) will save the country **USD 100-120 Billion** in fuel imports over their lifetime. Removing GST on solar components will reduce living costs for your constituents and provide significant relief to the national debt.

II. Elimination of Import Duties on Batteries and Inverters

Import duties on batteries and inverters similarly increase the installation cost of solar systems, making it harder for households, farmers, and small businesses to transition to reliable and affordable energy. This prevents a significant fraction of the population from harnessing the benefits of solar energy; often the only option for ensuring consistent power supply in areas with load-shedding or lacking grid access. Reducing these duties would also enable wider adoption of solar and storage solutions, with exception for circumstances where duties are part of a strategic initiative to encourage local manufacturing.

III. Establishment of a Stable Tax Regime for Solar and Battery Imports

Frequent changes in tax policy create uncertainty for investors, businesses, and consumers, hindering the growth of the solar sector. A stable and predictable tax framework is essential to build confidence and enable long-term investment in renewable energy. The benefits of such stability extend directly to citizens. The solar industry has already created over **500,000** direct and indirect jobs. A consistent tax

regime would allow these benefits to scale, ensuring that energy remains affordable for households while supporting economic growth and job creation across constituencies.

Conclusion:

Detractors blame solar for the rapidly falling grid demand and subsequent increase in electricity tariffs for non-solar grid consumers. This fails to consider the possibility of *any* alternative solution; novel policy measures that ensure a just transition takes place, without penalizing an entire technology need to be developed. A potential example includes Demand Side Management (DSM) through the electrification of the industrial sector. If Pakistan's existing industries are electrified (shifted from gas-technologies to electric), the long-term energy demand will increase by around **37%** in the long term from **15.8 TWh** in 2025 to **159.6 TWh** in 2050. Of course, for this to come to pass, foresight needs to be integrated in policy development *today*, so the country can eventually overcome the circular energy debt.

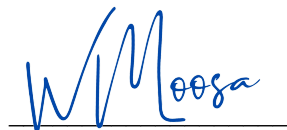
Taken together, these measures (removing GST on panels and inverters, eliminating import duties on batteries and inverters, and ensuring tax stability) offer a practical pathway to reduce electricity costs, support constituents, and strengthen Pakistan's economic resilience. They represent an opportunity to deliver immediate relief while advancing long-term national interests.

Your support in advocating for these reforms during budget discussions and legislative processes would be instrumental in enabling a more affordable and sustainable energy future for Pakistan.

Attached is a poster depicting the demands with supporting data, able to be reviewed by scanning the QR code at the bottom of the page.

PSA remains available for further engagement and would welcome the opportunity to brief you or your office in greater detail.

Sincerely,



Waqas Moosa
Chairman,
Pakistan Solar Association