



## THE NEW ENERGY VEHICLES ADOPTION LEVY ACT, 2025



### CONTENTS

1. Short title, extent and commencement
2. Definitions
3. New energy vehicle levy
4. Collection and refund etc. of levy
5. Use of levy
6. Power to make rules
7. Removal of difficulties



THE PAKISTAN CODE

# THE NEW ENERGY VEHICLES ADOPTION LEVY ACT, 2025

<sup>1</sup>Act No. XIX of 2025

[27<sup>th</sup> June, 2025]

An

Act

*to provide for imposition and collection of levy on internal combustion engine vehicles to promote adoption of new energy vehicles*

WHEREAS it is expedient to provide for imposition and collection of levy on internal combustion engine vehicles to promote adoption of new energy vehicles and matters connected therewith and ancillary thereto

It is hereby enacted as follows:—

**1. Short title, extent and commencement.**— (1) This Act shall be called the New Energy Vehicles Adoption Levy Act, 2025.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

**2. Definitions.**— In this Act, unless there is anything repugnant in the subject or context.—

- (a) “bus” includes a motor vehicle designed or adapted to carry more than ten passengers at a time, in addition to the driver, whether for hire or otherwise, and includes a van, mini-bus and coaster;
- (b) “division concerned” means the division to which business of this Act stands allocated;
- (c) “internal combustion engine motor vehicle” means a motor vehicle powered wholly or partially by fossil fuels including petrol, diesel, compressed natural gas or liquefied petroleum gas;
- (d) “levy” means the new energy vehicle adoption levy imposed and collected under this Act;
- (e) “manufacturer” means a person carrying out the business of assembly, manufacture, fabrication or production of motor vehicles in Pakistan;
- (f) “motor vehicle” means a vehicle propelled mechanically, electrically or other zero emission based technology either partially or completely, adapted for use

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<sup>1</sup>Enacted vide section 13 of the Finance Act, 2025 (Act No. XIX of 2025).

upon roads and includes motorcycles, rickshaws, cars, vans, SUVs, Jeeps, sedans, suburban vehicles, buses, loaders, and trucks;

- (g) new energy motor vehicle' means a motor vehicle that is powered—
  - (i) exclusively by an electric motor run on a rechargeable battery; or
  - (ii) by both an electric motor run on a rechargeable battery and an internal combustion engine, capable of achieving a range of no less than fifty kilometers under normal conditions exclusively running on electric motor by a single battery charge; or
  - (iii) hydrogen fuel cells or any other technology that produces zero tailpipe emission; and
- (h) “truck” means a motor vehicle designed or adapted primarily for the carriage of goods or materials, having a payload capacity exceeding fifteen hundred kilograms and includes a rigid or articulated truck, loader, delivery van, pickup and any other vehicle equipped with a goods-carrying body or container.

**3. New energy vehicle levy.**— (1) Subject to the provision of sub-section (3), there stand imposed a levy to be collected and paid to the Federal Government by—

- (a) every manufacturer on every internal combustion engine motor vehicle manufactured or, as the case may be, assembled and supplied by him; and
- (b) every person on every internal combustion engine motor vehicle imported by him into Pakistan.

(2) The levy shall be paid at a rate and by such persons as is mentioned in the First Schedule.

(3) The Federal Government may, from time to time, revise the rate or otherwise add or remove a category of internal combustion engine mentioned at the First Schedule.

(4) The levy shall not apply to any motor vehicle of the following categories, namely:—

- (a) a new energy vehicle;
- (b) an internal combustion engine motor vehicle manufactured or imported exclusively for export purposes under an order of the Federal Government;
- (c) an internal combustion engine motor vehicle owned by a diplomatic mission or consulate, and an international organization enjoying privileges under the Diplomatic and Consular Privileges Ordinance, 1972 (Ordinance IX of 1972); and
- (d) any other internal combustion engine motor vehicle or category of internal combustion engine motor vehicle that the Federal Government may, by a

notification in the official Gazette, exempt from application of the levy with or without any and conditions.

**4. Collection and refund etc. of levy.**— (1) Unless otherwise specified in the rules prescribed under this Act, the levy shall be imposed and collected—

- (a) in respect of an internal combustion engine motor vehicle imported in Pakistan, in the same manner as an import duty payable under the Customs Act, 1969 (IV of 1969) is collected; and
- (b) in respect of an internal combustion engine motor vehicle manufactured or assembled in Pakistan, in the same manner as a sales tax leviable under the Sales Tax Act, 1990 (V of 1990) is collected.

(2) The provisions of the Customs Act, 1969 (IV of 1969), or, as the case may be, of the Sales Tax Act, 1990 shall, in so far as may be practicable, apply to the imposition, collection, recovery and refund of the levy.

**5. 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.

**6. Power to make rules.**— The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

**7. Removal of difficulties.**— If a difficulty arises in giving effect to any of the provisions of this Act, the Federal Government may make an order, not inconsistent with the provisions of this Act, for the purpose of removing the difficulty.

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