

Annex-II

Tax Expenditure Report - 2024

Tax expenditure has been estimated at Rs 3,879.2 billion. Detailed estimates are highlighted below:

Income Tax

Tax expenditure in respect of income tax has been reflected in Table 1:

Table 1: Income Tax Expenditure Summary

	Rs million
Government Income	57,517
Deductible Allowances	5,912
Tax Credits	24,374
Exemption from Total Income	293,460
Reduction in Tax Rates	25,492
Reduction in Tax Liability	4,270
Exemption from Specific Provisions	62,756
SROs Related Exemptions	3,179
Total Income Tax Expenditure	476,960

Sales Tax

Sales tax-related tax expenditures are presented in Table 2.

Table 2: Sales Tax Expenditure Summary

	Rs million
Fifth Schedule (Zero Rating)	206,053
Sixth Schedule (Local supplies)	461,094
Sixth Schedule (Imports)	214,678
Eighth Schedule (Reduced Rates)	357,997
Ninth Schedule (Cellular Mobile Phones)	33,057
Twelfth Schedule (Additional Tax)	208,066
POL Products (SRO 321/2022) (Local supplies)	1,257,513
POL Products (SRO 321/2022) (Imports)	81,225
SROs (Local supplies)	8,753
SROs (Import)	5,126
Various Sections (Zero Rating)	25,159
Total Sales Tax Expenditure	2,858,721

Customs

Following is the break-up of tax expenditure of Customs Duties.

Table 3: Customs Duty Expenditure Summary

	Rs million
Chapter - 99	34,864
FTA & PTA	44,107
Fifth Schedule	190,688
General Concessions: Automobile sector, E&Ps, CPEC, etc.	146,598
Exports	127,264
Total Customs Expenditure	543,521

Following is the consolidated summary of tax expenditure reflected in Table 4.

Table 4: Tax Expenditure of Federal Taxes

	Rs million
Income Tax	476,960
Sales Tax	2,858,721
Customs Duty	543,521
Overall Tax Expenditures	3,879,202

Source: Federal Board of Revenue

Note: Tax Expenditure estimates are based on FY 2023 data.

