



Tax Expenditure

Tax expenditure for fiscal year 2015-16 has been estimated at Rs.394.593 billion. Detailed estimates are highlighted below:

Income Tax

Tax expenditure in respect of direct taxes during 2015-16 has been reflected in Table-1:

Table-1: Tax Expenditure of Direct Taxes during 2015-16		(Rs. billion)
S. No.	Tax Expenditure on various Exemptions and Concessions	Estimated Revenue Loss 2015-16
1	Pensions and Gratuity	1.100
2	Income from Funds, Board of Education, Universities and Computer Training Institutions.	5.500
3	Donations and Contributions to Charitable	1.400
4	Independent Power Producers	50.200
5	Income from Certain Trust, Welfare and Charitable institutions non-profitable organizations.	0.300
6	Profits on Debt/interest from government securities and certain foreign currency accounts/books profit on debt	1.800
7	Export of Information Technology	0.800
8	Capital gains	1.700
9	Other Sectors and enterprise specific exemptions	4.500
Total:		67.3

Sales Tax

Major exemptions in sales tax and their tax expenditures during 2015-16 are presented in Table-2.

Table-2: Tax Expenditure of Sales Tax for 2015-16 (Rs. billion)	
SRO	Loss of Sales Tax Due to Exemptions
SRO 1125(I)/2011, dated 31.12.2011 (leather, textile, carpets, surgical goods etc).	43.4
Imports under 5 th Schedule excluding import of crude oil	1.8
Local supply under 5 th Schedule	21.8
Imports under 6 th Schedule	51.6
Local supply under 6 th Schedule	77.3
Imports under 8 th Schedule	11.4
Total	207.3

Customs

Following is the break-up of estimates of tax

expenditure of main exemptions in Customs Duties for fiscal year 2015-16.

Table-3: Cost of Customs Duty Exemption For 2015-16			(Rs. million)
S. No.	SRO No. with Date FTAs/PTAs	Description	Cost of Exemption (estimated) 2015-16
1	558(I)/2004 01.07.2004	Concession of Customs Duty on goods imported from SAARC and ECO countries	247
2	894(I)/2006 31.08.2006	Exemption from Customs Duty on import into Pakistan from Iran under Pak-Iran PTA.	4
3	1274(I)/2006 29.12.2006	Exemption from Customs Duty on imports into Pakistan from under SAFTA Agreement	1,096
4	659(I)/2007 30.06.2007	Exemption from Customs Duty on imports into Pakistan from China	30,577
5	1151(I)/2007 26.11.2007	Exemption from customs Duty on goods imported from Mauritius.	19
6	741(I)/2013 28.08.2013	Exemption from customs duty on imports into Pakistan from Indonesia under Pak-Indonesia PTA	3,932
7	280(I)/2014 08.04.2014	Exemption from customs duty on imports from Sri Lanka	1,227
8	1261(I)/2007 31.12.2007	Exemption from Customs Duty on imports into Pakistan from Malaysia	1,674
General Concessions: Automobile sector, E&P, Textile, Energy, and others.			
9	565(I)/2006 05.06.2006	Conditional exemption of Customs Duty on import of raw materials and components etc. for manufacture of certain goods (Survey based)	2,002
10	678(I)/2004 12.6.2004	Exemption of Customs Duty and Sales Tax to Exploration and Production (E&P) companies on import of machinery equipment & vehicles etc.	5,081
11	655(I)/2006 22.06.2006	Exemption from Customs Duty for vendors of Automotive Sector	19,532
12	656(I)/2006 22.06.2006	Exemption from Customs Duty for OEMs of Automotive Sector	22,453
13	809(I)/2009 19.09.2009	Exemption of Machinery & Equipment, if imported by Textile Industrial Units	1,510
14	5 th Schedule	Concessions under 5 th Schedule	30,640
Total:			119,993

Following is the consolidated summary of tax expenditure for the fiscal year 2015-16 in Table-4.

Table 4: Tax Expenditure of Federal Taxes for 2015-16(Rs. billion)		
S. No.	Type of Tax	2015-16
1.	Income Tax	67.3
2.	Sales Tax	207.3
3.	Customs Duty	119.993
Total :		394.593

Source: Federal Board of Revenue

