

Tax Expenditure Estimates - FY2021

Tax expenditure for FY2021 has been estimated at Rs 1,314.3 billion as per following Details:

Income Tax

Tax expenditure in respect of income taxes during FY2021 has been reflected in Table 1 below:

Table 1: Tax Expenditure Estimates of Income Tax -FY 2021		(Rs million)
1. Allowances		37,318
2. Tax Credits		105,342
3. Exemptions from Total Income		267,115
4. Reduction in Tax Rates		124
5. Reduction in Tax Liability		2,839
6. Exemption from Specific Provisions		2,687
7. Others /Miscellaneous		32,621
	Total	448,046

Source: Federal Board of Revenue

Sales Tax

Major exemptions in sales tax and their tax expenditures during FY2021 are presented in Table 2.

Table 2: Tax Expenditure Estimates of Sales Tax -FY 2021		(Rs million)
1. Zero Rating under Fifth Schedule to Sales Tax Act 1990		12,887
2. Exemption under 6 th Schedule on (Imports)		173,808
3. Exemption under 6 th Schedule on Local Supplies		156,134
4. Reduced Rates Under 8 th Schedule (1%)		330
5. Reduced Rates Under 8 th Schedule (2%)		90,288
6. Reduced Rates Under 8 th Schedule (5%)		27,108
7. Reduced Rates Under 8 th Schedule (7%)		496
8. Reduced Rates Under 8 th Schedule (8%)		1,396
9. Reduced Rates Under 8 th Schedule (10%)		69,592
10. Reduced Rates Under 8 th Schedule (12%)		19,321
11. Sales Tax on Cellular mobile Phones under 9 th Schedule		27,096
	Total	578,456

Source: Federal Board of Revenue

Customs

Following is the break-up of estimates of tax expenditure of main exemptions in Customs Duties for FY2021.

1. Chapter-99 Exemptions	12,635
2. FTA & PTA Exemptions	34,210
3. 5 th Schedule Exemptions & Concessions	137,418
4. General Concessions: Automobile sector, E&P Companies, CPEC, etc	55,877
5. Export Related Exemptions	47,631
Total	287,771

Source: Federal Board of Revenue

Following is the consolidated summary of tax expenditure for the FY 2021 in Table 4.

S.#	Types of Tax	FY202,
1.	Income Tax	448.046
2.	Sales Tax	578.456
3.	Customs Duty	287.771
Total Tax expenditure Estimates		1,314.273

Source: Federal Board of Revenue