

# Tax Expenditure

## A Note on Tax Expenditure 2012-13

Tax expenditures for fiscal year 2011-12 and 2012-13 have been estimated at Rs. 205.9 billion and Rs. 239.5 billion respectively. Detailed estimates are highlighted below:

## Income Tax

The tax expenditures in respect of direct taxes during 2011-12 and 2012-13 have been reflected in Table 1:

S. No.	Tax Expenditure on various exemptions and concessions	Estimated Revenue Loss 2011-12	Estimated Revenue Loss 2012-13
1	Pensions & Gratuity	0.171	0.800
2	Income from Funds, Board of Education, Universities and Computer Training Institutions	6.077	9.100
3	Donations and Contributions to Charitable	0.624	1.300
4	Independent Power Producers	46.939	48.600
5	Income from Certain Trust, Welfare and Charitable institutions non-profitable organization	0.205	0.600
6	Profits on Debt/interest from government securities and certain foreign currency accounts/books profit on debt	1.461	2.000
7	Export of Information Technology	0.822	0.993
8	Capital gains	2.108	4.000
9	Other Sector and enterprise specific exemptions	11.201	15.000
<b>Total</b>		<b>69.608</b>	<b>82.393</b>

## Sales Tax

The main exemptions in sales tax and their tax

expenditures during 2011-12 and 2012-13 are presented in Table 2.

S. No.	Sector	Estimated Revenue Loss	
		2011-12	2012-13
1.	Tractor (Partially Exempt)	4.280	2.140
2.	Pharmaceutical products	5.800	7.076
3.	Sugar( partially Exempt)	-	12.000
4.	Other	14.220	16.220
<b>Total</b>		<b>24.300</b>	<b>37.436</b>

## Customs

Exemption of customs duties are mainly given on raw materials & components, plant & machinery imported by industries particularly export oriented sectors. Some of these exemptions are on account of international bilateral/multilateral agreements with

our trading partners like China, Malaysia and SAARC countries.

Following is the break-up of estimates of tax expenditures of main exemptions in customs duties for fiscal year 2012-13 [Table 3].

S.No	SRO No. & Date	Description	Estimated Revenue Loss	
			2011-12	2012-13
1.	558(I)/2004 01.07.2004	Concession of customs duty on goods imported from SAARC and ECO countries (FTA)	92.7	121.9
2.	570(I)/2005 06.06.2005	Exemption from customs duty on imports from Sri Lanka (FTA)	388.5	634.6
3.	1296(I)/2005 31.12.2005	Exemption from customs duty on import into Pakistan from China	6.7	1.3
4.	894(I)/2006 31.08.2006	Exemption from customs duty on import from Iran under Pak-Iran PTA	1.3	3.1
5.	1274(I)/2006 29.12.2006	Exemption from customs duty under SAFTA Agreement	183.8	494.2
6.	659(I)/2007 30.06.2007	Exemption from customs duty on import from China (FTA)	19,510.3	21,932.2
7.	1151(I)/2007 26.11.2007	Exemption from customs duty on goods imported from Mauritius	0.0	0.0
8.	1261(I)/2007 31.12.2007	Exemption from customs duty on import into Pakistan from Malaysia	3,076.8	2,753.3
9.	565(I)/2006 05.06.2006	Conditional Exemption from customs duty on import of raw materials and components etc. for manufacture of certain goods (Survey based)	8,159.1	9160.0
10.	567(I)/2006 05.06.2006	General and Conditional Exemption of customs duty (non survey)	26,276.4	28,138.9
11.	678(I)/2004 12.06.2004	Exemption from customs duty and sales tax to Exploration and Production (E&P) companies on import	3,411.6	6,110.3
12.	575(I)/2006 05.06.2006	Exemption from customs duty and sales tax on import of specified items	15,239.8	18,506.3
13.	655(I)/2006 22.06.2006	Exemption from customs duty for vendors of Automotive sector	13,578.1	11,052.3
14.	656(I)/2006 22.06.2006	Exemption from customs duty for OEMs of Automotive sector	20,613.1	19,302.1
15.	809(I)/2009 19.09.2009	Exemption from customs duty for Textile Industry	1,473.7	1,495.8
<b>Total</b>			<b>112,011.9</b>	<b>119,706.3</b>

Following is the consolidated summary of tax expenditures for the fiscal year 2009-10 [Table 4]

S. No.	Type of Tax	Tax Expenditure	
		2011-2012	2012-13
1.	Income Tax	69.608	82.393
2.	Sales Tax	24.300	37.436
3.	Customs Duty	112.012	119.706
<b>Total</b>		<b>205.920</b>	<b>239.535</b>