

TAX EXPENDITURE – FY2020

Tax expenditure for FY2020 has been estimated at Rs 1,149.95 billion. Detailed estimates are highlighted below:

Income Tax

Tax expenditure in respect of income taxes during FY2020 has been reflected in Table 1:

Table 1: Tax Expenditure Estimates of Income Tax FY2020

	Rs Million
1. Allowances	36,435
2. Tax Credits	104,498
3. Exemptions from Total Income	212,070
4. Reduction in Tax Rates	128
5. Reduction in Tax Liability	2,986
6. Exemption from Specific Provisions	2,975
7. Others (Government income)	18,934
Total	378,026

Source: Federal Board of Revenue

Sales Tax

Major exemptions in sales tax and their tax expenditures during FY2020 are presented in Table 2.

Table 2: Tax Expenditure Estimates of Sales Tax FY2020

	Rs Million
1. Zero Rating under Fifth Schedule	13,671
2. Exemption on Imports	255,843
3. Exemption on Local Supplies	54,871
4. Reduced Rates Under Eighth Schedule (2%)	74,008
5. Reduced Rates Under Eighth Schedule (5%)	8,677
6. Reduced Rates Under Eighth Schedule (10%)	35,452
7. Other Reduced Rates	53,138
8. Sales Tax on Cellular mobile Phones under Ninth Schedule	23,154
Total	518,814

Source: Federal Board of Revenue

Customs

Following is the break-up of estimates of tax expenditure of main exemptions in Customs Duties for FY2020.

Table 3: Tax Expenditure Estimates of Customs Duties FY2020		Rs. Million
1. Chapter-99 Exemptions		10,649
2. FTA & PTA Exemptions		45,020
3. 5 th Schedule Exemptions & Concessions		87,859
4. General Concessions: Automobile sector, E&P Companies, CPEC, etc		95,420
5. Exemption of Additional Customs Duty		4,773
6. Exemption of Regulatory Duty		9,390
Total		253,111

Source: Federal Board of Revenue

Following is the consolidated summary of tax expenditure for the FY2020 in Table 4.

Table 4: Tax Expenditure of Federal Taxes for FY2020		Rs billion
S. No.	Types of Tax	FY2020
1.	Income Tax	378.03
2.	Sales Tax	518.81
3.	Customs Duty	253.11
Total Tax Expenditure Estimates		1149.95

Source: Federal Board of Revenue