



Tax Expenditure

Tax expenditure for fiscal year 2013-14 have been estimated at Rs.477.1 billion. Detailed estimates are highlighted below:

Income Tax

Tax expenditure in respect of direct taxes during 2013-14 have been reflected in Table 1:

S. No.	Tax Expenditure on various Exemptions and Concessions	Estimated Revenue Loss 2013-14
1.	Pensions and Gratuity	1.000
2.	Income from Funds, Board of Education, Universities and Computer Training Institutions.	11.100
3.	Donations and Contributions to Charitable	2.500
4.	Independent Power Producers	52.030
5.	Income from Certain Trust, Welfare and Charitable institutions non-profitable organizations.	1.910
6.	Profits on Debt/interest from government securities and certain foreign currency accounts/books profit on debt	4.100
7.	Export of Information Technology	0.994
8.	Capital gains	5.000
9.	Other Sectors and enterprise specific exemptions	18.000
Total:		96.634

Sales Tax

Major exemptions in sales tax and their tax expenditures during 2013-14 are presented in Table 2.

SRO	Loss of Sales Tax Due to Exemptions
I. Export Facilitation Schemes	
SRO 450(I)/2011(DTRE & MB)	14.0
SRO 326(I)/2008(EOU)	1.0
SRO492(I)/2009(Temp.same State)	4.0
Sub-Total	19.0
II. General and Sector Specific SROs	
SRO 727(I)/2011 (Plant & Machinery)	14.0
SRO 1125(I)/2011 (concessionary rate of sales tax on raw materials, intermediary inputs and finished goods relating to Textiles, Carpets, Leather, Sports & Surgical sectors).	65.0
SRO 549(I)/2008(zero% on specified goods)	94.0
SRO 575(I)/2006 (Machinery, Equipment, Apparatus and Items of Capital Goods)	30.0
SRO 551(I)/2008 (Exemption from ST on import & supply of certain items)	26.0
SRO 69(I)/2006 (levy of ST @ 14% on rapeseed)	1.0
Sub-Total	230.0
Grand Total (I+II)	249.0

Customs

Following is the break-up of estimates of tax expenditure of main exemptions in Customs Duties for fiscal year 2013-14. Table-3 shows the position.

S.No.	SRO No. with Date	Description	Cost of Exemption (estimated) 2013-14
1.	558(I)/2004 01.07.2004	Concession of Customs Duty on goods imported from SAARC and ECO countries	290.3
2.	570(I)/2005 06.0.6.2005	Exemption from Customs Duty on imports from Sri Lanka	732.6
3.	1296(I)/2005 31.12.2005	Exemption from Customs Duty on import into Pakistan from China	12.1
4.	894(I)/2006 31.08.2006	Exemption from Customs Duty on import into Pakistan from Iran under Pak-Iran PTA.	22.3
5.	1274(I)/2006 29.12.2006	Exemption from Customs Duty on imports into Pakistan from under SAFTA Agreement	796.2
6.	659(I)/2007 30.06.2007	Exemption from Customs Duty on imports into Pakistan from China	21,464.1
7.	1151(I)/2007 26.11.2007	Exemption from customs Duty on goods imported from Mauritius.	3.4
8.	1261(I)/2007 31.12.2007	Exemption from Customs Duty on imports into Pakistan from Malaysia	2,909.1
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)	10,761.4
10.	567(I)/2006 05.06.2006	General and conditional exemption of Customs Duty (non survey)	32,515.7
11.	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.	6,714.4
12.	575(I)/2006 05.06.2006	Exemption from Customs Duty and Sales Tax on import of specified machinery, equipment, apparatus and items	21,780.3
13.	655(I)/2006 22.06.2006	Exemption from Customs Duty for vendors of Automotive Sector	11,471.1
14.	656(I)/2006 22.06.2006	Exemption from Customs Duty for OEMs of Automotive Sector	17,823.4
15.	809(I)/2009 19.09.2009	Exemption of Machinery & Equipment, if imported by Textile Industrial Units	2,646.7
16.	741(I)/2013 28.08.2013	Exemption from Customs Duty on imports into Pakistan from Indonesia under Pak-Indonesia PTA.	1,508.2
Total:			131,451.3

Following is the consolidated summary of tax expenditure for the fiscal year 2013-14 given in Table-4.

S. No.	Type of Tax	2013-14
1.	Income Tax	96.6
2.	Sales Tax	249.0
3.	Customs Duty	131.5
Total :		477.1

Source: Federal Board of Revenue