



# TAX EXPENDITURE - 2025

Tax expenditure has been estimated at Rs 5,840.2 billion. Detailed estimates are highlighted below:

## Income Tax

Tax expenditure in respect of income tax has been reflected in Table 1:

<b>Table 1: Income Tax Expenditure Summary</b>		Rs million
<b>Tax Heads</b>		<b>FY 2024</b>
Exemptions Under Part VII of Chapter III		122,590
Deductible Allowances		16,456
Tax Credits		101,043
Exemption from Total Income		443,445
Reduction in Tax Rates		45,011
Reduction in Tax Liability		19,642
Exemption from Specific Provisions		52,634
SROs Related Exemptions		-
<b>Total Income Tax Expenditure</b>		<b>800,821</b>

## Sales Tax

Sales tax-related tax expenditures are presented in Table 2.

<b>Table 2: Sales Tax Expenditure Summary</b>		Rs million
<b>Tax Heads</b>		<b>FY 2024</b>
Fifth Schedule (Zero Rating)		683,429
Sixth Schedule (Local supplies)		613,069
Sixth Schedule (Imports)		372,525
Eighth Schedule (Reduced Rates)		617,347
Ninth Schedule (Cellular Mobile Phones)		87,950
Twelfth Schedule (Additional Tax)		48,943
POL Products (SRO 321/2022) (Local supplies)		1,496,124
POL Products (SRO 321/2022) (Imports)		299,640
SROs (Local supplies)		4,769
SROs (Import)		0
Various Sections (Zero Rating)		29,676
<b>Total Sales Tax Expenditure</b>		<b>4,253,472</b>

## Customs

Following is the break-up of the tax expenditure of Customs Duties.

<b>Table 3: Customs Duty Expenditure Summary</b>		Rs million
<b>Tax Heads</b>		<b>FY 2024</b>
Chapter - 99		33,481
FTA & PTA		60,973
Fifth Schedule		379,746
General Concessions: Automobile sector, E&Ps, CPEC, etc.		133,236
Exports		178,435
<b>Total Customs Expenditure</b>		<b>785,871</b>

The following is the consolidated summary of tax expenditure reflected in Table 4

<b>Table 4: Tax Expenditure Estimates</b>		Rs billion
<b>Tax Heads</b>		<b>FY 2024</b>
Income Tax		800.8
Sales Tax		4,253.5
Customs Duty		785.9
<b>Overall Tax Expenditures</b>		<b>5,840.2</b>