

Errata

Tax Expenditure

Tax expenditure for fiscal year 2014-15 has been estimated at Rs. 412.0 billion. Detailed estimates are highlighted below:

Income Tax

Tax expenditure in respect of direct taxes during 2014-15 has been reflected in Table 1.

Table 1: Tax Expenditure of Direct Taxes during 2014-15 (Rs. billion)

S. No.	Tax Expenditure on various Exemptions and Concessions	Estimated Revenue Loss 2014-15
1	Pensions and Gratuity	1.100
2	Income from Funds, Board of Education, Universities and Computer Training Institutions.	10.500
3	Donations and Contributions to Charitable	2.600
4	Independent Power Producers	51.500
5	Income from Certain Trust, Welfare and Charitable institutions non-profitable organizations.	0.900
6	Profits on Debt/interest from government securities and certain foreign currency accounts/books profit on debt	3.900
7	Export of Information Technology	1.100
8	Capital gains	2.500
9	Other Sectors and enterprise specific exemptions	9.500
Total:		83.600

Sales Tax

Major exemptions in sales tax and their tax

expenditures during 2014-15 are presented in Table 2.

Table 2: Tax Expenditure of Sales Tax for 2014-15 (Rs. billion)

SRO	Loss of Sales Tax Due to Exemptions
SRO 1125(I)/2011	55.0
Imports under 5 th Schedule	1.0
Local supply under 5 th Schedule	18.0
Imports under 6 th Schedule	57.0
Local supply under 6 th Schedule	85.0
Imports under 8 th Schedule	9.0
SRO 572(I)/2014(Agriculture tractors)	0.37
Total	225.4

Customs

Following is the break-up of estimates of tax

expenditure of main exemptions in Customs Duties for fiscal year 2014-15.

S.No.	SRO No. with Date	Description	Cost of Exemption (Estimated)
	FTAs/PTAs		2014-15
1	558(I)/2004 01.07.2004	Concession of Customs Duty on goods imported from SAARC and ECO countries	352.0
2	1296(I)/2005 31.12.2005	Exemption from Customs Duty on import into Pakistan from China	0.0
3	894(I)/2006 31.08.2006	Exemption from Customs Duty on import into Pakistan from Iran under Pak-Iran PTA.	2.0
4	1274(I)/2006 29.12.2006	Exemption from Customs Duty on imports into Pakistan from under SAFTA Agreement	1,021.0
5	659(I)/2007 30.06.2007	Exemption from Customs Duty on imports into Pakistan from China	26,603.0
6	1151(I)/2007 26.11.2007	Exemption from customs Duty on goods imported from Mauritius.	11.0
7	741(I)/2013 28.08.2013	Exemption from customs duty on imports into Pakistan from Indonesia under Pak-Indonesia PTA	3,183.0
8	280(I)/2014 08.04.2014	Exemption from customs duty on imports from Sri Lanka	1,014.0
9	1261(I)/2007 31.12.2007	Exemption from Customs Duty on imports into Pakistan from Malaysia	1,878.0
General Concessions: Automobile Sector, E&P, Textile, Energy, Pharmaceutical and others.			
10	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)	3,752.0
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.	13,204.0
12	655(I)/2006 22.06.2006	Exemption from Customs Duty for vendors of Automotive Sector	16,281.0
13	656(I)/2006 22.06.2006	Exemption from Customs Duty for OEMs of Automotive Sector	18,394.0
14	809(I)/2009 19.09.2009	Exemption of Machinery & Equipment, if imported by Textile Industrial Units	1,475.0
15	567(I)/2006 05.06.2006	General and conditional exemption of Customs Duty (non survey)	*8,588.0
16	575(I)/2006 05.06.2006	Exemption from Customs Duty and Sales Tax on import of specified machinery, equipment, apparatus	**7,288.0
Total:			103,046.0

* : SRO.567(I)/2006 was rescinded in the Budget 2014-15. However, remaining concessions have been shifted to Part-II & III of 5th Schedule to the Customs Act.

** : SRO.575(I)/2006 was rescinded in the Budget 2014-15. However, remaining concessions have been shifted to Part I of 5th Schedule in the Customs Act.

Following is the consolidated summary of tax expenditure for the fiscal year 2014-15 Table-4.

S. No.	Type of Tax	2014-15
1.	Income Tax	83.6
2.	Sales Tax	225.4
3.	Customs Duty	103.0
Total :		412.0

Source: Federal Board of Revenue