

Tax Expenditure Report 2022



Federal Board of Revenue

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Disclaimer

This tax expenditure report is intended to be a ready reference for facilitation of readers and stakeholders. The original statutes (Income Tax Ordinance 2001, Sales Tax Act 1990, Customs Act 1969) shall always prevail in case of any contradiction/error herein.

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PREFACE

Taxation being an important tool of fiscal policy plays a pivotal role in the economy. Appropriate tax policies help enable the governments not only to collect revenues but also ensure fair distribution of resources, streamlining the consumption and production behavior and reducing inequality in society. The tax revenues are essential for governments to meet their current and developmental expenditures. Sufficient tax revenues lead towards economic self-sufficiency, growth and development. It is also equally important, however, that the tax policy does not create distortions in economy. Tax expenditure reports are prepared worldwide as a future guideline for tax policy formulation.

I am pleased to present FBR's Third Tax Expenditure report for FY2021-22. This report documents the estimated fiscal cost of federal tax exemptions as per FY2020-21 data. It provides tax expenditures of each tax, including a detailed methodology and sources of data.

Policymaking, research, and decision making at various levels need strong support of statistics and numeric base. Compilation and publication of detailed fiscal data regarding the revenue foregone of Federal Government on account of various exemptions and concessions is not only a step towards improving government budgetary and fiscal transparency, but it is also hoped that it will contribute significantly to the public dialogue on federal tax policies.

This is the third consecutive year, FBR is preparing a detailed tax expenditure report, in accordance with the international best practices of fiscal governance and international obligations of Pakistan. The complete inventory of tax expenditures along with their beneficiaries and cost estimates is also being published separately in the annual budget statement of the Federal Government since FY2019-20 along with evidence based revenue forecasting since FY2020-21.

The hard work done by the Project Supervisors and Team Members is highly commendable. It is intended that this report will continue to be updated and improved every year, providing a meaningful and convenient point of reference for information on federal tax expenditures.

(ASIM AHMAD)
Chairman Federal Board of Revenue /
Secretary Revenue Division

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ACRONYMS

CD	Customs Duty
CPEC	China-Pakistan Economic Corridor
E&P	Exploration and Production
FBR	Federal Board of Revenue
FTA	Free Trade Agreement
FY	Fiscal Year/Financial Year
GDP	Gross Domestic Product
ITO	Income Tax Ordinance
PTA	Preferential Trade Agreement
REIT	Real Estate Investment Trust
SRO	Statutory Regulatory Order

EXECUTIVE SUMMARY

Tax expenditure is basically the tax revenue that is forgone due to specific provisions of tax laws relating to exemptions, exclusions, preferential rates, tax credits, deferral of tax etc. It is identified and measured against a benchmark system that accounts for tax revenues receivable in the normal course. This report uses the standard “Revenue Forgone” methodology to estimate the tax expenditure under the Income Tax, Sales Tax and Customs Duty laws in Pakistan. This approach quantifies the direct ex-post revenue loss associated with the provisions relative to the statutory tax rates. This report is based on data relevant to FY2020-21 with a few exceptions. Income tax expenditures are calculated using the tax returns for the FY2020-21 and taking the statutory rates available in First schedule of ITO-2001 as the benchmark rates. The benchmarks for scope of income are taken as defined in Section 9 of ITO-2001 as the various heads of income and the origin-of-income concept for residents and non-residents. Where exact data was not available reliance is placed on third party data and calendar year data instead of financial year data. Tax expenditure arising from exemption from withholding income tax at import stage is included for the first time. The Sales Tax expenditure is based on returns / imports data for the FY2020-21 and the difference of sales tax paid and the sales tax payable at 17% is calculated as the Sales Tax expenditure. Certain adjustments on gross estimates have been made to allow for input tax adjustments in certain zero rated items based on the assumption if such items were not zero rated. On local supplies the adjustments are made at the assumed 30% value addition rate. Custom duty expenditure is calculated based on the legal provisions under the Customs Act 1969 and statutory instruments through which exemptions/concessions are granted to imported goods. Statutory rates of customs duty relevant to FY 2020-21 are taken as the benchmark rates while provisions relating to exemptions from regulatory duty and additional customs duty have been excluded.

The interpretation of estimates in this report are subject to certain caveats. The impact of FBR tax expenditure on provincial tax systems are not included in this report. The expenditure amounts are calculated assuming that all other provisions of that tax type remain unchanged. The expenditure amounts are unadjusted which means that eliminating a certain tax expenditure would not necessarily increase revenue in the same amount. Actual receipts would depend on enforcement, taxpayer compliance, effective dates of legislation repealing the exemption, exact wording of any legislation, and taxpayer’s behavior. Moreover, the actual amount would also depend on the nature of economic activity, elasticity of goods and

services, etc. Hence, the realization of actual revenue, consequent to removal of certain exemptions, may vary.

The global comparison of 21 countries' tax expenditure during 2019 and 2020 shows that mostly advanced countries have higher estimates of forgone tax revenues. Within the sample set of countries, the Russian Federation tops the list with an estimated 14.8% of GDP as tax expenditure while India is at the other extreme with only 0.4% of GDP as tax expenditure. Pakistan is ranked 19th in the list with an estimated 2.8% of its GDP in terms of tax expenditure.

Key Findings

- **The total Federal Taxes' expenditure based on the data relating to FY2020-21** is estimated at **Rs. 1,482.3 billion** (see Table 1), with a tax-wise breakdown as follows:
 - The total expenditures are 31.2 % of total collection in FY 2020-21.
 - Income Tax: Rs.399.7 billion (27.0% of total expenditure and 0.7% of GDP in FY2020-21)
 - Sales Tax: Rs. 739.8 billion (49.9% of total expenditure and 1.3% of GDP in FY2020-21)
 - Customs Duty: Rs. 342.8 billion (23.1% of total expenditure and 0.6% of GDP in FY2020-21)
- The tax revenue foregone constitutes approximately 2.67% of total GDP in FY2020-21 and 2.8% in FY 2019-20.

Table 1. Summary of Tax Expenditure Estimates FY 2021-22 (Rs. Billion)

	Tax Expenditure			Tax Expenditure % of GDP
	FY 2020-21	FY 2021-22	Increase %	FY 2021-22
Income Tax	448.0	399.7	-10.8	0.72
Sales Tax	578.4	739.8	27.9	1.33
Customs Duty	287.8	342.8	19.1	0.62
Total	1,314.2	1,482.3	12.8	2.67

- A large part of the tax expenditure in Income Tax is in the form of exemptions from total income and special provisions; Profits and gains from power generation projects (Rs. 37 billion), income of Collective Investment Scheme or a REIT Scheme (Rs. 26 billion), tax credit (Rs. 65 billion), pension (Rs. 16 billion), provident funds (Rs. 14

billion) are the major heads of tax expenditure in Income Tax.

- In Sales Tax, approximately 44% of the tax expenditure is at import stage under 6th schedule of the STA 1990. Around 26% tax expenditure in Sales Tax is in the form of reduced rates under the 8th schedule of the STA 1990.
- Tax expenditure under Customs Duty is estimated to be around Rs. 343 billion which is largely granted under Fifth Schedule and Chapter 99 of Customs Act, 1969.

Table 2. Income Tax Expenditure Summary

Exemption Heads	Tax Expenditure (Rs. million)		Increase %
	FY2020-21	FY2021-22	
Allowances	37,318	10,625	-71.5
Tax Credits	105,342	65,465	-37.9
Exemptions from Total Income	267,115	232,852	-12.8
Reduction in Tax Rates	124	195	57.1
Reduction in Tax Liability	2,839	3,285	15.7
Exemption from Specific Provisions	2,687	61,076	2173.0
Others / Miscellaneous	32,621	26,164	-19.8
Total Income Tax Expenditure	448,046	399,662	-10.8

Table 3. Sales Tax Expenditure Summary

Exemption Heads	Tax Expenditure (Rs. Million)		Increase (%)
	FY2020-21	FY2021-22	
Zero Rating under 5th Schedule to Sales Tax Act 1990	12,887	33,422	159.4
Exemption under 6th Schedule on (Imports)	173,808	327,656	88.5
Exemption under 6th Schedule on Local supplies	156,134	139,046	-10.9
Reduced Rates Under 8th Schedule	208,531	193,722	-7.1
Sales Tax on cellular Mobile Phones under 9th Schedule	27,096	45,919	69.5
Total Sales Tax Expenditure	578,456	739,767	27.9

Table 4. Customs Duty Expenditure Summary

Exemption Heads	Tax Expenditure (Rs. Million)		Increase (%)
	FY2020-21	FY2021-22	
Chapter-99 Exemptions	12,635	15,963	26.3
FTA & PTA Exemptions	34,210	46,105	34.8
Fifth Schedule Exemptions & Concessions	137,418	168,754	22.8
General Concessions: Automobile sector, E&Ps, CPEC, etc.	55,877	60,987	9.1
Export Related Exemptions	47,631	51,081	7.2
Total Customs Expenditure	287,771	342,890	19.2
Grand Total (Income Tax + Sales Tax + Customs Duty)	1,314,273	1,482,319	12.8

INTRODUCTION

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- 1.1. Tax Expenditure**
- 1.2. Methodology and Measurement**
- 1.3. Issues in interpretation**

1.1 Tax Expenditure

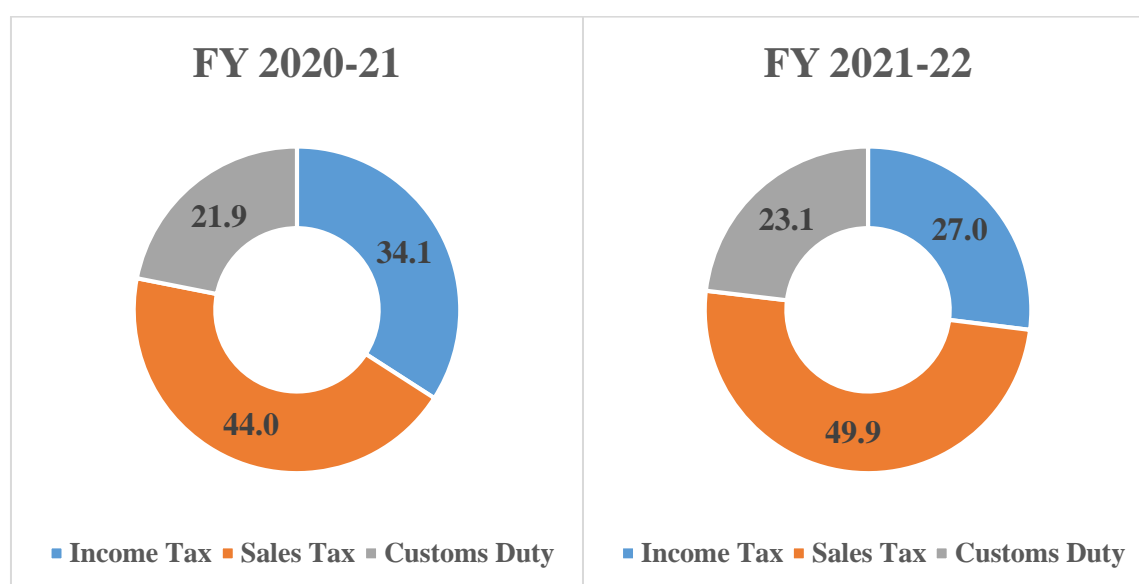
A tax expenditure is a deviation from a defined “benchmark” tax structure. A benchmark is a reference tax system that defines what ought to be taxed in the normal course, when there are no deviations. Formal definition of “tax expenditure”, therefore, depends on how the benchmark tax system has been specified. The fundamental aspects of the tax system that constitute the “benchmark” are given in more detail in this chapter under heading 1.2. Thus, deviations from this benchmark, whether provided for in the main body of law or its schedules, are treated as tax expenditures.

The concept of a tax expenditure has been defined in various ways, including the following:

- The Organization for Economic Cooperation and Development (OECD) defines tax expenditure as “the estimated costs to the tax revenue of preferential treatment for specific activities.”
- The International Monetary Fund defines a tax expenditure as revenue foregone “as a result of selective provisions in the tax code.”

Tax expenditures can take different forms. They are usually in the form of allowances (amounts deducted from the tax base before applying the tax rate), credits (amounts deducted from tax liability), exemptions (exclusion from the tax base), or rate relief (reduced tax rates), etc. They are sometimes referred to as tax incentives or tax subsidies. Negative tax expenditures are tax sanctions. A tax sanction means levying tax at a higher rate than the norm. However, negative tax expenditures have not been discussed in this report.

Figure 1: Head-wise Tax Expenditure (% Share of Total Tax Expenditure)



1.2 Methodology and Measurement

The worldwide used Revenue Forgone methodological approach¹ is used to estimate tax expenditure in income tax, sales tax, and customs duty for this report. This method quantifies the direct ex-post revenue loss associated with the provisions relative to the statutory tax rates (holding other factors constant)². This method calculates the tax liability for the taxpayer and subtract tax paid from the tax liability. The difference of the two is the tax revenue foregone or income tax expenditure.

¹ Canada Finance Department (2022), Federal Tax Expenditures - Concepts, Estimates and Evaluations 2022
US Treasury (2022), Australia Treasury (2022)

² Geourjon (2019),

1.2.1 Measurement of Income Tax Expenditure

The data for this report comes from the tax returns for the FY 2020-21. As per Finance Act 2020-21, the statutory tax rates and withholding tax rates are applied to calculate the normal tax amount. The FBR sales tax return database is also used to estimate the tax expenditure in income tax for FY2020-21. Tax rates given in First Schedule of the ITO-2001 are taken as the benchmark rates. Any variation or concession in tax rates within First Schedule is not considered as a deviation from the benchmark. Benchmark tax rates are the FY 2020-21 statutory tax rates.

Section 9 of the ITO-2001 defines the “taxable income” benchmarks including all heads of income, i.e., salary, income from property, income from business, capital gains, and income from other sources. As per ITO-2001, taxpayer residents in Pakistan are subject to tax on their worldwide income, while non-residents are taxable in Pakistan on their income from Pakistani sources only.

Rate of minimum tax for loss declaring entities is taken as 1.5% and tax rates for individuals are taken as per the relevant slab given in First Schedule of ITO 2001. Exemptions on export are measured against relevant tax rate of 1%. Corporate benchmark rate is taken as 29% as corporate tax rate changed from 30% to 29% for FY 2018-19 onwards.

We obtained data from third party sources to calculate the tax expenditure for the *Clause 1, 2, 3, 9, and 12 of Part 1 of Second Schedule* of ITO 2001. This data was not available for the financial year; therefore, the calendar year data was used to calculate the tax expenditure for these clauses.

Finally, exemption from section 148 (withholding on import stage) is also accounted as tax expenditure. Therefore, clause 56 Part IV of Second Schedule of ITO-2001 is included in this report to calculate the tax expenditure in income tax, which was not included in previous two reports.

1.2.2 Measurement of Sales Tax Expenditure

The standard tax rate is 17% which is paid by the final consumers. This is benchmark sales tax which is used to calculate the sales tax liability. The FBR sales tax return database is used to estimate the tax expenditure in sales tax for FY2020-21. This method uses the concept that a tax liability at 17% sales tax rate would have been payable if there were no tax concessions.

This method quantifies the direct ex-post revenue loss associated with the provisions relative to the standard sales tax rates. The method calculates the tax liability at 17% tax rate, which the taxpayer would face in the absence of zero rating, reduced rates and exemptions. The actual sales tax paid has been subtracted from the tax liability at 17% tax. The difference of the two is the sales tax revenue foregone.

Adjustments were made on gross estimates to avoid duplication in the estimations, and include the following: In case of zero-rated items, the adjustment includes the input on some items, which if were not zero-rated, the full input tax would have been claimed, such as, crude oil, and machinery for E&P sector. The impact of tax expenditure to the extent of these items was thus deducted from the total estimation of zero rated items.

Further, in case of exempt sales, an estimated 30% input credit adjustment would have been claimed in the absence of exemptions. The input credit adjustment is mandatory to calculate the representative tax expenditure. Exempt sales cannot claim the adjustment for the input tax as per law. Therefore, information on the inadmissible input credit is not known for exempt sales under 6th Schedule. However, tax returns data of individual firms has been employed to calculate the input credit for the exempt sales.³ The average estimate of input credit adjustment for exempt sales is approximately 30% of the exempt sales. The impact on tax expenditure to that extent has been reduced.

1.2.3 Measurement of Tax Expenditure in Customs Duty

Under Customs law, exemptions or concession are granted to goods that are imported into Pakistan through SROs, and special classification provided in Pakistan Customs Tariff published each year by FBR, and/or through specific rate of tariff.

The Statutory rates of CD of FY 2020-21 are considered as benchmark rates to estimate the tax expenditure in customs duty. Customs related exemptions / concessions are generally sector or item based. Data for estimation of Customs is taken from Goods Declarations database, and estimations were calculated against statutory rates of duty.

Report is based on the customs duty exemptions given under chapter-99, FTA/PTAs, Fifth Schedule to Customs Act, 1969 and exemptions given under SROs.

³ The tax returns data of 2700 firms was obtained from PRAL to calculate the average estimate of input credit adjustment.

Furthermore, the figures reported under “Export Related Exemptions” category has also been included in the final calculations because these are the exemptions which are provided to various export-oriented sectors under various exemption granting SROs and cannot be excluded from the exemption category.

The existing tariff structure is based on a cascading principle, i.e., lower duty rates on raw materials and higher duty rates on finished products. These statutory customs duty rates are used to estimate tax amount that would have been paid if there were no tax concessions at the import stage. The actual customs duty paid has been subtracted from the tax liability. The difference of the two is the customs duty revenue foregone.

1.3 Issues in interpretation

We must acknowledge that these estimates are quantified amounts. It does not represent the true tax expenditure estimates. Thus, a number of caveats are applied when we interpret these estimates. These caveats are discussed as follow:

- i. The tax expenditure estimates presented in this report relate to FBR revenues only. Practically, federal and provincial tax systems interact with each other to varying degrees. As a result, changes in FBR tax expenditure may have consequences for provincial revenues. In this report, we do not account for the provincial revenue expenditure.
- ii. The amount by which federal tax revenues are reduced due to existence of tax expenditures are estimated independently for each tax expenditure by assuming that all other tax provisions remain unchanged. However, elimination of a tax expenditure would not necessarily yield the full amount of revenues shown in this report due to interaction of multiple tax expenditures.
- iii. The reduction in tax revenue reported in this report is only due to the actual tax expenditure observed in the database. We assume that all other factors remain unchanged.
- iv. This measurement approach assumes that existence of tax expenditure does not affect taxpayers’ behavior. There is a strong probability that if a particular tax expenditure provision is eliminated, it may not result in an exactly proportionate increase in revenue.

- v. This methodology does not take into account the potential impact of a particular tax expenditure on the overall level of economic activity and consequently increase or decrease in aggregate tax revenues. For example, eliminating particular tax expenditure may affect the level of consumption or economic activity, which in turn could cause a further change in the amount of tax revenue collected.
- vi. Revenue forgone provides quantified amounts only; it ignores the potential transitional provisions and consequential government policy changes that may occur due to the elimination of a particular measure.

INTERNATIONAL EVIDENCE ON TAX EXPENDITURE

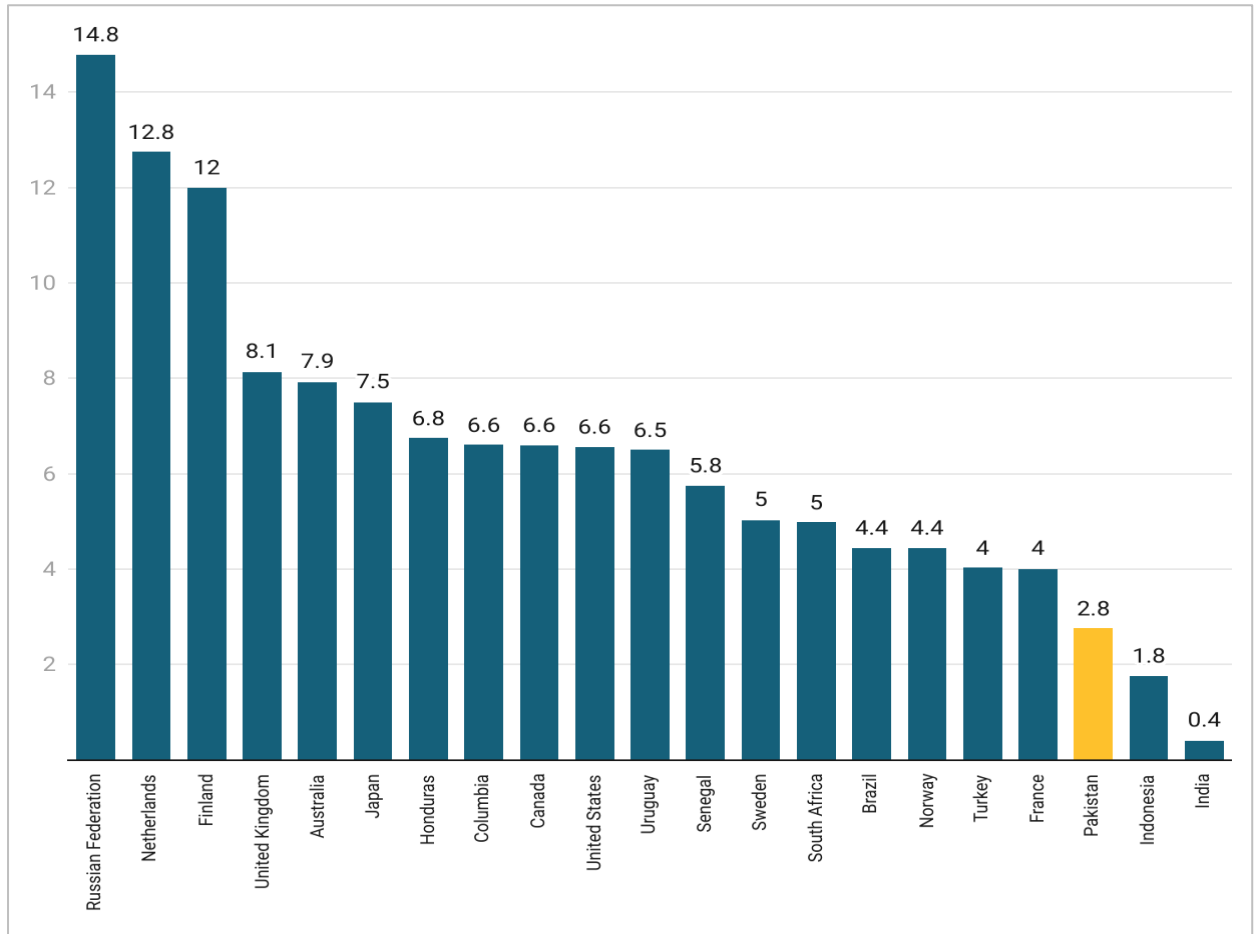
02

A large number of countries provide concessions, exemptions and tax relief on certain products and segments of society. Figure 2 shows that there is a huge variation across countries. Mostly advanced countries report significantly higher estimates of revenue forgone.

Russian Federation is not only one of the largest economies but at the same time it provides a huge size of tax exemptions. In U.S., income tax expenditure constitutes 6.6% of GDP which is more than 1.4 trillion dollars a year. This amount is 4 times higher than the total GDP of Pakistan.

Similarly, the government tax revenue gets reduced by more than 8% of GDP in Australia. Canada, Japan and UK are also creating tax expenditure which is more than 7% of their GDP. The revenue forgone or tax expenditure in European countries is relatively close to the world average of the tax expenditure (around 4% of GDP). However, Finland and Netherlands are exceptions, where tax expenditures exceed by 12% of their GDP. A large number of small and emerging economies also give tax concessions and exemptions both at local supplies and imported goods. For instance, they amount to more than 4% of GDP in Brazil and South Africa, come close to 8% in Colombia and Mauritania, and exceed 10% in Jordan. Pakistan and India appear at lower tail of this distribution, Pakistan has a tax expenditure equal to 2.8% of GDP and India has an expenditure of 0.4% of their GDP.

Figure 2. Revenue Forgone (% of GDP)



Data source: Global Tax Expenditure

In this figure, the tax expenditure varies between the years 2019 and 2020 across countries.

TAX EXPENDITURE ESTIMATES

03

3.1 Income Tax Estimates

3.2 Sales Tax Estimates

3.3 Customs Estimates

3.1 Income Tax Estimates

- Tax expenditures are classified according to type of tax measure, i.e., allowances, credits, exemptions, reduced rates, etc. Overall income tax expenditure accounted for 27.0% of the total expenditure in FY2021-22. The larger share of exemptions was received in the form of exemptions from total income taxes, and exemptions from specific provisions and allowances.
- The tax expenditures estimation for FY2021-22 includes the tax expenditures under Clause 56, Part IV of Second Schedule for Income Tax. This tax expenditure was not part of the previous reports.
- The inclusion of exemption from specific provisions at import stage increases the total expenditure in income tax by Rs. 46.7 billion which is 2% of total tax expenditure.
- This revenue foregone in income tax constitutes approximately 0.7% of GDP in the FY2021-22.

Table 5. Income Tax Expenditure Summary

Exemption Heads	Tax Expenditure (Rs. million)		Increase (%)
	FY2020-21	FY2021-22	
Allowances	37,318	10,625	-71.5
Tax Credits	105,342	65,465	-37.9
Exemptions from Total Income	267,115	232,852	-12.8
Reduction in Tax Rates	124	195	57.1
Reduction in Tax Liability	2,839	3,285	15.7
Exemption from Specific Provisions	2,687	61,076	2,173.0
Others / Miscellaneous	32,621	26,164	-19.8
Total Income Tax Expenditure	448,046	399,662	-10.8

- Other than specific provisions, the exemptions in allowances were reduced by 71.5% in FY2021-22 as compared to those in FY2020-21. In Tax Expenditure Report FY2020-21, Section 23 and Section 23A have been considered as tax expenditure in Income Tax. The provisions of initial allowance (Section 23) and first year allowance (Section 23A) do not give rise to any exemption to a person chargeable to tax under ITO-2001. The said allowances merely create timing difference with regard to discharge of Income Tax Liability⁴. Thus, the Tax Expenditure Report FY2021-22 has excluded these expenditures from the tax expenditure in Income Tax.

3.2 Sales Tax Estimates

- The tax expenditure in sales tax is 49.9% of the total expenditure in FY2021-22. The larger share of exemptions is granted at the import stage which is nearly 44% of the total sales tax expenditure.
- The tax expenditure in sales tax increased by 27.9% compared to that in preceding year. Several factors played role in the surge of sales tax expenditure.
 - The sales tax revenue increased by 20% in the same fiscal year contributing towards an increase in tax expenditure as well.
 - Due to COVID-19, the exemptions in pharmaceutical sector were increased.
 - New exemptions were introduced for energy technology, health, and pharmaceutical sectors.

⁴ Tax Expenditures under Section 23 and Section 23A have been excluded in the light of comments of Inland Revenue Policy Wing.

- On local sales, cost of exemption due to the exempt local supplies is Rs. 139.0 billion and on import stage Rs. 327.6 billion.
- This cost of sales tax expenditure constitutes approximately 1.33% of the GDP in FY2021-22.

Table 6. Sales Tax Expenditure Summary

Exemption Heads	Tax Expenditure (Rs. Million)		Increase (%)
	FY2020-21	FY2021-22	
Zero Rating under 5th Schedule to Sales Tax Act 1990	12,887	33,422	159.4
Exemption under 6th Schedule on (Imports)	173,808	327,656	88.5
Exemption under 6th Schedule on Local supplies	156,134	139,046	-10.9
Reduced Rates Under 8th Schedule	208,531	193,722	-7.1
Sales Tax on cellular Mobile Phones under 9th Schedule	27,096	45,919	69.5
Total Sales Tax Expenditure	578,456	739,767	27.9

3.3 Customs Estimates

- The large portions of expenditure (49% of customs duty expenditure) is on account of Fifth Schedule of the Customs Act, 1969, which provides concessions in the form of reduced rate, zero rate, exemptions to specific sectors/items. It applies to plant, machinery and equipment, chemicals, parts, and renewable energy sources equipment.

Table 7. Customs Duty Expenditure Summary

Exemption Heads	Tax Expenditure (Rs. Million)		Increase (%)
	FY2020-21	FY2021-22	
Chapter-99 Exemptions	12,635	15,963	26.3
FTA & PTA Exemptions	34,210	46,105	34.8
Fifth Schedule Exemptions & Concessions	137,418	168,754	22.8
General Concessions: Automobile sector, E&Ps, CPEC, etc.	55,877	60,987	9.1
Export Related Exemptions	47,631	51,081	7.2
Total Customs Expenditure	287,771	342,890	19.2

- The customs duty expenditure cost 0.6% of the GDP in FY2021-22 and contributed 22.2% in the total tax expenditure in the same fiscal year.

APPENDIX

04

4.1 Appendix A - Details of Tax Estimates

4.1.1 Details of Income Tax Estimates

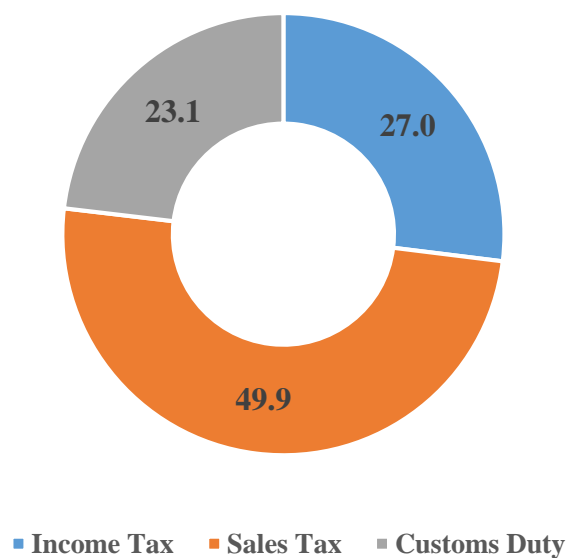
4.1.2 Details of Sales Tax Estimates

4.1.3 Details of Customs Duty Estimates

4.2 Appendix B – Data Sources

4.1 Appendix A - Details of Tax Estimates

Figure 3: Distribution of Tax Expenditure of Federal Taxes



4.1.1 Details of Income Tax Estimates

Table 8. INCOME TAX EXPENDITURE⁵

S. NO.	SECTION/CLAUSE NO/SROS	DESCRIPTION OF CLAUSE	INTENDED BENEFICIARY	TAX EXPENDITURE (Rs. Million)
Allowances				
1	60	Deductible allowance for Zakat	Persons paying Zakat	1,377.31
2	60A	Deductible allowance for Workers' Welfare Fund	Persons paying Workers' Welfare Fund	3,826.82
3	60B	Deductible allowance for Workers' Participation Fund	Persons paying Workers' Participation Fund	4,722.80
4	60C	Deductible allowance for profit on debt	Individuals paying profit or share in rent and share in appreciation for value of house on loan by banks etc.	650.11
5	60D	Deductible allowance for education expenses	Individuals having income of less than Rs. 1.5 million paying tuition fee	48.32
Total Tax Expenditure from Allowances				10,625.37
Tax Credits				
1	64B	Tax Credit for Employment Generation by Manufacturers	Corporate manufacturing sector	7.77
2	61	Tax Credit for Charitable Donations	Persons giving charitable donations	4,278.51
3	62	Tax Credit for Investment in Shares and Life Insurance Premium	Persons (excluding companies) investing in shares, sukuku, or life insurance	2,678.62
4	62A	Tax Credit for Investment in Health Insurance	Persons (excluding companies) investing in health insurance	28.15
5	63	Tax Credit for Contribution to Approved Pension Fund	Eligible persons as defined in sub-section (19A) of section 2 of Ordinance	1,160.31
6	65B	BF Tax Credit for Non-Equity Investment in Plant and Machinery	Corporate manufacturing sector	11,812.78
7	65B	BF Tax Credit for Equity Investment in Plant and Machinery	Corporate manufacturing sector	8,891.21
8	65C	Tax Credit for Enlistment in Registered Stock Exchange	Companies opting for enlistment in a registered stock exchange	0.73
9	65D	Tax Credit for Newly Established Industrial Undertaking	Corporate industrial units (including corporate dairy farming)	6,053.96

⁵ The following codes apply where tax expenditure estimates are not quantified: “-” Cost of tax expenditure is zero or rounded to zero, “n.a.” Estimate is not available due to insufficient data

10	65E	Tax Credit for Investment in Plant and Machinery by Existing Company	Corporate industrial units (including corporate dairy farming)	15,120.89
11	100C	Tax Credit for Trust / Welfare Institution / Non-Profit Organization	Non-profit organizations, trusts, welfare institutions	15,432.31
Total Tax Expenditure from Tax Credits				65,465.24

Exemption from Total Tax				
1	Clause 1 of Part 1 of Second Schedule	Any income chargeable under the head "Salary" received by a person who, not being a citizen of Pakistan, is engaged as an expert or technical, professional, scientific advisor or consultant or senior management staff by institutions of the Agha Khan Development Network, (Pakistan) listed in Schedule I of the Accord and Protocol dated, November 13, 1994 executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network	Foreign experts working with Agha Khan Development Network, (Pakistan)	127.23
2	Clause 2 of Part 1 of Second Schedule	Any income chargeable under the head "Salary" received by- (a) A Pakistani seafarer, working on Pakistan flag vessels for one hundred and eighty three days or more during a tax year; or (b) A Pakistani seafarer working on a foreign vessel provided that such income is remitted to Pakistan, not later than two months of the relevant tax year, through normal banking channels.	Employees (Pakistani seafarers)	72.38
3	Clause 3 of Part 1 of Second Schedule	Any allowance or perquisite paid or allowed as such outside Pakistan by the Government to a citizen of Pakistan for rendering services outside Pakistan	Employees (diplomats)	1,035.30
4	Clause 8 of Part 1 of Second Schedule	Any pension received by a citizen of Pakistan from a former employer, other than where the person continues to work for the employer (or an associate of the employer)	Employees (pensioners)	3,947.25

5	Clause 9 of Part 1 of Second Schedule	Pensions received by employees of Federal Government, Provincial Government, or Armed Forces, or their families and dependents	Employees (retired government servants & military personnel)	13,881.57
6	Clause 12 of Part 1 of Second Schedule	Any payment in the nature of commutation of pension received from Government or under any pension scheme approved by the Board	Employees (pensioners)	16,255.74
7	Clause 13 of Part 1 of Second Schedule	Any income representing any payment received by way of gratuity by employees of Government, or from any gratuity fund approved by the Commissioner in accordance with the rules in Part III of the Sixth Schedule of the ITO-2001	Employees (recipients of gratuity payments)	687.69
8	Clause 16 & 17 of Part 1 of Second Schedule	Income derived by the families and dependents of the "Shaheeds" belonging to the Civil Armed Forces of Pakistan	Families and dependents of the "Shaheeds" belonging to the Civil Armed Forces	143.08
9	Clause 19 of Part 1 of Second Schedule	Any sum representing encashment of leave preparatory to retirement of a member of the Armed Forces of Pakistan or an employee of the Federal Government or a Provincial Government;	Employees (retiring personnel of Armed Forces or Government servant)	1,774.74
10	Clause 22 of Part 1 of Second Schedule	Any payment from a provident fund to which the Provident Funds Act, 1925 (XIX of 1925) applies;	Employees (recipient of payments from provident funds)	9,137.38
11	Clause 23 of Part 1 of Second Schedule	The accumulated balance due and becoming payable to an employee participating in a recognized provident fund;	Employees participating in a recognized provident fund	246.41
12	Clause 23A of Part 1 of Second Schedule	The accumulated balance upto [50]% received from the voluntary pension system offered by a pension fund manager under the Voluntary Pension System Rules, 2005 at the time of eligible person's- (a) retirement; or (b) disability rendering him unable to work; or (c) death by his nominated survivors.	Voluntary participants in pension funds	95.38

13	Clause 23B of Part 1 of Second Schedule	The amounts received as monthly installment from an income payment plan invested out of the accumulated balance of an individual pension accounts with a pension fund manager or an approved annuity plan or another individual pension account of eligible person or the survivors pension account maintained with any other pension fund manager as specified in the Voluntary Pension System Rules 2005 shall be exempt from tax provided accumulated balance is invested for a period of ten years;	Pensioners	32.43
14	Clause 23C of Part 1 of Second Schedule	Any withdrawal of accumulated balance from approved pension fund that represent the transfer of balance of approved provident fund to the said approved pension fund under the Voluntary Pension System Rules, 2005	Pensioners	197.55
15	Clause 24 of Part 1 of Second Schedule	Any benevolent grant paid from the Benevolent Fund to the employees or members of their families in accordance with the provisions of the Central Employee Benevolent Fund and Any benevolent grant paid from the Benevolent Fund to the employees or members of their families in accordance with the provisions of the Central Employee Benevolent Fund and Group Insurance Act, 1969;	Employees (recipient of benevolent grants)	495.06
16	Clause 25 of Part 1 of Second Schedule	Any payment from an approved superannuation fund made on the death of a beneficiary or in lieu of or in commutation of any annuity, or by way of refund of contribution on the death of a beneficiary	Families of deceased enrolled in approved superannuation funds	32.03
17	Clause 26 of Part 1 of Second Schedule	Any income of a person representing the sums received by him as a worker from out of the Workers Participation Fund established under the Companies Profits (Workers Participation) Act, 1968 (XII of 1968)	Low-income workers; recipients of payments from WPF	-

18	Clause 39 of Part 1 of Second Schedule	Any special allowance or benefit (not being entertainment or conveyance allowance) or other perquisite within the meaning of section 12 specially granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit;	Employees receiving payments to meet expenses in the performance of duties	1,508.12
19	Clause 40 of Part 1 of Second Schedule	Any income of a newspaper employee representing Local Travelling Allowance paid in accordance with the decision of the Third Wage Board for Newspaper Employees constituted under the Newspaper Employees (Conditions of Service) Act, 1973;	Newspaper employees	-
20	Clause 53A of Part 1 of Second Schedule	The following perquisites received by an employee by virtue of his employment, namely: - free or subsidized food provided by hotels and restaurants to its employees during duty hours; - free or subsidized education provided by an educational institution to the children of its employees; - free or subsidized medical treatment provided by a hospital or a clinic to its employees; - any other perquisite or benefit for which the employer does not have to bear any marginal cost, as notified by the Board;	Employees receiving employment- related perquisites	192.99
21	Clause 55 of Part 1 of Second Schedule	The perquisites represented by the right of a judge of the Supreme Court of Pakistan or of a judge of High Court to occupy free of rent as a place of residence any premises provided by Federal or Provincial Government, as the case may be, or in case a judge chooses to reside in a house not provided by Government, so much of income which represents the sum paid to him as house rent allowance;	Judiciary of Superior Courts	35.05

22	Clause 56 of Part 1 of Second Schedule	The following perquisites, benefits and allowances received by a Judge of Supreme Court of Pakistan and Judge of High Court, shall be exempt from tax:	Judiciary of Superior Courts	311.95
23	Clause 57(1) of Part 1 of Second Schedule	Any income from voluntary contributions, house property and investments in securities of the Federal Government derived by the following, namely:- (i) National Investment (Unit) Trust of Pakistan (ii) Mutual Fund set up by the Investment Corporation of Pakistan, (iii) Sheikh Sultan Trust, Karachi;	* National Investment (Unit) Trust of Pakistan, * Mutual Funds set up by Investment Corporation of Pakistan * Sheikh Sultan Trust Karachi.	42.49
24	Clause 57(2) of Part 1 of Second Schedule	Any income other than capital gain on stock and shares of public company, PTC vouchers, modaraba certificates, or any instrument of redeemable capital and derivative products held for less than 12 months derived by any Mutual Fund, investment company, or a collective investment scheme or a REIT Scheme or Private Equity and Venture Capital Fund or the National Investment (Unit) Trust of Pakistan, if not less than ninety per cent of its income of that year is distributed amongst the Unit- holders;	Mutual funds, investment companies, collective investment schemes, REIT schemes, Private Equity & Venture Capital Funds, and National Investment (Unit) Trust of Pakistan	-
25	Clause 57(3)(i) of Part 1 of Second Schedule	Any income of a provident fund to which the Provident Funds Act, 1925 applies;	Provident Funds	1,785.36
26	Clause 57(3)(ii) of Part 1 of Second Schedule	Any income of trustees on behalf of a recognized provident fund or an approved superannuation fund or an approved gratuity fund;	Trustees of recognized provident funds, approved superannuation funds, and approved gratuity funds	13,964.50
27	Clause 57(3)(iii) of Part 1 of Second Schedule	Any income of a benevolent fund or group insurance scheme approved by the Board for the purposes of this clause;	Benevolent funds and group insurance schemes	142.1
28	Clause 57(3)[(iv), (vi), (vii)] of Part 1 of Second Schedule	Any income of a Service Fund, any Unit, Station or Regimental Institute; and any recognized Regimental Thrift and Savings Fund, the assets of which consist solely of	Service Funds	-

		deposits made by members and profits earned by investment thereof;		
29	Clause 57(3)(v) of Part 1 of Second Schedule	Any income of Employees Old Age Benefits Institution established under the Employees Old Age Benefit Act, 1976 (XIV of 1976);	Employees Old Age Benefits Institution	6,035.61
30	Clause 57(3)(viii) of Part 1 of Second Schedule	Any income of a Pension Fund approved by the SECP;	Approved Pension Funds	1,601.67
31	Clause 57(3)(ix) of Part 1 of Second Schedule	Any profit or gain or benefit derived by a pension fund manager from a pension Fund approved under the Voluntary Pension System Rules, 2005, on redemption of the seed capital invested in pension fund as specified in the Voluntary Pension System Rules, 2005;	Pension funds under the Voluntary Pension System Rules 2005	15.44
32	Clause 57(3)(xi) of Part 1 of Second Schedule	Any income of International Irrigation Management Institute	International Irrigation Management Institute	-
33	Clause 57(3)(xii) of Part 1 of Second Schedule	Any income of Punjab Pension Fund established under the Punjab Pension Fund Act, 2007 and the trust established thereunder	Punjab Pension Fund	2,640.16
34	Clause 57(3)(xiii) of Part 1 of Second Schedule	Any income of Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002	Sindh Province Pension Fund	4,132.50
35	Clause 57(3)(xiv) of Part 1 of Second Schedule	Any income of Punjab General Provident Investment Fund established under the Punjab General Provident Investment Fund Act, 2009 (V of 2009) and the trust established thereunder;	Punjab General Provident Investment Fund	183.18
36	Clause 57(3)(xv) of Part 1 of Second Schedule	Any income of Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund	Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund	209.00
37	Clause 57(3)(xvi) of Part 1 of Second Schedule	Any income of Khyber Pakhtunkhwa General Provident Investment Fund;	Khyber Pakhtunkhwa General Provident Investment Fund	639.27
38	Clause 57(3)(xvii) of Part 1 of Second Schedule	Any income of Khyber Pakhtunkhwa Pension Fund;	Khyber Pakhtunkhwa Pension Fund	1,095.12
39	Clause 61 of Part 1 of Second Schedule	Any amount paid as donation to certain institutions, foundations, societies, boards, trusts and funds	All institution, foundations, societies, boards, trusts and funds mentioned in clause 61 of Part 1 of Second Schedule	3,690.50
40	Clause 64A of Part 1 of Second Schedule	Any amount donated to the Prime Minister's Special Fund for victims of terrorism	Persons making donations into the said Fund	-

41	Clause 64B of Part 1 of Second Schedule	Any amount donated to the Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP	Persons making donations into the said Fund	-
42	Clause 64C of Part 1 of Second Schedule	Prime Minister's Flood Relief Fund 2010 and Provincial Chief Ministers' Relief Funds, for victims of flood 2010	Persons making donations into the said Fund	-
43	Clause 65A of Part 1 of Second Schedule	Income derived from the Welfare Fund created under section 16 of the Emigration Ordinance, 1979 (except the income generated by the aforesaid Fund through commercial activities.)	Emigrants and their families in Pakistan	-
44	Clause 66 of Part 1 of Second Schedule	Any income derived by certain listed philanthropic organization like hospitals, governmental and non-governmental and international entities	All institution, foundations, societies, boards, trusts and funds mentioned in clause 66 of Part 1 of Second Schedule	39,290.98
45	Clause 72A of Part 1 of Second Schedule	Any income derived by Sukuk holder in relation to Sukuk issued by "The Second Pakistan International Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited, including any gain on disposal of such Sukuk.	Sukuk holders	2,670.00
46	Clause 74 of Part 1 of Second Schedule	Profit on debt derived by Hub Power Company Limited on or after the first day of July, 1991	Hub Power Company Limited	1.07
47	Clause 75 of Part 1 of Second Schedule	Any income of an agency of a foreign Government, a foreign national (company, firm or association of persons), or any other non-resident person approved by the Federal Government for the purposes of this clause, from profit on moneys borrowed under a loan agreement or in respect of foreign currency instrument approved by the Federal Government.	Agencies of foreign Governments, foreign nationals or any other non-resident person approved by the Federal Government	5,392.00
48	Clause 78 of Part 1 of Second Schedule	Profit on debt on foreign currency accounts	Foreign currency account holders	-
49	Clause 79 of Part 1 of Second Schedule	Profit on debt derived by non-resident Pakistanis on rupee accounts	Citizens of Pakistan residing abroad and remitting foreign exchange	-

50	Clause 80 of Part 1 of Second Schedule	Income derived from a private foreign currency account held with an authorized bank in Pakistan, or certificate of investment issued by investment banks, by a resident individual who is a citizen of Pakistan: (This exemption is not available in respect of any incremental deposits made in the said accounts on or after the 16th day of December, 1999)	Foreign currency account holder resident individual citizens of Pakistan	-
51	Clause 90 of Part 1 of Second Schedule	Profit on debt payable by an industrial undertaking in Pakistan — (i) on moneys borrowed by it under a loan agreement with a financial institution in a foreign country (ii) on moneys borrowed or debts incurred by it in a foreign country in respect of the purchase of capital plant and machinery;	Financial institutions in foreign countries lending with approval of Federal Government of Pakistan	-
52	Clause 90A of Part 1 of Second Schedule	Any profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market	Investors / buyers of bonds issued by Pakistan Mortgage Refinance Company	12.93
53	Clause 91 of Part 1 of Second Schedule	Any income of a text-book board of a Province	Text-book boards of provinces	592.76
54	Clause 98 of Part 1 of Second Schedule	Any income derived by any Board or other organization established by Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by Government, except Pakistan Cricket Board;	Regulators, organizations and boards established by government to encourage major games and sports	7.89
55	Clause 99 of Part 1 of Second Schedule	Any income derived by a Collective Investment Scheme or a REIT Scheme, if not less than ninety per cent of its accounting income of that year, as reduced by capital gains whether realized or unrealized, is distributed amongst the unit or certificate holders or shareholders as the case may be	Collective Investment Schemes and REIT Schemes that are distributing more than 90% of their incomes to certificate holders / shareholders.	26,284.05
56	Clause 99A of Part 1 of Second Schedule	Profits and gains accruing to a person on sale of immovable property to a REIT Scheme	Taxpayers selling immovable property to a Developmental REIT Scheme or a rental REIT Scheme	-

57	Clause 100 of Part 1 of Second Schedule	Income, except income from manufacturing or trading activity, of a registered modaraba, provided not less than ninety per cent of its total profits are distributed amongst the shareholders;	Modarabas	429.04
58	Clause 101 of Part 1 of Second Schedule	Venture capital companies and venture capital funds registered under Venture Capital Companies and Funds Management Rules, 2000 and a Private Equity and Venture Capital Funds	Venture capital companies venture capital funds, and Private Equity & Venture Capital Funds.	877.68
59	Clause 102A of Part 1 of Second Schedule	Income of a person as represents a subsidy granted to him by the Federal Government for the purposes of implementation of any orders of the Federal Government in this behalf	Recipients of subsidies granted by Federal Government	6,450.00
60	Clause 103 of Part 1 of Second Schedule	Any distribution received by a taxpayer from a collective investment scheme out of the capital gains of the said scheme. This exemption is available to only such mutual funds, collective investment schemes that are debt or money market funds and these do not invest in shares;	Investors investing in debt or money market mutual funds and collective investment schemes	n.a.
61	Clause 104 of Part 1 of Second Schedule	income derived by the Libyan Arab Foreign Investment Company being dividend of the Pak-Libya Holding Company;	Libyan Arab Foreign Investment Company	-
62	Clause 105 of Part 1 of Second Schedule	Income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited;	Government of Kingdom of Saudi Arabia	-
63	Clause 105A of Part 1 of Second Schedule	Income derived by Kuwait Foreign Trading Contracting and Investment Company or Kuwait Investment Authority being dividend of the Pak Kuwait Investment Company in Pakistan;	Kuwait Foreign Trading Contracting & Investment Company, and Kuwait Investment Authority	60.00
64	Clause 105B of Part 1 of Second Schedule	Income received by a taxpayer from a corporate agricultural enterprise, distributed as dividend out of its income from agriculture;	Taxpayers receiving dividend income from corporate agricultural enterprises	43.57

65	Clause 110B of Part 1 of Second Schedule	Gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange, for acquisition of shares and trading or clearing rights acquired by such member in new corporatized stock exchange in the course of corporatization of an existing stock exchange;	Members of Stock Exchange	-
66	Clause 110C of Part 1 of Second Schedule	Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market	Persons deriving gain from bonds issued by Pakistan Mortgage Refinance Company	-
67	Clause 114 of Part 1 of Second Schedule	Income under the head "capital gains" derived by industrial undertakings set up in a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980;	Industrial undertakings set up in "Zones" within the meaning of Export Processing Zones Authority Ordinance	-
68	Clause 126 of Part 1 of Second Schedule	Income of a public sector university established solely for educational purposes and not for the purposes of profit;	Public sector universities	6,262.23
69	Clause 126A of Part 1 of Second Schedule	Income derived by China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations;	Listed companies	57.18
70	Clause 126AA of Part 1 of Second Schedule	Profit and gains derived by a taxpayer from businesses set up in the Gawadar Free Zone Area;	All businesses set up in Gawadar Free Zone	-
71	Clause 126AB of Part 1 of Second Schedule	Profit on debt derived by- (a) any foreign lender; or (b) any local bank having more than 75 per cent shareholding of the Government or the State Bank of Pakistan, under a Financing Agreement with the China Overseas Ports Holding Company Limited;	Foreign lenders or public sector banks/ State bank having financing agreement with China Overseas Ports Holding Company Limited	-

72	Clause 126AC of Part 1 of Second Schedule	Income derived by contractors and sub-contractors of China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited from Gawadar Port operations;	Contractors and sub-contractors of listed companies from Gawadar Port operations	104.54
73	Clause 126AD of Part 1 of Second Schedule	Income derived by China Overseas Ports Holding Company Limited being dividend received from China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited Gwadar Marine Services Limited and Gwadar Free Zone Company Limited;	China Overseas Ports Holding Company Limited	-
74	Clause 126B of Part 1 of Second Schedule	Profit and gains derived by Khalifa Coastal Refinery	Khalifa Coastal Refinery	-
75	Clause 126BA of Part 1 of Second Schedule	Profits and gains derived by a refinery set up between the 1st day of July, 2018 and the 30th day of June, 2023 with minimum 100,000 barrels per day production capacity. Exemption under this clause is also available to existing refineries, if— (a) existing production capacity is enhanced by at least 100,000 barrels per day; (b) the refinery maintains separate accounts for income arising from aforesaid additional production capacity; and (c) the refinery is a deep conversion refinery;	Oil refineries	2,987.70
76	Clause 126C of Part 1 of Second Schedule	Profits and gains derived by a taxpayer from an industrial undertaking set up in Larkano Industrial Estate from 2008 to 2013;	Industrial undertakings set up in Larkano Industrial Estate	-
77	Clause 126D of Part 1 of Second Schedule	Profits and gains derived by a taxpayer from industrial undertakings set up in the Gawadar declared by the Federal Government to be a Zone within the meaning of	Industrial undertaking set up in the Gawadar	-

Export Processing Zone
Authority Ordinance, 1980

78	Clause 126E of Part 1 of Second Schedule	Income derived by a zone enterprise as defined in the Special Economic Zones Act, 2012 and developer of zone for a period of ten years	Zone enterprise as defined in the Special Economic Zones Act, 2012, and developers of zones.	367.74
79	Clause 126G of Part 1 of Second Schedule	Profits and gains derived by the following companies from the projects mentioned against each that have been declared 'Pioneer Industry' by Economic Coordination Committee of the Cabinet:- 1. Income of Astro Plastics (Pvt) Limited derived from their project Biaxially Oriented Polyethylene Terephthalate (BOP ET) Project; and 2. Income of Novatex Limited derived from their project Biaxially Oriented Polyethylene Terephthalate (BOPET) Project;	Astro Plastics (Pvt) Limited, M/s. Novatex Limited	-
80	Clause 126H of Part 1 of Second Schedule	Income from fruit processing or preservation units set up in Balochistan Province, Malakand Division, Gilgit Baltistan and FATA between the first day of July, 2014 to the thirtieth day of June, 2017;	Fruit processing or preservation units set up in Balochistan Province, Malakand Division, Gilgit Baltistan and ex-FATA	-
81	Clause 126I of Part 1 of Second Schedule	Industrial undertakings set up by 31st day of December, 2016 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use for generation of renewable energy;	Manufacturers of plant, machinery & equipment for use in generation of renewable energy sources.	17.34
82	Clause 126J of Part 1 of Second Schedule	Profits and gains derived by a taxpayer, from an industrial undertaking set up between 1st day of July, 2015 and 30th day of June, 2016 engaged in operating warehousing or cold chain facilities for storage of agriculture produce	Industrial undertakings engaged in operating warehousing or cold chain facilities for storage of agriculture produce	-

83	Clause 126K of Part 1 of Second Schedule	Profits and gains derived by a taxpayer, from an industrial undertaking set up between the first day of July, 2015 and the 30th day of June, 2017 for establishing and operating a halal meat production unit	Halal meat production units	240.05
84	Clause 126L of Part 1 of Second Schedule	Industrial undertakings set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan between 1st day of July, 2015 and 30th day of June, 2018;	Industrial undertakings set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan between 1st day of July, 2015 and 30th day of June, 2018	272.08
85	Clause 126M of Part 1 of Second Schedule	Profits and gains derived by a taxpayer from a transmission line project set up in Pakistan on or after the 1st day of July, 2015;	Companies deriving income from transmission line projects in Pakistan	-
86	Clause 126N of Part 1 of Second Schedule	Profits and gains derived by a taxpayer from an industrial undertaking, duly certified by the Pakistan Telecommunication Authority, engaged in the manufacturing of cellular mobile phones setup and commercial production has commenced between the first day of July, 2015 and the thirtieth day of June, 2017;	Local cellular mobile phone manufacturers	1.31
87	Clause 126O of Part 1 of Second Schedule	Profits and gains of a company from a green field industrial undertaking incorporated on or after the first day of July, 2019;	Green field industrial undertakings	-
88	Clause 131 of Part 1 of Second Schedule	Royalty, commission or fees earned from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise by the company or in the consideration of technical services rendered outside Pakistan to such enterprise by the company under an agreement in this behalf;	Innovators and technical experts	-
89	Clause 132 of Part 1 of Second Schedule	Profits and gains derived by a taxpayer from an electric power generation project set up in Pakistan on or after the 1st day of July, 1988, subject to following conditions:	Electric power generation projects	37,455.73

(a) owned and managed by a company formed for operating the said project and registered under the Companies Ordinance, 1984 (XLVII of 1984), and having its registered office in Pakistan;

(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and

(c) owned by a company fifty per cent of whose shares are not held by the Federal Government or Provincial Government or a 1[Local Government] or which is not controlled by the Federal Government or a Provincial Government or a 2[Local Government] Provided further that exemption under this clause shall also be available to the expansion projects of the existing Independent Power Projects already in operation;

90	Clause 132A of Part 1 of Second Schedule	Profit and gains derived by Bosicor Oil Pakistan Limited	Bosicor Oil Pakistan Limited (refinery)	-
91	Clause 132B of Part 1 of Second Schedule	Profits and gains derived by a taxpayer from Coal mining projects in Sindh, supplying coal exclusively to power generation projects	Coal mining projects in Sindh	2,717.14
92	Clause 133 of Part 1 of Second Schedule	Income from exports of computer software or IT services or IT enabled services. Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels	Exporters of computer software, IT services or IT enabled services	3,131.85
93	Clause 135A of Part 1 of Second Schedule	Income derived by non-residents from investment in OGDCL exchangeable bonds issued by the Federal Government	Non-residents deriving income from investment in OGDCL exchangeable bonds issued by the Federal Government.	-

94	Clause 136 of Part 1 of Second Schedule	Income of a special purpose vehicle as defined in the Asset Backed Securitization Rules, 1999;	Special purpose vehicles as defined in the Asset Backed Securitization Rules, 1999	-
95	Clause 139 of Part 1 of Second Schedule	The benefit represented by free provision to the employee of medical treatment or hospitalization or both by an employer or the reimbursement received by the employee of the medical charges or hospital charges or both paid by him	Employees receiving free medical care from employers.	1,778.06
96	Clause 141 of Part 1 of Second Schedule	Profit and gains derived by LNG Terminal Operators and Terminal Owners;	LNG Terminal Operators and Terminal Owners	816.33
97	Clause 142 of Part 1 of Second Schedule	Income from social security contributions derived by Balochistan Employees' Social Security Institution, Employees' Social Security Institution Khyber Pakhtunkhwa, Punjab Employees' Social Security Institution and Sindh Employees' Social Security Institution;	Provincial social security institutions	787.73
98	Clause 143 of Part 1 of Second Schedule	Profit and gains derived by a start-up as defined in clause (62A) of section 2;	Startups as defined in clause (62A) of section 2 of the ITO-2001	900.91
99	Clause 145 & 146 of Part 1 of Second Schedule	Income of individuals domiciled or companies and associations of persons resident in the ex-Tribal Areas;	Individuals domiciled or companies and associations of persons resident in the ex-Tribal Areas	4,269.83
100	Clause 147 of Part 1 of Second Schedule	Any income derived by the Federal Government Employees Housing Authority and Naya Pakistan Housing and Development Authority for the tax year 2020 and the following four tax years	Federal Government Employees Housing Authority and Naya Pakistan Housing and Development Authority	647.63
101	Clause 16, 39A, 51 & 52 of Part 1 of Second Schedule	Others	Others	1,538.35
Total Tax Expenditure from Total Income				232,851.94

Reduction in Tax Rates				
1	Clause 3B of Part 2 of Second Schedule	The income of Pakistan Cricket Board derived from sources outside Pakistan shall be taxed at a rate of four per cent of the gross receipts from such sources	Pakistan Cricket Board	-

2	Clause 18 of Part 2 of Second Schedule	In the case of a modaraba the rate of income tax shall be 25% of total income excluding such part of total income to which Division III of Part I of the First Schedule or section 153 or section 154 applies	Modarabas	-
3	Clause 18A of Part 2 of Second Schedule	The rate of tax shall be reduced to 20% for a company setting up an industrial undertaking between the first day of July, 2014 to the thirtieth day of June, 2017, for a period of five years beginning from the month in which the industrial undertaking is set up or commercial production is commenced whichever is later. Provided that fifty percent of the cost of the project including working capital is through owner equity foreign direct investment;	Companies setting up industrial undertakings between 2014 and 2017	-
4	Clause 18B of Part 2 of Second Schedule	The rate of tax shall be reduced by 2% in case of a company whose shares are traded on stock exchange if it fulfills prescribed Shariah compliant criteria approved by State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the Board, and derives income from manufacturing activities only	Shariah compliant companies whose shares are traded on stock exchange	-
5	Clause 27 of Part 2 of Second Schedule	The tax on payments under the Compulsory Monetization of Transport Facility for Civil Servants in BS-20 to BS-22 (as reduced by deduction of driver's salary) shall be charged at the rate of 5% as a separate block of income	Employees (civil servants of BS-20 and above)	170.36
6	Clause 28A of Part 2 of Second Schedule	The rate of tax under section 148 on import of hybrid cars shall be reduced as below:— Upto 1200 cc - 100% 1201 to 1800 cc - 50% 1801 to 2500 cc - 25%;	Consumers of Hybrid Cars	24.5
7	Clause 28C of Part 2 of Second Schedule	The rates of tax shall be five percent in the case of a person running online marketplace as defined in clause (38B) of section 2	E-commerce sector	-

Total Tax Expenditure From Reduction in Tax Rates	194.86
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Reduction in Tax Liability			
1	Clause 1(1) of Part 3 of Second Schedule	Any amount received as flying allowance by flight engineers, navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority, Junior Commissioned Officers or other ranks of Pakistan Armed Forces; and submarine allowance by the officers of the Pakistan Navy, shall be taxed @ 2.5% as a separate block of income	Employees (persons receiving flying allowance) 90.44
2	Clause 1(1AA) of Part 3 of Second Schedule	Total allowances received by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%, provided that the reduction under this clause shall be available to so much of the allowances as exceeds an amount equal to the basic pay	Employees (pilots of Pakistani Airlines) 230.19
3	Clause 1(2) of Part 3 of Second Schedule	The tax payable by a full time teacher or a researcher, employed in a non-profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary	Employees (full time teacher or a researcher) 2,711.26
4	Clause 4 of Part 3 of Second Schedule	In respect of old and used automotive vehicles, tax under section 148 shall not exceed the amount specified in Notification No. S.R.O. 577(I)/2005, dated the 6th June, 2005	Importers of old and used cars 252.62
5	Clause 7 of Part 3 of Second Schedule	The amount of tax payable by foreign film-makers from making films in Pakistan shall be reduced by fifty percent on income from film-making in Pakistan	Foreign film-makers -
6	Clause 8 of Part 3 of Second Schedule	The amount of tax payable by resident companies deriving income from film-making shall be reduced by seventy	Film making companies based in Pakistan -

		percent on income from film-making		
7	Clause 9 of Part 3 of Second Schedule	The tax payable on profits and gains derived by a person from low cost housing projects shall be reduced by fifty percent	Taxpayers deriving income from low cost housing projects	-
Total Tax Expenditure From Reduction in Tax Liability				3,284.51

Exemption from Specific Provisions				
1	Clause 5 of Part 4 of Second Schedule	The provisions of section 111 regarding un-explained income or assets shall not apply in respect of foreign exchange deposited in a private Foreign Currency account held with an authorized bank in Pakistan in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, excluding such accounts where incremental deposits were made on or after the 16th day of December, 1999	Foreign currency account holders	-
2	Clause 11A of Part 4 of Second Schedule	Pakistan Red Crescent Society	Pakistan Red Crescent Society	7.79
3	Clause 11A of Part 4 of Second Schedule	Corporate and Industrial Restructuring Corporation (CIRC)	Corporate and Industrial Restructuring Corporation (CIRC)	-
4	Clause 11A of Part 4 of Second Schedule	National Disaster Risk Management Fund.	National Disaster Risk Management Fund.	
5	Clause 56 of Part 4 of Second Schedule	The provisions of section 148, regarding withholding tax on imports shall not apply in respect of— (i) goods classified under Pakistan Customs Tariff falling under 1["Chapter 86 and 99 except PCT Heading 9918"	importers of goods/items of Chapter 86, 99 of PCT, Petroleum oil Exploration companies based in Pakistan, exporters covered under SRO 450(I)/2001, persons involved in temporary imports under SRO 492(I)/2009, Manufacturing Bond notified vide S.R.O. 450(I)/2001,	46,738.18

<p>(ia) Petroleum oils and oils obtained from bituminous minerals crude (PCT Code 2709.0000), Furnace-oil (PCT Code 2710.1941), High speed diesel oil (PCT) Code 2710.1931), Motor spirit (PCT Code 2710.1210), J.P.1 (PCT Code 2710.1912), base oil for lubricating oil (PCT Code 2710.1993), Light diesel oil (PCT Code 2710.1921) and Super Kerosene Oil imported by Pakistan State Oil Company Limited, Shell Pakistan Limited, Attock Petroleum Limited, Byco Petroleum Pakistan Limited, Admore Gas Private Limited, Chevron Pakistan Limited, Total-PARCO Pakistan(Private) Limited, Hascol Petroleum Limited,³[Barki Energy (Private) Limited], Gas and Oil Pakistan (Pvt) Ltd⁴[or any other oil marketing company licensed by Oil and Gas Regulatory Authority (OGRA)]and oil refineries.</p> <p>(ii) goods imported by direct and indirect exporters covered under sub- chapter 7 of Chapter XII of SRO 450(I)/2001 dated June 18, 2001;</p> <p>(iii) goods temporarily imported into Pakistan for subsequent exportation and which are exempt from customs duty and sales tax under Notification 5[No.492(I)/2009, dated the 13th June, 2009</p> <p>(iv) Manufacturing Bond as prescribed under Chapter XV of Customs Rules, 2001 notified vide S.R.O. 450(I)/2001, dated June 18, 2001</p> <p>(v) mineral oil imported by a manufacturer or formulator of pesticides which is exempt from customs-duties under the customs Notification No. S.R.O. 857(I)/2008, dated the 16th August, 2008</p> <p>2[(vi) the Federal Government;</p>	<p>manufacturers who imported mineral oil or formulator of pesticides which is exempt from customs-duties under the customs Notification No. S.R.O. 857(I)/2008, the Federal Government, a Provincial Government, a Local Government, a foreign company and its associations whose majority share capital is held by a foreign government, a person who imports plant and machinery for execution of a contract with the Federal Government or a provincial government or a local government and produces a certificate from that government, companies importing high speed diesel oil, light diesel oil, high octane blending component or kerosene oil, crude oil for refining and chemical used in refining thereof in respect of such imports, Petroleum (E&P) companies covered under the Customs and Sales Tax Notification No. S.R.O.678(I)/2004, except motor vehicles imported by such companies.</p>
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(vii) a Provincial Government;

(viii) a Local Government

(ix) a foreign company and its associations whose majority share capital is held by a foreign government;

(x) a person who imports plant and machinery for execution of a contract with the Federal Government or a provincial government or a local government and produces a certificate from that government;

(xi) companies importing high speed diesel oil, light diesel oil, high octane blending component or kerosene oil, crude oil for refining and chemical used in refining thereof in respect of such imports; and

(xii) Petroleum (E&P) companies covered under the Customs and Sales Tax Notification No. S.R.O.678(I)/2004, dated the 7th August, 2004, except motor vehicles imported by such companies.

6	Clause 60A of Part 4 of Second Schedule	<p>The provisions of section 148 shall not apply for import of plant, machinery and equipment in the case of:-</p> <p>(a) M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and</p> <p>(b) M/s China Communication Construction Company (M/s CCCC);</p>	<p>M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and M/s China Communication Construction Company (M/s CCCC).</p>	0.76
7	Clause 60D of Part 4 of Second Schedule	<p>The provisions of section 148 shall not apply on import of firefighting equipment by industrial undertakings set up in the special economic zones established by the Federal Government</p>	Industrial undertakings set up in the special economic zones	287.24
8	Clause 63 of Part 4 of Second Schedule	<p>M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore shall be deemed to have been approved by the Commissioner for the purpose of sub-section (36) of</p>	M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore	-

		section 2 notwithstanding the provisions of clause (c) of sub-section (36) of section 2;		
		The provisions of this Ordinance shall not be applicable to		
9	Clause 71 of Part 4 of Second Schedule	the M/s TAISEI Corporation under the agreement with National Highway Authority, GOP	M/s TAISEI Corporation	-
10	Clause 77 of Part 4 of Second Schedule	Provisions of sections 148 and 153 shall not be applicable on import and subsequent supply of items with dedicated use of renewable sources of energy	Importers and suppliers of items with dedicated use of renewable sources of energy	12,110.33
11	Clause 78 of Part 4 of Second Schedule	(i) The dividend income of the shareholders of “Coal Mining and Coal based Power Generation Projects in Sindh” shall be exempt from provisions of section 150 from the date of commencement of business till 30 years from such date; and (ii) The payments made on account of sale or supply of goods or providing or rendering of services during project construction and operations, shall be exempt from the provisions of section 152(2A) and section 153”;	Shareholders of coal mining and coal based power generation projects in Sindh	-
12	Clause 91 of Part 4 of Second Schedule	The provisions of section 148 shall not apply to- (i) Tillage and seed bed preparation equipment (ii) Seeding or planting equipment (iii) Irrigation, drainage and agro-chemical application equipment (iv) Harvesting, threshing and storage equipment (v) Post-harvest handling and processing & miscellaneous machinery;	Farming sector	1,931.22

13	Clause 102 of Part 4 of Second Schedule	The provisions of section 231B (1A) shall not apply to light commercial vehicles leased under the Prime Minister's Youth Business Loan Scheme	Beneficiaries of PM's Youth Business Loan Scheme	-
Total from Specific Provisions				61,075.52
Others / Miscellaneous				
1	Section 41 of ITO-2001	Agricultural income	Agriculture sector	-
2	Section 49 of ITO-2001	<p>The income of the Federal Government shall be exempt from tax under this Ordinance. The income of a Provincial Government or a Local Government is exempt, other than income chargeable under the head "Income from Business" derived by a Provincial Government or Local Government from a business carried on outside its jurisdictional area.</p> <p>* Exemption under this section is not available in the case of corporation, company, a regulatory authority, a development authority, other body or institution established by or under a Federal law or a Provincial law or an existing law or a corporation, company, a regulatory authority, a development authority or other body or institution set up, owned and controlled, either directly or indirectly, by the Federal Government or a Provincial Government, regardless of the ultimate destination of such income as laid down in Article 165A of the Constitution of the Islamic Republic of Pakistan</p>	Government organizations	26,164.12
Total from Others				26,164.12
Total Income Tax Expenditure				399,661.56

4.1.2 Details of Sales Tax Estimates

Table 9. SALES TAX EXPENDITURE
Zero Rating under 5th Schedule to Sales Tax Act 1990

S.NO	SCHEDULE	SCHEDULE SERIAL	ITEMS	BENEFICIARY	TAX EXPENDITURE (Rs. Million)
1	5th Schedule	1	(i) Supply, repair or maintenance of any ship which is neither; (a) a ship of gross tonnage of less than 15 LDT; nor (b) a ship designed or adapted for use for recreation or pleasure. (ii) Supply, repair or maintenance of any aircraft which is neither; (a) an aircraft of weight-less than 8000 kilograms; nor (b) an aircraft designed or adapted for use for recreation or pleasure. (iii) Supply of spare parts and equipment for ships and aircraft falling under (i) and (ii) above. (iv) Supply of equipment and machinery for pilot age, salvage or towage services. (v) Supply of equipment and machinery for air navigation services. (vi) Supply of	Shipping Industry Airline	1,174

			equipment and machinery for other services provided for the handling of ships or aircraft in a port or Customs Airport.		
2	5th Schedule	2	Supply to diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts, Orders, Rules, Regulations and Agreements passed by the Parliament or issued or agreed by the Government of Pakistan.	Diplomates	139
3	5th Schedule	3	Supplies to duty free shops, provided that in case of clearance from duty free shops against various baggage rules issued under the Customs Act, 1969, (IV of 1969), the supplies from duty free shops shall be treated as import for the purpose of levy of sales tax	General Masses	0
4	5th Schedule	5	Supplies of raw materials [components and goods for further] manufacture of goods in the Export Processing Zones.	Manufacturer, General Masses	817

5	5th Schedule	6	Supplies of such locally manufactured plant and machinery to petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors] as may be specified by the Federal Government, by notification in the official Gazette, subject to such conditions and restrictions as may be specified in such notification.]	Manufacturer, Industrial Sector	37
6	5th Schedule	7	Supplies made to exporters under the Duty and Tax Remission Rules, 2001 subject to the observance of procedures, restrictions and conditions prescribed therein.]	Exporters	80
7	5th Schedule	8	Imports or supplies made to Gawadar Special Economic Zone, excluding vehicles falling under heading 87.02 of the Pakistan Customs Tariff, subject to such conditions, limitations and restrictions as the [Board] may impose.]	Gwadar EPZ	51
8	5th Schedule	9	Goods exempted under section 13, if exported by a manufacturer	Importer, Exporters	0
9	5th Schedule	10	Petroleum Crude Oil (PCT heading 2709.0000)	Petroleum Sector	22,514
10	5th Schedule	11	Raw materials, components, sub-components and	Manufacturer, General Masses	3

parts, if imported or purchased locally for use in the manufacturing of such plants and machinery as is chargeable to sales tax at the rate of zero percent, subject to the condition that the importer or purchaser of such goods holds a valid sales tax registration showing his registration category as “manufacturer”; and in case of import , all the conditions, restrictions, limitations and procedures as are imposed by notification under section 19 of the Customs Act,1969(IV of 1969), shall apply.

11	5th Schedule	12	The following goods and the raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the said goods, subject to the conditions, limitations and restrictions as [prescribed by the Board]:- (xvii) [Preparations suitable for infants, put up for retail sale] (PCT Heading 1901.1000)	Manufacturer, General Masses	8,605
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<p>(xix) Bicycles (PCT heading 87.12). (xx) [Colors in sets (PCT heading 3213.1000). (xxi) Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090) (xxii) Erasers (PCT heading 4016.9210 and 4016.9290) (xxiii) Exercise books (PCT heading 4820.2000) (xxiv) Pencil sharpeners (PCT heading 8214.1000) (xxv) Geometry boxes (PCT heading 9017.2000) (xxvi) Pens, ball pens, markers and porous tipped pens (PCT heading 96.08) (xxvii) Pencils including color pencils (PCT heading 96.09)</p>				
12	5th Schedule	13	Supplies of raw materials, components and goods for further manufacture of goods in the Gwadar Free Zone and export thereof, provided that in case of supply to tariff area of Pakistan, tax shall be charged on the value assessed on the Goods Declaration for import	Gwader EPZ 3

13	5th Schedule	6A	Supplies of locally manufactured plant and machinery of the following specifications, to manufacturers in the Export Processing Zone, subject to the conditions, restrictions and procedure given below, namely:- (i) Plant and machinery, operated by power of any description, as is used for the manufacture or production of goods by that manufacturer; (ii) Apparatus, appliances and equipment specifically meant or adapted for use in conjunction with the machinery specified in clause (i); (iii) Mechanical and electrical control and transmission gear, meant or adapted for use in conjunction with machinery specified in clause (i); and (iv) Parts of machinery as specified in clauses (i), (ii) and (iii), identifiable for use in or with such machinery.	Manufacturer, General Masses	0
TOTAL					33,422

Exemption under 6th Schedule on (Imports)

S.NO	SCHEDULE	SCHEDULE SERIAL	ITEMS	BENEFICIARY	TAX EXPENDITURE (Rs. Million)
1	6th Schedule Table-I	1	Live Animals and live poultry	General Masses	571
2	6th Schedule Table-I	2	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen or otherwise, preserved or packed	General Masses	42
3	6th Schedule Table-I	3	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved or packed	General Masses	15
4	6th Schedule Table-I	11	Eggs including eggs for hatching	General Masses	71
5	6th Schedule Table-I	12	Live plants including bulbs, roots and the like.	General Masses	55
6	6th Schedule Table-I	13	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.	General Masses	5,365
7	6th Schedule Table-I	14	Pulses.	General Masses	19,041
8	6th Schedule Table-I	15	Edible fruits excluding imported fruits (except fruits imported from Afghanistan) whether fresh,	General Masses	2,840

			frozen or otherwise preserved but excluding those bottled or canned.		
9	6th Schedule Table-I	16	Red chillies excluding those sold in retail packing bearing brand names and trademarks.	General Masses	238
10	6th Schedule Table-I	17	Ginger excluding those sold in retail packing bearing brand names and trademarks.	General Masses	825
11	6th Schedule Table-I	18	Turmeric excluding those sold in retail packing bearing brand names and trademarks.	General Masses	1
12	6th Schedule Table-I	19	Cereals and products of milling industry excluding the products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brands name or a trade mark.	General Masses	25,963
13	6th Schedule Table-I	20	Seeds, fruit and spores of a kind used for sowing.	Agriculture	3,089
14	6th Schedule Table-I	21	Cinchona bark.	Agriculture	0
15	6th Schedule Table-I	24	Edible oils and vegetable ghee, including cooking oil, on which Federal Excise Duty is charged, levied and collected by a registered manufacturer or importer as if it were a tax payable under section 3 of the Act. Explanation.— Exemption of this	General Masses	83,026

			entry shall not be available on local supply made by importers, distributors, wholesalers or retailers.		
16	6th Schedule Table-I	26	Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	General Masses	152
17	6th Schedule Table-I	29	Table salt including iodized salt excluding salt sold in retail packing bearing brand names and trademarks.	General Masses	1
18	6th Schedule Table-I	31	Holy Quran, complete or in parts, with or without translation; Quranic Verses recorded on any analogue or digital media; other Holy books.	General Masses	23
19	6th Schedule Table-I	32	Newsprint, newspapers, journals, periodicals, books but excluding directories.	General Masses	1,140
20	6th Schedule Table-I	45	Dextrose and saline infusion giving sets along with empty non-toxic bags for infusion solution, Dextrose and saline infusion giving sets, Artificial parts of the body, Intra-Ocular lenses and Glucose testing equipment.	Health/General Masses	750

21	6th Schedule Table-I	46	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under Customs Act, 1969 (IV of 1969), and the conditions laid therein	UN Organizations	307
22	6th Schedule Table-I	52	Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969).	Health/General Masses	16
23	6th Schedule Table-I	60	Contraceptives and accessories thereof.	Health/General Masses	171

24	6th Schedule Table-I	61	Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with.	Manufacturer, Exporters	2,711
25	6th Schedule Table-I	72	Uncooked poultry Meat 3 [whether or not fresh, frozen or otherwise, preserved or packed]	Poultry/General Masses	3
26	6th Schedule Table-I	73	Milk	General Masses	8
27	6th Schedule Table-I	76	Whey, excluding that sold in retail packing under a brand name	General Masses	660
28	6th Schedule Table-I	78	Desi ghee, excluding that sold in retail packing under a brand name	General Masses	2
29	6th Schedule Table-I	79	Cheese, excluding that sold in retail packing under a brand name	General Masses	5
30	6th Schedule Table-I	80	Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name	General Masses	15
31	6th Schedule Table-I	82	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal 2 [, excluding those sold in retail packing under a brand name or a trademark]	General Masses	0

32	6th Schedule Table-I	83	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish 3 [,excluding those sold in retail packing under a brand name or a trademark]	General Masses	74
33	6th Schedule Table-I	84	Preparations suitable for infants, put up for retail sale	Manufacturer, General Masses	3,505
34	6th Schedule Table-I	85	Fat filled milk excluding that sold in retail packing under a brand name or a trademark	Manufacturer, General Masses	798
35	6th Schedule Table-I	86	Colors in sets (Poster colors)	Manufacturer, General Masses	32
36	6th Schedule Table-I	87	Writing, drawing and making inks	Manufacturer, General Masses	12
37	6th Schedule Table-I	88	Erasers	Manufacturer, General Masses	74
38	6th Schedule Table-I	89	Exercise books	Manufacturer, General Masses	4
39	6th Schedule Table-I	90	Pencil sharpeners	Manufacturer, General Masses	4
40	6th Schedule Table-I	91	Energy saver lamps	Manufacturer, General Masses	1
41	6th Schedule Table-I	92	Sewing machines of the household type	Manufacturer, General Masses	11
42	6th Schedule Table-I	93	Bicycles	Manufacturer, General Masses	241
43	6th Schedule Table-I	94	Wheelchairs	Manufacturer, General Masses	114
44	6th Schedule Table-I	96	Other drawing, marking out or mathematical calculating instruments (geometry box)	Manufacturer, General Masses	8

45	6th Schedule Table-I	97	[Pens, ball pens, markers and porous tipped pens]	Manufacturer, General Masses	98
46	6th Schedule Table-I	98	Pencils including color pencils	Manufacturer, General Masses	287
47	6th Schedule Table-I	99	Compost (non-commercial fertilizer) produced and supplied locally	Fertilizer sector	0
48	6th Schedule Table-I	100	Construction materials to Gwadar Export processing Zone's investors and to Export Processing Zone Gwadar for development of Zone's infrastructure	Gwadar EPZ	88
49	6th Schedule Table-I	101	Raw and pickled hides and skins, wet blue hides and skins, finished leather, and accessories, components and trimmings, if imported by a registered leather goods manufacturer, for the manufacture of goods wholly for export, provided that conditions, procedures and restrictions laid down in rules 264 to 278 of the Customs Rules, 2001 are duly fulfilled and complied with	Manufacturer, Exporters	13
50	6th Schedule Table-I	102	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and	Manufacturer, Exporters EPZ	599

goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply.

51	6th Schedule Table-I	103	Import and supply thereof, up to the year 2030, of ships 2 and all floating crafts including tugs, dredgers, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistan entity and flying the Pakistan flag, except ships or crafts acquired for emolition purposes or are designed or adapted for use for recreation or pleasure purposes, subject to the condition that such ships or crafts are used only for the purpose for which they were procured and in case such ships or crafts are used only for the purpose for which they were procured,	shipping Industry	51
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			and in case such ships or crafts are used for demolition purposes within a period of five years of their acquisition, sales tax applicable to such ships purchased for demolition purposes shall be chargeable.		
52	6th Schedule Table-I	104	Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969)	Pharmaceutical Industry	27,718
53	6th Schedule Table-I	105	Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall be entitled to exemption which are liable to customs duty not exceeding 1 [eleven] per cent ad valorem, either under the First Schedule 2 [or Fifth Schedule] to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof	Pharmaceutical Industry	25,050
54	6th Schedule Table-I	106	Import of Halal edible offal of bovine animals	importer/General Masses	16

55	6th Schedule Table-I	108	Components or sub-components of energy saver lamps, namely:- (a) Electronic Circuit (b) Plastic Caps (upper and lower) (c) Base Caps B22 and E27 (d) Tungsten Filaments (e) Lead-in-wire (f) Fluorescent powder (Tri Band Phosphor) (g) Adhesive Additive (h) Al-oxide Suspension (i) Capping Cement (j) Stamp Pad Ink (k) Gutter for Suspension	Energy Sector, General Masses	17
56	6th Schedule Table-I	109	Goods imported temporarily with a view to subsequent, exportation as concurred by the Board, including passenger service item, provision and stores of Pakistani Airlines.	Importer, Exporter	7
57	6th Schedule Table-I	110	The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad 1 [for the period ending on the 30th June, 2023]:-	Energy Sector, General Masses	55
58	6th Schedule Table-I	112	Following cardiology/cardiac surgery, neurovascular, electrophysiology, endo surgery,	Health/General Masses	232

endoscopy, oncology,
urology, gynecology,
disposables and other
equipment:--

59	6th Schedule Table-I	113	High Efficiency Irrigation Equipment (If used for agriculture sector) (1) Submersible pumps (up to 75 lbs and head 150 meters) (2) Sprinklers including high and low pressure (centre pivotal) system, conventional sprinkler equipment, water reel travelling sprinkler, drip or trickle irrigation equipment, mint irrigation sprinkler system (3) Air release valves, pressures gauges, water meters, back flow preventers, and automatic controllers.	Agriculture	170
60	6th Schedule Table-I	114	Green House Framing and Other Green House Equipment (If used for Agriculture Sector) (1) Tunnel farming equipment consisting of plastic covering and mulch film, anti-insect net and shade net (2) Green houses (prefabricated)	Agriculture	6
61	6th Schedule Table-I	118	Colostomy and urostomy bags	Health/General Masses	0

62	6th Schedule Table-I	120	Diagnostic kits or equipment, namely:- HIV Kits 4C Es Trionyx 5C Cell control Lnormal Bovine precision multi sera Pregnancy test DNA SSP DRB Generic IC Reticulocyte count (control) retic C Control Kit for vitamin B12 estimation Ferritin kit HEV (Hepatitis E virus) ID-DA Cell Urine Analysis Strips Albumin beg Cratinin syti	Health/General Masses	2,791
63	6th Schedule Table-I	121	Blood Bag CPDA-1 with blood transfusion set pack in aluminum foil with set.	Health/General Masses	149
64	6th Schedule Table-I	122	Urine drainage bags	Health/General Masses	35
65	6th Schedule Table-I	123	Aircraft, whether imported or acquired on wet or dry lease 1 [:] Provided that in case of import or acquisition on wet or dry lease by Pakistan International Airlines Corporation, this exemption shall be available with effect from 19th March, 2015.	Airlines	34
66	6th Schedule Table-I	124	Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000	Airlines	258
67	6th Schedule Table-I	125	Spare parts for use in aircrafts, trainer aircrafts or simulators	Airlines	458

68	6th Schedule Table-I	126	Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by MRO company recognized by Aviation Division	Industrial Undertakings	0
69	6th Schedule Table-I	127	Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division.	Airlines	6
70	6th Schedule Table-I	128	Aviation simulators imported by airline company recognized by Aviation Division.	Airlines	4
71	6th Schedule Table-I	129	Import of plant, machinery and production line equipment used for the manufacturing of mobile phones by the local manufacturers of mobile phones duly certified by the Pakistan Telecommunication Authority.	Manufacturer, General Masses	226
72	6th Schedule Table-I	130	Sodium Iron (Na Fe EDTA), and other premixes of vitamins, minerals and micro-nutrients (food grade) and subject to conditions imposed for importation under the Customs Act, 1969	Health/General Masses	229
73	6th Schedule Table-I	131	Laptop computers, notebooks whether or not incorporating multimedia kit	General Masses	3,441

74	6th Schedule Table-I	132	Personal computers	General Masses	3,385
75	6th Schedule Table-I	133	Pesticides and their active ingredients registered by the Department of Plant Protection under the Agricultural Pesticides Ordinance, 1971 (II of 1971), stabilizers, emulsifiers and solvents, namely:— Xylol (xylenes) Beta Pinene / Agrotin 527 / Terpenic derivative, Toluene, etc.	Agriculture	11,880
76	6th Schedule Table-I	134	Goods received as gift or donation from a foreign government or organization by the Federal or Provincial Governments or any public sector organization subject to recommendations of the Cabinet Division and concurrence by the Federal Board of Revenue	General Masses	234
77	6th Schedule Table-I	135	Sunflower and canola hybrid seeds meant for sowing	Agriculture	170
78	6th Schedule Table-I	136	Combined harvesters up to five years old	Agriculture	28
79	6th Schedule Table-I	137	Paper weighing 60 g/m ² for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran	General Masses	15

as per quota determined by IOCO					
80	6th Schedule Table-I	138	Fish Feed	General Masses	3
81	6th Schedule Table-I	139	Fans for Dairy Farms	Dairy Sector, General Masses	13
82	6th Schedule Table-I	140	Bovine Semen	Dairy Sector, General Masses	89
83	6th Schedule Table-I	141	Preparation for making animal feed	Dairy Sector, General Masses	2,245
84	6th Schedule Table-I	142	Promotional and advertising material including technical literature, pamphlets, brochures and other give-aways of no commercial value, distributed free of cost by the exhibitors	General Masses	11
85	6th Schedule Table-I	143	(i) Hearing aids (all types and kinds) (ii) Hearing assessment equipment; (a) Audiometers (b) Tympanometer (c) ABR (d) Oto Acoustic Omission	Health / General Masses	108
86	6th Schedule Table-I	147	Goods supplied to German Development Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit) GIZ	General Masses	0
87	6th Schedule Table-I	150	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries,	Agriculture	102

			intending to manufacture taxable goods, during their construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction:-		
88	6th Schedule Table-I	151	Imports of plant, machinery, equipment for installation in tribal areas and of industrial inputs by the industries located in the tribal areas, as defined in the Constitution of Islamic Republic of Pakistan subject to furnishing of security	Manufacturer / General Masses	6,178
89	6th Schedule Table-I	153	Steel billets, ingots, ship plates, bars and other long re-rolled profiles, on such imports and supplies by the manufacturer on which federal excise duty is payable in sales tax mode	Manufacturer / General Masses	4,108
90	6th Schedule Table-I	156	Import of CKD kits by local manufacturers of following Electric Vehicles:- (i) Road Tractors for semitrailers (Electric Prime Movers), (ii) Electric Buses (iii) Three Wheeler Electric Rickshaw (iv) Three Wheeler Electric Loader	General Masses	0

(v) Electric Trucks
(vi) Electric
Motorcycle

91	6th Schedule Table-I	157	Import of CKD (in kit form) of following electric vehicles (4 wheelers) by local manufacturers till 30th June, 2026: (i) Small cars/SUVs with 50 Kwh battery or below; and (ii) Light commercial vehicles (LCVs) with 150 kwh battery or below	General Masses	0
92	6th Schedule Table-I	158	Goods temporarily imported into Pakistan by International Athletes which shall be subsequently taken by them within 120 days of temporary import	International Athletes	0
93	6th Schedule Table-I	159	Import of auto disable syringes till 30-06-2021	Health / General Masses	18
94	6th Schedule Table-I	160	import of following raw materials for manufacturers of auto disable syringes till 30-06-2021	Manufacturer / General Masses	14
95	6th Schedule Table-I	100A	Materials and equipment (plant, machinery, equipment, appliances and accessories) for construction and operation of Gwadar Port and development of Free Zone for Gwadar Port as imported by or supplied to China	Gwader EPZ	23

			Overseas Ports Holding Company Limited (COPHCL) and its operating companies		
96	6th Schedule Table-I	100C	Vehicles imported by China Overseas Ports Holding Company Limited (COPHCL) and its operating companies	China Overseas Port	1
97	6th Schedule Table-I	100D	Machinery, equipment, materials and goods imported either for exclusive use within the limits of Gwadar Free Zone, or for making exports therefrom, subject to the conditions that such machinery, equipment, materials and goods, are imported by investors of Gwadar Free Zone, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (Act IV of 1969) and rules made thereunder shall, mutatis mutandis, apply. Provided also that if any of such goods is taken out of the Zone for purpose other than the export, the tax on the same shall be paid by the importer. this Sr has been added through Presidential	Gwader EPZ	20

Ordinance named Tax Law (Amendment) Ordinance 2019					
98	6th Schedule Table-I	73A	Milk and Cream , concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name	General Masses	2,450
99	6th Schedule Table-II	23	Match boxes	General Masses	2
100	6th Schedule Table-III	1	Machinery and equipment for initial installation, balancing, modernization, replacement or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting.	Petroleum sector	11
101	6th Schedule Table-III	2	Following machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and fittings imported by hospitals and medical or diagnostic institutes:-	General Masses	8

102	6th Schedule Table-III	3	<p>1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non-luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mine construction phase or extraction phase</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for mine construction or extraction phase.</p>	Industrial Undertakings	146
103	6th Schedule Table-III	4	Coal mining machinery, equipment, spares, including vehicles for site use i.e. single or double cabin pick-ups 1 [and dump trucks], imported for Thar Coal Field.	Mining Sector	2,200
104	6th Schedule Table-III	5	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through oil, gas, coal, wind and wave energy including under construction projects, which entered into an implementation	Industrial Sector	10,335

agreement with the Government of Pakistan.

2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project

105	6th Schedule Table-III	6	1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through gas, coal, hydel, and oil including under construction projects. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project	Industrial Sector	32,027
106	6th Schedule Table-III	7	Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel	Industrial Sector	4,564

bio-energy, ocean, waste-to-energy and hydrogen cell. This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.

107	6th Schedule Table-III	8	Machinery and equipment meant for power transmission and grid stations including under construction projects.	Energy Sector, General Masses	10,817
108	6th Schedule Table-III	9	Following machinery, equipment and other education and research related items imported by technical, training institutes, research institutes, schools, colleges and universities:-	Education/ General Masses	5
109	6th Schedule Table-III	11	Following machinery and equipment for marble, granite and gem stone extraction and processing industries: (1) Polishing cream or material (2) Fiber glass mesh (3) Chain saw/diamond wire saw in all sizes and	Industrial Sector	18

dimensions and
spares
thereof, diamond
wire joints all types
and dimensions,
chain for chain saw
and diamond wires
for wire saw and
spare widia.

(4) Gin saw blades.

(5) Gang saw
blades/diamond
saw blades/multiple
blades of all types
and dimensions.

(6) Air compressor
(27 cft and above)

(7) Machine and
tool for stone work;
sand blasting
machines; tungsten
carbide tools;
diamond tools &
segments (all type
& dimensions),
hydraulic jacking
machines,
hydraulic manual
press machines,
air/hydro pillows,
compressed air
rubber pipes,
hydraulic drilling
machines, manual
and power drilling
machines, steel
drill rods and
spring (all sizes and
dimensions), whole
finding system with
accessories, manual
portable rock drills,
cross cutter and
bridge cutters.

(8) Integral drilling
steel for horizontal
and vertical
drilling, extension
thread rods for
pneumatic super
long drills, tools
and accessories for
rock drills.

110	6th Schedule Table-III	12	Machinery, equipment and other project related items including capital goods, for setting up of hotels, power generation plants, water treatment plants and other infrastructure related projects located in an area of 30 km around the zero point in Gwadar	Gwader Port Development	23
111	6th Schedule Table-III	13	Effluent treatment plants	General Masses	153
112	6th Schedule Table-III	14	Items for use with solar energy:- Solar Power Systems	Energy Sector, General Masses	1,739
113	6th Schedule Table-III	15	Following items for promotion of renewable energy technologies or for conservation of energy	Energy Sector, General Masses	1,780
114	6th Schedule Table-III	17	Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.	Industrial Undertakings	37
115	6th Schedule Table-III	18	The following parts for assembling and manufacturing of personal computers and laptops	General Masses	0

116	6th Schedule Table-III	19	Plant and machinery, except the items listed under Chapter 87 of the Pakistan Customs Tariff, imported for setting up of a Special Economic Zone (SEZ) by zone developers and for installation in that zone by zone enterprises, on one time basis as prescribed in the SEZ Act, 2012 and rules thereunder subject to such condition, limitations and restriction as a Federal Board of Revenue may impose from time to time	SPEZ	5,415
117	6th Schedule Table-III	20	Plant and machinery for the assembly/ manufacturing of electric vehicles	General Masses	23
118	6th Schedule Table-III	14A	Following systems and items for dedicated use with renewable source of energy like solar, wind, geothermal as imported on or before the 30th June, 2023.	Energy Sector, General Masses	10,228
119	6th Schedule Table-III	15A	Parts and Components for manufacturing LED lights	Energy Sector, General Masses	2,676
120	6th Schedule Table-III	15B	CKD kits for single cylinder agriculture diesel engines (compression-ignition internal combustion piston engines) of 3 to 36 HP.	Energy Sector, General Masses	325

121	6th Schedule Table-III	2A	Medical Equipment	Health/General Masses	3
TOTAL					327,656

Exemption under 6th Schedule on Local supplies

S.NO	SCHEDULE	SCHEDULE SERIAL	ITEMS	BENIFICIARY	TAX EXPENDITURE (Rs. Million)
1	6th Schedule Table-I	1	Live Animals and live poultry	General Masses	4,346
2	6th Schedule Table-I	2	Meat of bovine animals, sheep and goat, excluding poultry and offal, whether or not fresh, frozen or otherwise, preserved or packed	General Masses	488
3	6th Schedule Table-I	3	Fish and crustaceans excluding live fish whether or not fresh, frozen or otherwise preserved or packed	General Masses	39
4	6th Schedule Table-I	11	Eggs including eggs for hatching	General Masses	1,191
5	6th Schedule Table-I	12	Live plants including bulbs, roots and the like.	General Masses	70
6	6th Schedule Table-I	13	Edible vegetables including roots and tubers, except ware potato and onions, whether fresh, frozen or otherwise preserved (e.g. in cold storage) but excluding those bottled or canned.	General Masses	308
7	6th Schedule Table-I	14	Pulses.	General Masses	1,328

8	6th Schedule Table-I	15	Edible fruits excluding imported fruits (except fruits imported from Afghanistan) whether fresh, frozen or otherwise preserved but excluding those bottled or canned.	General Masses	38
9	6th Schedule Table-I	16	Red chillies excluding those sold in retail packing bearing brand names and trademarks.	General Masses	79
10	6th Schedule Table-I	17	Ginger excluding those sold in retail packing bearing brand names and trademarks.	General Masses	4
11	6th Schedule Table-I	18	Turmeric excluding those sold in retail packing bearing brand names and trademarks.	General Masses	4
12	6th Schedule Table-I	19	Cereals and products of milling industry excluding the products of milling industry, other than wheat and meslin flour, as sold in retail packing bearing brands name or a trade mark.	General Masses	6,260
13	6th Schedule Table-I	20	Seeds, fruit and spores of a kind used for sowing.	Agriculture	1,460
14	6th Schedule Table-I	21	Cinchona bark.	Agriculture	2,021
15	6th Schedule Table-I	22	Sugar beet	General Masses	0
16	6th Schedule Table-I	24	Edible oils and vegetable ghee, including cooking oil, on which Federal Excise Duty is charged, levied and collected by a registered	General Masses	86

manufacturer or importer as if it were a tax payable under section 3 of the Act.

Explanation.—

Exemption of this entry shall not be available on local supply made by importers, distributors, wholesalers or retailers.

17	6th Schedule Table-I	26	Fruit juices, whether fresh, frozen or otherwise preserved but excluding those bottled, canned or packaged.	General Masses	18
18	6th Schedule Table-I	27	Ice and waters excluding those for sale under brand names or trademarks.	General Masses	268
19	6th Schedule Table-I	29	Table salt including iodized salt excluding salt sold in retail packing bearing brand names and trademarks.	General Masses	219
20	6th Schedule Table-I	31	Holy Quran, complete or in parts, with or without translation; Quranic Verses recorded on any analogue or digital media; other Holy books.	General Masses	151
21	6th Schedule Table-I	32	Newsprint, newspapers, journals, periodicals, books but excluding directories.	General Masses	854
22	6th Schedule Table-I	33	Currency notes, bank notes, shares, stocks and bonds	General Masses	3,345

23	6th Schedule Table-I	45	Dextrose and saline infusion giving sets along with empty non-toxic bags for infusion solution, Dextrose and saline infusion giving sets, Artificial parts of the body, Intra-Ocular lenses and Glucose testing equipment.	Health/General Masses	1,830
24	6th Schedule Table-I	46	Goods imported by various agencies of the United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations which are covered under various Acts and, Orders, rules and regulations made thereunder; and agreements by the Federal Government provided that such goods are charged to zero-rate of customs duty under Customs Act, 1969 (IV of 1969), and the conditions laid therein	UN Organizations	6
25	6th Schedule Table-I	48	Goods imported or supplied under grants-in-aid for which a specific consent has been obtained from the Board; supplies and imports under agreements signed by the Government of Pakistan before the 30th June, 1996, provided the agreements contained the provision for exemption of tax at	General Masses	4

			the time of signing of agreement.		
26	6th Schedule Table-I	52	Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the purpose of applying zero rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969).	Health/General Masses	340
27	6th Schedule Table-I	54	Educational, scientific and cultural material imported from a country signatory to UNESCO Agreement or a country signatory to bilateral commodity exchange agreement with Pakistan, subject to the same conditions as are envisaged for the purposes of exemption under the Customs Act, 1969 (IV of 1969)	Education/ General Masses	0

28	6th Schedule Table-I	55	Import of replacement goods supplied free of cost in lieu of defective goods imported, subject to similar conditions as are envisaged for the purposes of applying zero-rate of customs duty under the Customs Act, 1969.	Importer/Exporter	8
29	6th Schedule Table-I	59	Artificial kidneys, eye cornea, hemodialysis machines, hemodialyzers, A.V. fistula needles, hemodialysis fluids and powder, blood tubing tines for dialysis and reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheter for renal failure patient and peritoneal dialysis solution, cochlear implants systems and angioplasty equipment (balloons, catheters, wires and stents), subject to the similar conditions and procedures as are envisaged for the purpose of applying zero-rate of customs duty on these goods under the Customs Act, 1969 (IV of 1969)	Health/General Masses	248
30	6th Schedule Table-I	60	Contraceptives and accessories thereof.	Health/General Masses	184

31	6th Schedule Table-I	61	Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with.	Manufacturer, Exporters	4
32	6th Schedule Table-I	71	Goods and services purchased by non-resident entrepreneurs and in trade fairs and exhibitions subject to reciprocity and such conditions and restrictions as may be specified by the Board.	Non Residents	0
33	6th Schedule Table-I	72	Uncooked poultry Meat 3 [whether or not fresh, frozen or otherwise, preserved or packed]	Poultry/General Masses	1,694
34	6th Schedule Table-I	73	Milk	General Masses	14,411
35	6th Schedule Table-I	74	Flavored milk, excluding that sold in retail packing under a brand name	General Masses	4
36	6th Schedule Table-I	75	Yogurt, excluding that sold in retail packing under a brand name	General Masses	0
37	6th Schedule Table-I	76	Whey, excluding that sold in retail packing under a brand name	General Masses	26
38	6th Schedule Table-I	77	Butter, excluding that sold in retail packing under a brand name	General Masses	169
39	6th Schedule Table-I	78	Desi ghee, excluding that sold in retail packing under a brand name	General Masses	125

40	6th Schedule Table-I	79	Cheese, excluding that sold in retail packing under a brand name	General Masses	279
41	6th Schedule Table-I	80	Processed cheese not grated or powdered, excluding that sold in retail packing under a brand name	General Masses	578
42	6th Schedule Table-I	81	Cotton seed	General Masses	4,110
43	6th Schedule Table-I	82	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal 2 [, excluding those sold in retail packing under a brand name or a trademark]	General Masses	14
44	6th Schedule Table-I	83	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish 3 [,excluding those sold in retail packing under a brand name or a trademark]	General Masses	1,679
45	6th Schedule Table-I	84	Preparations suitable for infants, put up for retail sale	Manufacturer, General Masses	1,119
46	6th Schedule Table-I	85	Fat filled milk excluding that sold in retail packing under a brand name or a trademark	Manufacturer, General Masses	1,058
47	6th Schedule Table-I	86	Colors in sets (Poster colors)	Manufacturer, General Masses	0
48	6th Schedule Table-I	88	Erasers	Manufacturer, General Masses	1
49	6th Schedule Table-I	89	Exercise books	Manufacturer, General Masses	38

50	6th Schedule Table-I	90	Pencil sharpeners	Manufacturer, General Masses	12
51	6th Schedule Table-I	91	Energy saver lamps	Manufacturer, General Masses	57
52	6th Schedule Table-I	92	Sewing machines of the household type	Manufacturer, General Masses	5
53	6th Schedule Table-I	94	Wheelchairs	Manufacturer, General Masses	4
54	6th Schedule Table-I	96	Other drawing, marking out or mathematical calculating instruments (geometry box)	Manufacturer, General Masses	0
55	6th Schedule Table-I	97	[Pens, ball pens, markers and porous tipped pens]	Manufacturer, General Masses	3
56	6th Schedule Table-I	98	Pencils including color pencils	Manufacturer, General Masses	191
57	6th Schedule Table-I	99	Compost (non- commercial fertilizer) produced and supplied locally	Fertilizer sector	128
58	6th Schedule Table-I	100	Construction materials to Gwadar Export processing Zone's investors and to Export Processing Zone Gwadar for development of Zone's infrastructure	Gwadar EPZ	0
59	6th Schedule Table-I	101	Raw and pickled hides and skins, wet blue hides and skins, finished leather, and accessories, components and trimmings, if imported by a registered leather goods manufacturer, for the manufacture of goods wholly for export, provided	Manufacturer, Exporters	1

			that conditions, procedures and restrictions laid down in rules 264 to 278 of the Customs Rules, 2001 are duly fulfilled and complied with		
60	6th Schedule Table-I	102	Machinery, equipment and materials imported either for exclusive use within the limits of Export Processing Zone or for making exports therefrom, and goods imported for warehousing purpose in Export Processing Zone, subject to the conditions that such machinery, equipment, materials and goods are imported by investors of Export Processing Zones, and all the procedures, limitations and restrictions as are applicable on such goods under the Customs Act, 1969 (IV of 1969) and rules made thereunder shall mutatis mutandis, apply.	Manufacturer, Exporters EPZ	1
61	6th Schedule Table-I	103	Import and supply thereof, up to the year 2030, of ships 2 and all floating crafts including tugs, dredgers, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistan entity and flying the	shipping Industry	1

			Pakistan flag, except ships or crafts acquired for emolition purposes or are designed or adapted for use for recreation or pleasure purposes, subject to the condition that such ships or crafts are used only for the purpose for which they were procured and in case such ships or crafts are used only for the purpose for which they were procured, and in case such ships or crafts are used for demolition purposes within a period of five years of their acquisition, sales tax applicable to such ships purchased for demolition purposes shall be chargeable.		
62	6th Schedule Table-I	104	Substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) and medicaments as are classifiable under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969)	Pharmaceutical Industry	64,429
63	6th Schedule Table-I	105	Raw materials for the basic manufacture of pharmaceutical active ingredients and for manufacture of pharmaceutical products, provided that in case of import, only such raw materials shall	Pharmaceutical Industry	12,007

			be entitled to exemption which are liable to customs duty not exceeding 1 [eleven] per cent ad valorem, either under the First Schedule 2 [or Fifth Schedule] to the Customs Act, 1969 (IV of 1969) or under a notification issued under section 19 thereof		
64	6th Schedule Table-I	106	Import of Halal edible offal of bovine animals	importer/General Masses	7
65	6th Schedule Table-I	107	Import and supply of iodized salt bearing brand names and trademarks whether or not sold in retail packing.	importer/General Masses	260
66	6th Schedule Table-I	108	Components or sub-components of energy saver lamps, namely:- (a) Electronic Circuit (b) Plastic Caps (upper and lower) (c) Base Caps B22 and E27 (d) Tungsten Filaments (e) Lead-in-wire (f) Fluorescent powder (Tri Band Phosphor) (g) Adhesive Additive (h) Al-oxide Suspension (i) Capping Cement (j) Stamp Pad Ink (k) Gutter for Suspension	Energy Sector, General Masses	10
67	6th Schedule Table-I	109	Goods imported temporarily with a view to subsequent, exportation as concurred by the Board, including passenger service	Importer, Exporter	1

			item, provision and stores of Pakistani Airlines.		
68	6th Schedule Table-I	110	The following items with dedicated use of renewable source of energy like solar and wind, subject to certification by the Alternative Energy Development Board (AEDB), Islamabad 1 [for the period ending on the 30th June, 2023]:-	Energy Sector, General Masses	851
69	6th Schedule Table-I	112	Following cardiology/cardiac surgery, neurovascular, electrophysiology, endo-surgery, endoscopy, oncology, urology, gynecology, disposables and other equipment:--	Health/General Masses	546
70	6th Schedule Table-I	113	High Efficiency Irrigation Equipment (If used for agriculture sector) (1) Submersible pumps (up to 75 lbs and head 150 meters) (2) Sprinklers including high and low pressure (centre pivotal) system, conventional sprinkler equipment, water reel travelling sprinkler, drip or trickle irrigation equipment, mint irrigation sprinkler system (3) Air release valves, pressures gauges,	Agriculture	114

water meters, back flow preventers, and automatic controllers.

71	6th Schedule Table-I	114	Green House Framing and Other Green House Equipment (If used for Agriculture Sector) (1) Tunnel farming equipment consisting of plastic covering and mulch film, anti-insect net and shade net (2) Green houses (prefabricated)	Agriculture	692
72	6th Schedule Table-I	115	Plant, machinery and equipment imported for setting up fruit processing and preservation units in Gilgit-Baltistan, Balochistan Province and Malakand Division upto the 30th June, 2019 subject to the same conditions and procedure as are applicable for import of such plant, machinery and equipment under the Customs Act, 1969 (IV of 1969).	Agriculture	0
73	6th Schedule Table-I	116	Plant, machinery and equipment imported for setting up industries in FATA upto 30th June 2019 subject to the same conditions and procedure as are applicable for import of such plant, machinery	Industrial Undertakings	0

			and equipment under the Customs Act, 1969 (IV of 1969).		
74	6th Schedule Table-I	120	Diagnostic kits or equipment, namely:- HIV Kits 4C Es Trionyx 5C Cell control Lnormal Bovine precision multi sera Pregnancy test DNA SSP DRB Generic IC Reticulocyte count (control) retic C Control Kit for vitamin B12 estimation Ferritin kit HEV (Hepatitis E virus) ID-DA Cell Urine Analysis Strips Albumin beg Cratinin syti	Health/General Masses	646
75	6th Schedule Table-I	123	Aircraft, whether imported or acquired on wet or dry lease 1 [:] Provided that in case of import or acquisition on wet or dry lease by Pakistan International Airlines Corporation, this exemption shall be available with effect from 19th March, 2015.	Airlines	54
76	6th Schedule Table-I	124	Maintenance kits for use in trainer aircrafts of PCT headings 8802.2000 and 8802.3000	Airlines	6
77	6th Schedule Table-I	125	Spare parts for use in aircrafts, trainer aircrafts or simulators	Airlines	3
78	6th Schedule Table-I	127	Operational tools, machinery, equipment and	Airlines	50

			furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division.		
79	6th Schedule Table-I	128	Aviation simulators imported by airline company recognized by Aviation Division.	Airlines	131
80	6th Schedule Table-I	130	Sodium Iron (Na Fe EDTA), and other premixes of vitamins, minerals and micro-nutrients (food grade) and subject to conditions imposed for importation under the Customs Act, 1969	Health/General Masses	0
81	6th Schedule Table-I	131	Laptop computers, notebooks whether or not incorporating multimedia kit	General Masses	350
82	6th Schedule Table-I	132	Personal computers	General Masses	43
83	6th Schedule Table-I	133	Pesticides and their active ingredients registered by the Department of Plant Protection under the Agricultural Pesticides Ordinance, 1971(II of 1971), stabilizers, emulsifiers and solvents, namely:— Xylol (xylenes) Beta Pinene / Agrotin 527 / Terpenic derivative, Toluene, etc.	Agriculture	14,750
84	6th Schedule Table-I	134	Goods received as gift or donation from a foreign government or organization by the	General Masses	0

Federal or Provincial Governments or any public sector organization subject to recommendations of the Cabinet Division and concurrence by the Federal Board of Revenue

85	6th Schedule Table-I	135	Sunflower and canola hybrid seeds meant for sowing	Agriculture	31
86	6th Schedule Table-I	136	Combined harvesters up to five years old	Agriculture	0
87	6th Schedule Table-I	138	Fish Feed	General Masses	96
88	6th Schedule Table-I	139	Fans for Dairy Farms	Dairy Sector, General Masses	1
89	6th Schedule Table-I	140	Bovine Semen	Dairy Sector, General Masses	38
90	6th Schedule Table-I	141	Preparation for making animal feed	Dairy Sector, General Masses	723
91	6th Schedule Table-I	142	Promotional and advertising material including technical literature, pamphlets, brochures and other give-aways of no commercial value, distributed free of cost by the exhibitors	General Masses	0
92	6th Schedule Table-I	144	Liquefied Natural Gas imported by fertilizer manufacturers for use as feed stock	Fertilizer sector	0

93	6th Schedule Table-I	148	Imported construction materials and goods imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL), whether or not locally manufactured, for construction of Karachi-Peshawar Motorway (Sukkur-Multan Section) subject to fulfilment of same conditions, limitations and restrictions as are specified under S. No. 145 of this table,	China State Construction	5
94	6th Schedule Table-I	150	Plant and machinery excluding consumer durable goods and office equipment as imported by greenfield industries, intending to manufacture taxable goods, during their construction and installation period subject to conditions noted below and issuance of exemption certificate by the Commissioner Inland Revenue having jurisdiction:-	Agriculture	12
95	6th Schedule Table-I	151	Imports of plant, machinery, equipment for installation in tribal areas and of industrial inputs by	Manufacturer / General Masses	2,241

			the industries located in the tribal areas, as defined in the Constitution of Islamic Republic of Pakistan subject to furnishing of security		
96	6th Schedule Table-I	152	Supplies of electricity, as made from the day of assent to the Constitution (Twenty-fifth Amendment) Act, 2018, till 30th June, 2023, to all residential and commercial consumers in tribal areas, and to such industries in the tribal areas which were set and started their industrial production before 31st May, 2018, but excluding steel and ghee or cooking oil industries	Energy Sector, General Masses	0
97	6th Schedule Table-I	153	Steel billets, ingots, ship plates, bars and other long re-rolled profiles, on such imports and supplies by the manufacturer on which federal excise duty is payable in sales tax mode	Manufacturer / General Masses	65
98	6th Schedule Table-I	155	Oil cake and other solid residues, whether or not ground or in the form of pellets	General Masses	5,107

99	6th Schedule Table-I	156	Import of CKD kits by local manufacturers of following Electric Vehicles:– (i) Road Tractors for semitrailers (Electric Prime Movers), (ii) Electric Buses (iii) Three Wheeler Electric Rickshaw (iv) Three Wheeler Electric Loader (v) Electric Trucks (vi) Electric Motorcycle	General Masses	4
100	6th Schedule Table-I	100A	Materials and equipment (plant, machinery, equipment, appliances and accessories) for construction and operation of Gwadar Port and development of Free Zone for Gwadar Port as imported by or supplied to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies	Gwader EPZ	0
101	6th Schedule Table-I	52A	Goods imported by or donated to hospitals run by the Federal Government or a Provincial Government; and non-profit making educational and research institutions subject to the similar restrictions, limitations, conditions and procedures as are envisaged for the	Health/General Masses	855

			purpose of applying zero rate of customs duty on such goods under the Customs Act, 1969, (IV of 1969)		
102	6th Schedule Table-I	73A	Milk and Cream , concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name	General Masses	865
103	6th Schedule Table-II	1	Supply of cottonseed exclusively meant for sowing purposes, subject to such conditions as the Board may specify.	Agriculture	151
104	6th Schedule Table-II	2	Supply of locally produced crude vegetable oil obtained from the locally produced seeds 1 [other than cotton seed], except cooking oil, without having undergone any process except the process of washing.	Milling Industry	1,649
105	6th Schedule Table-II	3	Supplies made by cottage industry.	General Masses	14
106	6th Schedule Table-II	4	Raw material and intermediary goods manufactured or produced, and services provided or rendered, by a registered person, consumed in-house for the manufacture of goods subject to sales tax.	Manufacturer	2

107	6th Schedule Table-II	6	Supply of fixed assets against which input tax adjustment is not available under a notification issued in terms of clause (b) of subsection (1) of section 8 of the Sales Tax Act, 1990.	General Masses	41
108	6th Schedule Table-II	7	Breads prepared in tandoors and bakeries, vermicillies, nans, chapattis, sheer mal, bun, rusk.	General Masses	3,709
109	6th Schedule Table-II	8	Foodstuff cooked or prepared in-house and served in messes run on the basis of mutuality and industrial canteens for workers.	General Masses	0
110	6th Schedule Table-II	9	Foodstuff and other eatables prepared in the flight kitchens and supplied for consumption on-board in local flights.	General Masses	0
111	6th Schedule Table-II	10	Agricultural produce of Pakistan, not subjected to any further process of manufacture.	Agriculture/General masses	1,235
112	6th Schedule Table-II	11	Supply of ware potato and onion	General Masses	15
113	6th Schedule Table-II	15	a. Sprinkler Equipment b. Drip Equipment c. Spray Pumps and nozzles	Agriculture	12
114	6th Schedule Table-II	16	Raw cotton	Agriculture	11
115	6th Schedule Table-II	17	Raw and pickled hides and skins, wet blue hides and skins	Leather Industry	26

116	6th Schedule Table-II	18	Supplies made by manufacturers of marble and granite having annual turnover less than five million rupees even if their annual utility bill is more than eight hundred thousand rupees	Marble Industry	1
117	6th Schedule Table-II	19	Bricks (up to 30th June, 2018)	General Masses	1,883
118	6th Schedule Table-II	20	Crushed stone (up to 30th June, 2018)	General Masses	8
119	6th Schedule Table-II	21	Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal	Poultry/General Masses	27,755
120	6th Schedule Table-II	22	Single cylinder agriculture diesel engines (compression ignition internal combustion piston engines) of 3 to 36 HP	Agriculture	434
121	6th Schedule Table-II	23	Match boxes	General Masses	1,423
122	6th Schedule Table-II	24	LED or SMD lights and bulbs meant for conservation of energy	Energy Sector, General Masses	2,347
123	6th Schedule Table-II	25	Cottonseed oil	General Masses	747
124	6th Schedule Table-III	1	Machinery and equipment for initial installation, balancing, modernization, replacement or expansion of desalination plants, coal firing system, gas processing plants and oil and gas field prospecting.	Petroleum sector	37

125	6th Schedule Table-III	2	Following machinery, equipment, apparatus, and medical, surgical, dental and veterinary furniture, materials, fixtures and fittings imported by hospitals and medical or diagnostic institutes:-	General Masses	1
126	6th Schedule Table-III	3	<p>1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non- luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mine construction phase or extraction phase</p> <p>2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for mine construction or extraction phase.</p>	Industrial Undertakings	1

127	6th Schedule Table-III	7	Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through nuclear and renewable energy sources like solar, wind, micro-hydel bio-energy, ocean, waste-to-energy and hydrogen cell. This exemption in relation to renewable energy shall remain in force up to the 30th June, 2023. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project.	Industrial Sector	8
128	6th Schedule Table-III	8	Machinery and equipment meant for power transmission and grid stations including under construction projects.	Energy Sector, General Masses	28
129	6th Schedule Table-III	9	Following machinery, equipment and other education and research related items imported by technical, training institutes, research institutes, schools, colleges and universities:-	Education/ General Masses	0

130	6th Schedule Table-III	14	Items for use with solar energy:- Solar Power Systems	Energy Sector, General Masses	463
131	6th Schedule Table-III	15	Following items for promotion of renewable energy technologies or for conservation of energy	Energy Sector, General Masses	495
132	6th Schedule Table-III	17	Machinery, equipment, raw materials, components and other capital goods for use in building, fittings, repairing or refitting of ships, boats or floating structures imported by Karachi Shipyard and Engineering Works Limited.	Industrial Undertakings	0
133	6th Schedule Table-III	19	Plant and machinery, except the items listed under Chapter 87 of the Pakistan Customs Tariff, imported for setting up of a Special Economic Zone (SEZ) by zone developers and for installation in that zone by zone enterprises, on one time basis as prescribed in the SEZ Act, 2012 and rules thereunder subject to such condition, limitations and restriction as a Federal Board of Revenue may impose from time to time	SPEZ	27
134	6th Schedule Table-III	14A	Following systems and items for dedicated use with renewable source of energy like solar,	Energy Sector, General Masses	98

wind, geothermal
as imported on or
before the
30th June, 2023.

135	6th Schedule Table-III	15A	Parts and Components for manufacturing LED lights	Energy Sector, General Masses	86
136	6th Schedule Table-III	2A	Medical Equipment	Health/General Masses	2
137	6th Schedule Table-III	2B	Cardiology / Cardiac Surgery Equipment	Health/General Masses	2
138	6th Schedule Table-III	2C	Disposable Medical Devices	Health/General Masses	22
139	6th Schedule Table-III	2D	Other Related Equipment	Health/General Masses	1
SUB TOTAL					198,638
Less 30% adjustment on account of value addition of Local Supplies					59,591
TOTAL					139,046

Reduced Rates Under 8th Schedule

S.NO	SCHEDULE	SCHEDULE SERIAL	ITEMS	BENEFICIARY	TAX EXPENDITURE (Rs. Million)
1	8th Schedule Table-I	1	Soybean meal	Agriculture	6,608
2	8th Schedule Table-I	4	Oilseeds meant for sowing.	Agriculture	8
3	8th Schedule Table-I	5	Raw cotton and ginned cotton	Agriculture	14,791
4	8th Schedule Table-I	6	Plant and machinery not manufactured locally and having no compatible local substitutes	Manufacturing Inputs	9,726
5	8th Schedule Table-I	7	Flavored milk	Food Items/General Masses	761

6	8th Schedule Table-I	8	Yogurt	Food Items/General Masses	290
7	8th Schedule Table-I	9	Cheese	Food Items/General Masses	206
8	8th Schedule Table-I	10	Butter	Food Items/General Masses	114
9	8th Schedule Table-I	11	Cream	Food Items/General Masses	544
10	8th Schedule Table-I	12	Desi ghee	Food Items/General Masses	52
11	8th Schedule Table-I	13	Whey	Food Items/General Masses	1
12	8th Schedule Table-I	14	Milk and cream, concentrated or containing added sugar or other sweetening matter	Food Items/General Masses	223
13	8th Schedule Table-I	15	Ingredients of poultry feed, cattle feed, except soya bean meal of PCT heading 2304.0000 and oilcake of cotton-seed falling under PCT heading 2306.1000	Agriculture	1,770
14	8th Schedule Table-I	16	Incinerators of disposal of waste management, motorized sweepers and snow ploughs	Agriculture	13
15	8th Schedule Table-I	17	Re-importation of foreign origin goods which were temporarily exported out of Pakistan	Exporters	146
16	8th Schedule Table-I	19	Waste paper	Agriculture	210
17	8th Schedule Table-I	20	Plant, machinery, and equipment used in production of biodiesel	Agriculture	91
18	8th Schedule Table-I	22	Soya bean seed	Agriculture	14,109

19	8th Schedule Table-I	23	Secondhand and worn clothing or footwear	Agriculture	3,783
20	8th Schedule Table-I	25	Agricultural tractors	Agriculture	6,180
21	8th Schedule Table-I	26	Tillage and seed bed preparation equipment	Agriculture	171
22	8th Schedule Table-I	27	Seeding or planting equipment	Agriculture	56
23	8th Schedule Table-I	28	Irrigation, drainage and agro-chemical application equipment	Agriculture	165
24	8th Schedule Table-I	29	Harvesting, threshing and storage equipment	Agriculture	504
25	8th Schedule Table-I	30	Post-harvest handling and processing & miscellaneous machinery:	Agriculture	26
26	8th Schedule Table-I	43	Natural gas	Agriculture	3,244
27	8th Schedule Table-I	44	Phosphoric acid	Chemical Industry	5,381
28	8th Schedule Table-I	45	Following machinery for poultry sector	Poultry Sector/General Masses	256
29	8th Schedule Table-I	46	Multimedia projectors	Media/General Masses	9
30	8th Schedule Table-I	50	LNG/RLNG	Manufacturing Inputs	141
31	8th Schedule Table-I	51	LNG/RLNG	Manufacturing Inputs	17,215
32	8th Schedule Table-I	52	Fertilizers (all types)	Agriculture	84,094
33	8th Schedule Table-I	54	lithium iron phosphate battery (Li-Fe-PO4)	Energy Sector, General Masses	0
34	8th Schedule Table-I	55	Fish babies / seedlings	Agriculture	0
35	8th Schedule	56	Potassium Chlorate (KCLO3)	Chemical Industry	0

Table-I					
36	8th Schedule Table-I	57	Rock Phosphate	Manufacturing (Industrial Inputs)	842
37	8th Schedule Table-I	58	LPG	Energy sector	5,769
38	8th Schedule Table-I	59	Products of milling industry except wheat and meslin flour	Agriculture	62
39	8th Schedule Table-I	60	Fat filled milk	Food Items/General Masses	3,603
40	8th Schedule Table-I	61	Silver, in unworked condition	General Masses	0
41	8th Schedule Table-I	63	Articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal.	General Masses	21
42	8th Schedule Table-I	64	Prepared Food, foodstuff and sweetmeats supplied by restaurants, bakeries, caterers and sweetmeat shops	Food Sector/General Masses	451
43	8th Schedule Table-I	65	Ginned cotton	Textile	1,051
44	8th Schedule Table-I	66	Supplies as made from retail outlets as are integrated with Board's computerized system for real-time reporting of sales	General Masses	194
45	8th Schedule Table-I	67	LNG imported for servicing CNG sector and local supplies thereof	Manufacturing Industrial Input/General Masses	3,106
46	8th Schedule Table-I	68	Frozen prepared or preserved sausages and similar products of poultry meat or meat offal	Food Sector/General Masses	140

47	8th Schedule Table-I	69	Meat and similar products of prepared frozen or preserved meat or meat offal of all types including poultry, meat and fish	Food Sector/General Masses	677
48	8th Schedule Table-I	70	locally manufactured electric vehicles	Manufacturing Inputs/General Masses	2
49	8th Schedule Table-II	1	Machinery and equipment for development of grain handling and storage facilities including silos.	Agriculture	1,360
50	8th Schedule Table-II	2	Cool chain machinery and equipment	Agriculture	100
51	8th Schedule Table-II	4	1. Machinery, equipment, materials, capital goods, specialized vehicles (4x4 non luxury) i.e. single or double cabin pickups, accessories, spares, chemicals and consumables meant for mineral exploration phase. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the exploration phase.	Agriculture	6
52	8th Schedule Table-II	5	Complete plants for relocated industries.	Manufacturing Inputs	30

53	8th Schedule Table-II	6	Machinery, equipment and other capital goods meant for initial installation, balancing, modernization, replacement or expansion of oil refining (mineral oil, hydro- cracking and other value added petroleum products), petrochemical and petrochemical downstream products including fibers and heavy chemical industry, cryogenic facility for ethylene storage and handling.	Industrial Sector	1,189
54	8th Schedule Table-II	8	1. Milk chillers. 2. Tubular heat exchanger (for pasteurization). 3. Milk processing plant, milk spray drying plant, Milk UHT plant. 4. Milk filters 5. Any other machinery and equipment for manufacturing of dairy products	General Masses	12
55	8th Schedule Table-II	9	Capital goods otherwise not exempted, for Transmission Line Projects.	Energy Sector, General Masses	4,219
TOTAL					193,722

Sales Tax on cellular Mobile Phones under 9th Schedule

S.NO	SCHEDULE	SCHEDULE SERIAL	ITEMS	BENIFICIARY	TAX EXPENDITURE (Rs. Million)
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1	9th Schedule	1	Cellular mobile phones or satellite phones to be charged on the basis of import value per set, or equivalent value in rupees in case of supply by the manufacturer, at the rate as indicated against each category	Manufacturer/General Masses	45,919
TOTAL					45,919
TOTAL SALES TAX					739,767

4.1.3 Details of Customs Duty Estimates

Table 10. CUSTOMS EXPENDITURE

Exemption Order	Exemption Type	Beneficiary Sector	Tax Expenditure (Rs. Million)
<u>Chapter-99 Exemptions</u>			
9901.0000 -	Chapter-99 Exemptions: Goods imported by various agencies of the United Nations	Agencies under the United Nations	985
9902.0000 -	Chapter-99 Exemptions: Goods imported by Diplomats/Embassies/ Consulates	Diplomats/Embassies/ Consulates under the Diplomatic and Consular Privileges Act, 1972	608
9903.0000 -	Chapter-99 Exemptions: Goods imported by privileged personnel or by organizations or by any person authorized by the contracting parties, under grant-in- aid agreements	Privileged personnel or by organizations or by any person authorized by the contracting parties, under grant-in- aid agreements (including those agreements which cover off budget foreign contributions or funds brought by registered INGO's without any financial liabilities to the Government of Pakistan)	1,995
9904.0000 -	Chapter-99 Exemptions: Vehicles in CKD condition, imported by recognized local manufacturer for supply to diplomat,	Vehicles in CKD condition, imported by recognized local manufacturer for supply to diplomat, diplomatic mission, privileged person	-

	diplomatic mission, privileged person		
9905.0000 -	Chapter-99 Exemptions: Imports by Dignitaries of UAE, Qatar and Bahrain	Dignitaries of UAE, Qatar and Bahrain	0
9906.0000 -	Chapter-99 Exemptions: Goods imported under the President/ Prime Minister/ Governors/ 's Salary, Allowances and Privileges Act, 1975	The President and the Prime Minister of Pakistan. The Governors and the Acting Governors of the Provinces	3
9908.0000 -	Chapter-99 Exemptions: Goods received as gift or donation from a foreign government or organization by the Federal or Provincial Government or any public sector organization or Goods received as gift by Pakistani organizations from Church World Services or the Catholic Relief Services	Gifts received by the Federal, the provincial or any public sector organization	16
9909.0000 -	Chapter-99 Exemptions: Articles, value of which does not exceed Rs.20,000/- per parcel, if imported through post or courier service as unsolicited gift parcel	Articles, value of which does not exceed Rs.20,000/- per parcel, if imported through post or courier service as unsolicited gift parcel	28
9910.0000 -	Chapter-99 Exemptions: Samples of no commercial value imported by manufacturers	Samples of no commercial value imported by the manufacturers	8
9911.0000 -	Chapter-99 Exemptions: Relief goods donated for free distribution among the victims of natural disaster or other catastrophe OR Plant, machinery and equipment imported by way of donation for installation in the earthquake hit districts	(i) Relief goods donated for free distribution (ii) Plant, machinery and equipment imported by way of donation for installation in the earthquake hit districts as certified by ERR/National Disaster Management Authority.	505
9912.0000 -	Chapter-99 Exemptions: Imports by Edhi Foundation	Imports by Edhi Foundation	0
9913.0000 -	Chapter-99 Exemptions: Gifts or donations received by a charitable non-profit making hospital or institution	Gifts or donations received by a charitable non-profit making hospital or institution	5,933
9914.0000 -	Chapter-99 Exemptions:	Imports by Charitable Institutions	1,799

	Imports by Charitable Institutions and Hospitals	and Hospitals	
9915.0000 -	Chapter-99 Exemptions: Goods imported by or donated to non -profit making educational and research institutions	Goods imported by or donated to non -profit making educational and research institutions	308
9916.0000 -	Chapter-99 Exemptions: Goods supplied free of cost as replacement of identical goods previously imported	Goods supplied free of cost as replacement of identical goods previously imported including goods imported within warranty period Replacement Goods.	241
9922.0000 -	Chapter-99 Exemptions: Ship spares, stores and equipment imported for use in ships registered in Pakistan	Ship spares, stores and equipment imported for use in ships registered in Pakistan Temporary Import or Export.	9
9924.0000 -	Chapter-99 Exemptions: Eye cornea	Eye cornea	0
9925.0000 -	Chapter-99 Exemptions: Artificial kidneys, hemodialysis machines, hemodialyzers, A.V. fistula needles, hemodialysis fluids & powder, blood tubing tines for dialysis, reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheters for renal failure patients, peritoneal dialysis solution and cardiac catheters. colostomy bags and appliances identifiable for Ostomy use	Medical appliances/equipment.	604
9927.0000 -	Chapter-99 Exemptions: Pharmaceutical raw materials if imported for manufacture of contraceptives in accordance with the input output ratios determined by the Directorate of Input Output Co-efficient Organization. Contraceptives and accessories thereof.	Pharmaceutical raw materials if imported for manufacture of contraceptives	85
9930.0000 -	Chapter-99 Exemptions: Any goods, including vehicles, specified in the First schedule to the Customs Act, 1969 (IV of 1969) imported by Federal/Provincial/ Local Government Departments, Municipal bodies and	Any goods, including vehicles, specified in the First schedule to the Customs Act, 1969 (IV of 1969) imported by Federal/Provincial/ Local Government Departments, Municipal bodies and Development authorities subject to the condition that the goods are	781

	Development authorities subject to the condition that the goods are donated to the importers for use in an approved foreign grant funded project under a proper grant relating to Capital Aid-Technical Assistant Agreement signed between the Government of Pakistan and a foreign government or agency subject to concurrence of the Federal Board of Revenue.	donated to the importers for use in an approved foreign grant funded project	
9931.0000 -	Chapter-99 Exemptions: Ground handling equipment, service and operation vehicles, catering equipment and fuel trucks not manufactured locally, imported by domestic airlines or by any other service company to which a license has been issued by the Civil Aviation Authority for such purposes.	Ground handling equipment imported by airlines	63
9937.0000 -	Chapter-99 Exemptions: Items relating to disabled persons, like Wheel chairs, Artificial human part, Items used for rehabilitation of blind persons etc..	Certain items imported by the Disabled persons	205
9938.0000 -	Chapter-99 Exemptions: Disposables, as are not manufactured locally, for Cardiology/cardiac surgery, Neurovascular, Electrophysiology, Endo-surgery, Endoscopy, Oncology, Urology, Gynecology;	Certain Disposables, as are not manufactured locally, for Cardiology/cardiac surgery, Neurovascular, Electrophysiology, Endo-surgery, Endoscopy, Oncology, Urology, Gynecology;	753
9939.0000 -	Chapter-99 Exemptions: Diagnostic kits for HIV and Hepatitis	Diagnostic kits for HIV and Hepatitis	406
9941.0000 -	Chapter-99 Exemptions: Goods imported by or donated to municipal authorities including development authorities , Federal Government, Provincial Government, Government of Azad Jammu and Kashmir, Government of Gilgit-	Goods imported by or donated to municipal authorities including development authorities , Federal Government, Provincial Government, Government of Azad Jammu and Kashmir, Government of Gilgit-Baltistan, National Disaster Management Authority (NDMA), Provincial Disaster Management Authority (PDMA)	627

Baltistan, National Disaster Management Authority (NDMA), Provincial Disaster Management Authority (PDMA) and Government Emergency/Rescue services,

Sub-Total:- Chapter-99 Exemptions	15,963
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FTA & PTA

Exemptions:

Bilateral arrangements with different Governments /Regional commitments

558(I)/2004 Table I	Section 19	FTA: General exemption on import from ECO	-
558(I)/2004 Table II	Section 19	FTA: General exemption on import from SAARC	34
1296(I)/2005 Table-I	Section 19	FTA: Pak-China Early Harvest Program (prescribes FTA CD Rate)	0
1296(I)/2005 Table-II	Section 19	FTA: Pak-China Early Harvest Program (prescribes %age of concession in CD Rate)	3
1274(I)/2006 Table-I	Section 19	FTA: General exemption on import from SAARC countries under SAFTA Agreement	287
1274(I)/2006 Table-II	Section 19	FTA: General exemption on import from SAARC countries under SAFTA Agreement	1
SRO 659(I)/2007 Table-I	Section 19	FTA: General exemption on import from China under Pak-China FTA	15
SRO 659(I)/2007 Table-II	Section 19	FTA: General exemption on import from China under Pak-China FTA	15
SRO 1640(I)/2019 -	Section 19	FTA: General exemption on import from China under Pak-China FTA	34,588
SRO1151(I)/2007 Table	Section 19	PTA: General exemption on import from Mauritius under PTA	-
SRO1261(I)/2007 Table I	Section 19	PTA: General exemption on import from Malaysia under PTA	3,082
SRO1261(I)/2007 Table II	Section 19	PTA: General exemption on import from Malaysia under PTA	687
SRO741(I)/2013 Table	Section 19	PTA: General exemption on import from Indonesia under Pak-Indonesia PTA	4,032

SRO280(I)/2014 d	Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	485
SRO280(I)/2014 I	Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	-
SRO280(I)/2014 Table-I	Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	2,747
SRO280(I)/2014 TABLE-III	Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	129
Sub- Total:- FTA & PTA Exemptions			46,105

Fifth

Schedule(Customs

Duty)

Fifth Schedule (Customs Duty) Part-I	Exemption under 18(1A) of the Customs Act, 1969	Imports of Plant, Machinery, Equipment and Apparatus, including Capital Goods for various industries/sectors	44,962
Fifth Schedule (Customs Duty)- Part II Table-A	Exemption under 18(1A) of the Customs Act, 1969	Import of Active Pharmaceutical Ingredients by pharma sector	1,892
Fifth Schedule (Customs Duty)- Part II Table-B	Exemption under 18(1A) of the Customs Act, 1969	Excipients/Chemicals by pharmaceutical sector	525
Fifth Schedule (Customs Duty)- Part II Table-C	Exemption under 18(1A) of the Customs Act, 1969	Drugs (mostly Life Saving) by pharmaceutical sector	10,179
Fifth Schedule (Customs Duty)- Part II Table-D	Exemption under 18(1A) of the Customs Act, 1969	Packing Materials/Raw Materials for Packing by pharmaceutical sector	1,159
Fifth Schedule (Customs Duty)- Part II Table-E	Exemption under 18(1A) of the Customs Act, 1969	Diagnostic Kits/Equipment) by pharmaceutical sector	3,591
Fifth Schedule(Customs Duty)- Part III	Exemption under 18(1A) of the Customs Act, 1969	Poultry and Textile Sectors	71,407
Fifth Schedule(Customs Duty)- Part IV	Exemption under 18(1A) of the Customs Act, 1969	Machinery and Equipment for Textile Sector	414
Fifth Schedule(Customs Duty)- Part V	Exemption under 18(1A) of the Customs Act, 1969	Automotive Manufacturing Sector (Auto Policy)	891
Fifth Schedule(Customs Duty)- Part VI	Exemption under 18(1A) of the Customs Act, 1969	Aviation Sector (Aviation Policy)	265
Fifth Schedule (Customs Duty) Part-VII	Exemption under 18(1A) of the Customs Act, 1969	Essential edible items like pulses, potato etc., Oil and Oil products, Inputs of export sectors etc.	33,468
Fifth Schedule(Customs	Exemption under 18(1A) of the Customs Act, 1969	Miscellaneous.	

Duty)- Part VIII

		Sub-Total:- Fifth Schedule(Customs Duty)	168,754
268(I)/2015	Section 19	Mining equipment & machinery imported by Thar Coal Field	849
565(I)/2006	Section 19	Raw material of survey based Local industries: Stationary/ Electrical Capacitors/ Pesticides / Distilled Fatty Acids / CRC & GI coils / Fans/ Transformers / Electric Motors manufacturers	13,859
SRO 499(I)/2013	Section 19	Auto Sector: General concession for import of Hybrid Electric Vehicles	2,110
SRO678(I)/2004	Section 19	Exploration and Production (E&P)Companies	5,777
107(I)/2019 and SRO 48(I)/2018	Section 19	Textile Sector (Local Yarn Producers): Import of Cotton	-
SRO 121(I)2014	Section 219	Afghan Transit Trade	9
SRO 48(I)/2018	Section 19	Import of cotton	-
SRO 642(I)/2016	Section 19	Imports by M/s CSECL for Karachi-Peshawar Motorway	-
SRO 644(I)/2018	Section 19	General: Concession of CD on import of electric motor vehicles	1,027
SRO40(I)/2017	Section 19	Lahore Orange Metro Train Project	-
SRO655(I)/2006	Section 19	Vendors of Automotive sector	13,065
SRO656(I)/2006	Section 19	OEMs of Automotive Sector	16,811
SRO235(I)/2020	Section 19	COVID-19 Exemptions - General	50
SRO318(I)/2020	Section 19	COVID-19 Exemptions - General	155
SRO556(I)/2020	Section 19	COVID-19 Exemptions - General	2,566
SRO558(I)/2020	Section 19	COVID-19 Exemptions - General	24
SRO559(I)/2020	Section 19	COVID-19 Exemptions - General	-
SRO1251(I)/2020	Section 19	COVID-19 Exemptions - General	4,686
		Sub-total	60,987
<u>Export Related Exemptions</u>			
SRO450(I)/2001	Section 219	DTRE	5,941
SRO450(I)/2001	Section 219	Manufacturing Bonds	8,793
SRO 327(I)/2008	Section 219	Export Oriented Units	19,910
SRO 492(I)/2008	Section 219	Temporary Imports	10,530
SRO 450(I)/2008/9917.0000	Section 219	EPZ (abroad)	5,907
		Sub-Total:-	51,081
		Total Customs Expenditure	342,890
		Total Tax Expenditure	1,482,319

4.2 Appendix B – Data Sources

Estimations for tax expenditures of Sales Tax and Customs are based on data obtained from FBR's official database (PRAL). However, for estimations of Income Tax, the data requirement is more complicated. Data from FBR's official database, i.e. from income tax returns, has certain limitations, and therefore, it is not enough for calculating the tax expenditures. In some cases, additional data was requested from FBR's field formations, while in many other cases, data was collected from various third party sources. A list of these sources is given here:

Federal Government and semi-autonomous departments:

1. Accountant General Pakistan Revenue
2. Alternative Energy Development Board
3. Aviation Division
4. Board of Investment
5. Bureau of Emigration
6. Controller General of Accounts
7. Economic Affairs Division
8. Employees' Old-Age Benefits Institution
9. Engineering Development Board
10. Export Processing Zones Authority
11. Federal Employees Benevolent and Group Insurance Fund
12. Finance Division
13. Military Accountant General, Rawalpindi
14. Military Lands & Cantonment Headquarters, Rawalpindi
15. Ministry of Energy (Power Division)
16. Ministry of Foreign Affairs
17. Ministry of Maritime Affairs,
18. Ministry of Textile Industry
19. National Logistic Cell, Rawalpindi
20. National Transmission & Dispatch Company (NTDC)
21. Oil & Gas Development Company Limited (OGDCL)
22. Oil & Gas Regulatory Authority (OGRA)
23. Pakistan Agricultural Research Council
24. Pakistan Centre for Philanthropy (PCP)
25. Pakistan Council of Scientific and Industrial Research
26. Pakistan National Shipping Corporation
27. Pakistan Railway Headquarters, Lahore
28. Pakistan Software Export Board (PSEB)
29. Pakistan Telecommunication Authority (PTA)
30. Pakistan Water & Power Development Authority

31. Petroleum Division
32. Prime Ministers' Office (Prime Minister's Youth Program)
33. Private Power and Infrastructure Board (PPIB)
34. Registrar of Ships & Superintendent of Light Houses
35. Securities & Exchange Commission of Pakistan (SECP)
36. State Bank of Pakistan (SBP)

Provincial Government departments:

37. Accountant General, Balochistan
38. Accountant General, KPK
39. Accountant General, Punjab
40. Accountant General, Sindh
41. Board of Revenue, Balochistan
42. Board of Revenue, KPK
43. Board of Revenue, Punjab
44. Board of Revenue, Sindh
45. Directorate of Postal Accounts, Lahore
46. Energy Department, Sindh
47. Finance Department, Balochistan
48. Finance Department, KPK
49. Finance Department, Punjab
50. Finance Department, Sindh
51. Mines & Mineral Development Department (Sindh)
52. Provincial Sports Boards
53. Provincial Text Book Boards
54. Social Security Institutions

Financial institutions

55. Asset Management / Mutual Funds Institutions
56. Commercial Banks
57. Real Estate Investment Trust (Dolmen City)
58. Health Insurance Companies
59. National Investment Trust Limited
60. Pakistan Mortgage Refinance Company Limited,
61. Pakistan Stock Exchange
62. Pension Funds (registered under Voluntary Pension System)
63. Private pension funds and trusts (registered with FBR)
64. Provident Fund Institutions (those registered under Provident Fund Act 1925)

Private / Other

65. Agha Khan Development Network
66. Association of Builders and Developers (ABAD)
67. China North Industries Corps
68. China Overseas Ports holding Company (Pakistan) Pvt. Ltd.,
69. Gwadar Free Zone Company (GFZC)

- 70. Pakistan Film Producers Association
- 71. Pakistan Science Foundation
- 72. Pakistan Software Houses Association for IT & ITES (P@SHA)
- 73. Shipping Companies

Websites and Online

- 74. Budget documents (federal & provincial governments)
- 75.** Pakistan Bureau of Statistics

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