



TAX EXPENDITURE REPORT 2024

**Directorate General of Revenue Analysis
Federal Board of Revenue
Government of Pakistan**

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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

Taxes are the main source of revenues for the governments to achieve governance and development objectives. For developing economies, having higher tax revenues mean that they can spend more to alleviate poverty, reduce debt burden and thus can grow and develop faster. However, generating tax revenues requires a balanced approach that ensures collection of sufficient revenues from a broad tax base through fairly distributing the tax burden and applying reasonable rates while creating least distortions in the economy. The distribution of tax burden and tax reliefs decisions are generally informed through Tax Expenditure Reports which compile the magnitude of foregone revenues resulting from tax policy measures.

It is my pleasure to present the current issue of Tax Expenditure Report. It provides tax expenditures of each tax, including a detailed methodology. FBR has been preparing the Tax Expenditure Report every year since the year 2020. We have come a long way in terms of learning the various facets of computing the tax expenditures. The report is a growing document. Every year some new issues are identified, mist around various concepts and practices is cleared and the fruits of brainstorming, consultations, feedback and availability of more sophisticated data makes each new issue of the report an improved and more mature version than the previous one.

Compilation and publication of details of federal tax revenue foregone on account of various exemptions and concessions is not only a step towards improving government budgetary transparency, but it is also hoped that it will contribute significantly to the public dialogue on federal tax policies.

It is a matter of pride that over the years FBR has gradually developed in-house capacity to prepare the Tax Expenditure Report. The hard work done by the Director General (Revenue Analysis) and his team is highly commendable. Feedback from readers is always welcome for further improving this report so that it continues to be a meaningful and convenient point of reference on federal tax expenditures.

(MALIK AMJED ZUBAIR TIWANA)
Chairman Federal Board of Revenue/
Secretary Revenue Division

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ACRONYMS

| | |
|------|---|
| ACD | Additional Customs Duty |
| CD | Customs Duty |
| CPEC | China-Pakistan Economic Corridor |
| DTA | Data not Available |
| DTRE | Duty & Tax remission for Exports |
| E&P | Exploration & Production |
| EPZ | Export Processing Zone |
| FATA | Federally Administered Tribal Areas |
| FBR | Federal Board of Revenue |
| FTA | Free Trade Agreement |
| FY | Fiscal Year/Financial Year |
| GDP | Gross Domestic Product |
| IMF | International Monetary Fund |
| ITO | Income Tax Ordinance |
| OECD | Organization for Economic Cooperation and Development |
| PCT | Pakistan Customs Tariff |
| POL | Petroleum, Oil, and Lubricants |
| POS | Point of Sales |
| PRAL | Pakistan Revenue Automation Limited |
| PTA | Preferential Trade Agreements |
| REIT | Real Estate Investment Trust |
| RD | Regulatory Duty |
| STA | Sales Tax Act |
| SRO | Statutory Regulatory Order |
| TER | FBR Tax Expenditure Report |
| USA | United States of America |

EXECUTIVE SUMMARY

Tax expenditures are special provisions of the tax code such as exclusions, deductions, deferrals, credits and reduced tax rates that benefit specific activities or groups of taxpayers. It is quantified estimates of government revenue losses incurred due to special provisions in the tax code¹. Tax expenditure reports are prepared worldwide as a future guideline for tax policy formulation. Tax Expenditure Report, prepared by Federal Board of Revenue, uses the standard “Revenue Forgone” methodology to estimate the tax expenditure under the Income Tax, Sales Tax and Customs laws in Pakistan, based on FBR’s data pertaining to FY 2022-23.

Income tax expenditures are calculated using the Income Tax Returns’ data and Third-Party data taking the statutory rates available in various schedules 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.

The Sales Tax expenditure is based on data retrieved from Sales Tax Returns and Goods Declarations (GDs) relating to imports. The difference of sales tax paid and the sales tax payable at standard rates is calculated as the Sales Tax expenditure. This report also captures the impact of Finance (Supplementary) Act, 2023 (February, 2023).

Customs 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 2022-23 are taken as the benchmark rates.

This report gives an estimate of the expenditure incurred under various tax laws and by no means, be construed that eliminating certain tax expenditure will necessarily increase revenue of the same amount. Moreover, the actual amount will 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 impact of FBR tax expenditure on provincial tax systems is not included in this report.

The global trends in tax expenditure show that developed countries have higher tax expenditures estimate as compared to less developed countries.

Key Findings

¹ taxpolicycenter.org

Website: <https://www.taxpolicycenter.org/briefing-book/what-are-tax-expenditures-and-how-are-they-structured>

- i. Total Federal Tax expenditure based on data of FY 2022-23 is estimated at **Rs. 3,879.20 billion**. The breakup under various tax regimes is given below:
 - a. Income Tax: **Rs. 476.96** billion (6.66% of FBR's collection, 12.30% of total expenditure and 0.57% of GDP).
 - b. Sales Tax: **Rs. 2,858.72** billion (39.91% of FBR's collection, 73.69% of total expenditure and 3.40% of GDP).
 - c. Customs Duty: **Rs. 543.52** billion (7.59% of FBR's collection, 14.01% of total expenditure and 0.65% of GDP).
- ii. The total expenditure is 54.15% of FBR's collection for FY 2022-23 increased from 36.43% in PFY.
- iii. The total expenditure is approximately 4.61% of GDP during FY 2022-23 as against 3.36% in the PFY.

Brief Analysis

The federal tax expenditure grew in FY 2022-23 in terms of absolute value, percentage of FBR collection and GDP. The major contributor towards the increase in the tax expenditure has been zero rating of sales tax on certain POL products, relief measures on exports and other such measures taken for stabilization of the economy. The GDP (mp) in 2022-23 increased by 27.1% totaling Rs. 84,068 billion. Similarly, LSM sector grew from Rs. 7,041 billion to Rs. 8,534 billion showing a growth of 21.2%. Export value increased from Rs. 5,661 billion to Rs. 6,859 billion registering a growth of 21.2%. Inflation rose from 21.35 to 29.4%.

The five-year trend of tax expenditures shows a gradual rise over the first three years and steep in last two years. There was a mixed growth trend observed in each tax regime. Income Tax expenditures remained stagnant in absolute terms whereas Sales Tax and Customs Duty Expenditure registered a sizeable growth in last five years.

INTRODUCTION

1.1. Definition

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

- a. The International Monetary Fund (IMF) defines tax expenditure as revenue foregone “as a result of selective provisions in the tax code.”²
- b. 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.”³
- c. The US Department of the Treasury defines Tax expenditure as “revenue losses attributable to provisions of Federal tax laws which allow a special exclusion, exemption, or deduction from gross income or which provide a special credit, a preferential rate of tax, or a deferral of tax liability.”⁴

Tax expenditures has different forms e.g. 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.

1.2. Benchmarking

Tax expenditure is a deviation from a defined “benchmark” tax structure, 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, in tax laws for income tax, sales tax and custom duty. As a global practice benchmark is a reference tax

² International Monetary Fund, “Tax Expenditure Reporting and Its Use in Fiscal Management: A Guide for Developing Economies”, IMF, 2019.

³ OECD, “OECD best practices for budget transparency”, Paris, OECD, 2001, 7 (para 2.2).

⁴ The US Department of the Treasury retrieved on 20/02/24, <https://home.treasury.gov/policy-issues/tax-policy/tax-expenditures#:~:text=Tax%20expenditures%20describe%20revenue%20losses,a%20deferral%20of%20tax%20liability.>

system based on the scenario without exemptions, reduced rates, rebates etc. Thus, deviations from this benchmark, whether provided for in the main body of law or its schedules, are treated as tax expenditures.

1.3. Merits and demerits of tax expenditures

The tax expenditures, being tool of fiscal policy benefits the economy in many ways. Such as investment promotion, more participation of private sector, strengthening of infant and relatively weaker industries etc. Well-targeted tax incentives have been argued to be effective tool in promoting investment, mobilizing growth, new job creations and economic expansion.

On the other, among the disadvantages, the foremost is the revenue loss for the State and erosion of tax base. Other possible disadvantages are; inefficient allocation of resources in the economy and inequity that the tax expenditures may sometimes promote.⁵ Recent research carried out by the International Monetary Fund, the Organization for Economic Cooperation and Development, the United Nations and the World Bank shows that investors usually do not consider tax incentives to be a decisive factor when considering investments in developing countries. Publicly available tax expenditure estimates increase public knowledge of government activities and objectives and permit the legislature and civil society organizations to scrutinize and hold government accountable for all aspects of its budget.

1.4. Reporting

The “Public Finance Management Act 2019” requires the Federal Government to lay a statement of estimated tax expenditure of the Federal Government before the Parliament every year, as part of the Finance Bill. Tax expenditure reporting is a part of good practices of fiscal management in many countries, and is usually published as part of the annual budget statement of governments.

⁵ Inter-American Center of Tax Administrations – CIAT, “Handbook of Best Practices on Tax Expenditure Measurements - An Ibero-american Experience”, 2011

SCOPE & METHODOLOGY

2.1. Scope

The tax expenditure estimates presented in this report pertain to Income Tax, Sales Tax, and Customs Duty based on data for FY 2022-23. Although Federal Excise Duty is also a federal levy administered and collected by FBR, however, since FED is levied on a specific group of products and services & it is not a general levy with specified exemptions, exclusions, credits, allowances etc. Therefore, by definition FED falls outside the purview of Tax Expenditure domain.

2.2. Methodology

Globally accepted “Revenue Forgone”, approach⁶ is used in this report, to estimate tax expenditure. This method quantifies the direct ex-post revenue loss associated with the specific provision relative to the statutory tax rates. The difference between the actual tax paid and the actual amount due to be paid, had there been no exemptions, constitutes the tax revenue foregone or tax expenditure.

This report estimates the tax expenditures based on nominal values. For analysis, reporting and comparison purposes the nominal values of GDP, LSM growth and other macro-economic indicators have been used.

2.3. Benchmark specifications

Benchmarks are based on Income Tax Ordinance (ITO), 2001, Sales Tax Act, 1990, and Customs Act, 1969. The benchmark systems for each type are described below:

2.3.1. Benchmark for Income Tax Expenditure

The benchmark for estimating income tax expenditure has the following dimensions:

⁶ Canada Finance Department (2022), Federal Tax Expenditures - Concepts, Estimates and Evaluations 2022. US Treasury (2022), Australia Treasury (2022)

2.3.1.1. Unit of Taxation

The benchmark “unit of taxation” for the income tax is “person”. Definition of “person” is as defined in the ITO-2001, which includes individuals, companies, AOPs, etc.

2.3.1.2. Tax Base

- a. Definition of “taxable income” is as defined in section 9 of the ITO-2001, i.e. salary, income from property, income from business, capital gains, and income from other sources.
- b. Taxpayers resident in Pakistan are required to pay taxes on their worldwide income, while non-residents are taxable in Pakistan on their income from Pakistan sources only.
- c. Within the benchmark, a tax credit is allowed for foreign income taxes paid, which prevents double taxation of income earned abroad. In the absence of taxes paid abroad on foreign income, such income is considered taxable as per provision of section 103 of the ITO-2001.

2.3.1.3. Taxation Period

- a. The benchmark taxation period is the “tax year” as given in clause 2(68) of the ITO-2001, which is similar to “financial year”, i.e. July to June. Income is taxed as earned, on an accrual basis.
- b. Tax year used for the purpose of Income Tax Expenditure is 2022-23.

2.3.1.4. Tax Rates

- a. Tax rates given in Schedule-1 of the ITO-2001 are taken as the benchmark rates. Any variation or concession in tax rates within Schedule-1 is not considered a deviation from the benchmark.
- b. Rate of minimum tax for loss declaring entities is taken at 1.25% and tax rates for individuals are taken as per the relevant slab given in Schedule-1. Exemptions on export are measured against relevant tax rate of 1%. Exemption from withholding tax on imports are measured against their relevant rates.
- c. Corporate benchmark rate is taken at 39% for the banking companies and average rate of 24.5% for all other non-banking companies (including small and medium enterprises and other companies).

2.3.1.5. Procedural Clauses

Clauses that offer exemption from certain withholding provisions for particular class of businesses or persons are held as Procedural Clauses and are not to be considered tax expenditure. This is due to the fact that alternative provisions for taxing these businesses or persons for the same tax liability are already in place within the structure of income tax law. Example is the non-applicability of withholding provision on profit received on Behbood Savings Certificate issued by National Savings Center (Clause 36A of Part IV of Second Schedule of ITO, 2001). This is only a procedural clause meant for convenience of senior citizens, as tax on this profit becomes payable at the time of filing of income tax return. Hence procedural clauses constitute a part of deferred payment of taxes to be paid at a later stage.

However, there is a limitation as to the availability of sophisticated data required for determining the tax expenditure under some procedural clauses. Therefore, where detailed data is not available to establish that eventually the tax was recovered, the tax foregone under such procedural clauses are included in the calculation of tax expenditure. This approach has been adopted, for example, in case of tax expenditures arising from exemptions and concessions on levy of minimum withholding tax, withholding on profit on debt, withholding on imports etc. (provisions of Part IV of Second Schedule to ITO, 2001). The Procedural Clauses not accounted as tax expenditure are listed in Appendix D.

2.3.1.6. Structural Exclusions & Minimum Thresholds

Concessions and exemptions that are structural exclusions from the tax base have not been included in the benchmark and are therefore not used for computation of tax expenditure. Example include, minimum income threshold, exemption on income derived from inter-corporate dividend, agriculture income etc are not included in Benchmark. List of such clauses and sections is placed at Appendix C.

Concessions and exemptions as a result of international agreements and Pakistan's obligations to global treaties are not considered as tax expenditures. These include concessions given to diplomats, UN organizations etc⁷. However, expenditures arising from FTAs, PTAs and other bilateral agreements are taken as expenditure.

⁷ List of income tax concessions consequential to international obligations is available at Appendix C.

2.3.1.7. Subordinate Legislation

In specific circumstances, the government issues policy directives for incentivizing a specific sector through targeted tax concessions, for which FBR issues SROs during the currency of a financial year. Tax expenditure incurred under these subordinate legislations is also been included in this report.

2.3.1.8. Entitlement under Multiple Provisions

During estimation, where it is observed that a taxpayer or class of taxpayers may be entitled to avail exemptions under multiple provisions, the estimation has been put under only one provision to avoid duplication.

2.3.1.9. Income of Federal, Provincial or Local Government under section 49 of ITO, 2001

Section 49 refers to Income Tax exemption availed by Federal, Provincial and local governments and all public sector organizations holding FTN. Tax exemptions availed under Section 49 were also reported under Government Universities and few other clauses. So there was a possibility of double counting of same exemptions being reported under two different provisions. This duplication was done away with.

2.3.2. Benchmark for Sales Tax Expenditure

The benchmark for the Sales Tax, as defined for the purpose of this report, has the following characteristics:

2.3.2.1. Unit of Taxation

In general ST is borne by final consumers of goods and services. The Sales Tax data is collected from sales & purchases reported by manufacturer, importer, wholesaler, distributor, retailer, etc. filing sales tax returns on monthly, quarterly or annual basis.

2.3.2.2. Taxation Period

The period for the purpose of Sales Tax Expenditure is FY2022-23.

2.3.2.3. Tax Base

The benchmark tax base for the ST uses the principle of “destination basis” i.e, at the point of consumption in Pakistan. Sales tax applicability is on goods and services consumed in Pakistan but not on exports from Pakistan.

Sales Tax on services is a provincial levy and falls under the domain of provinces after the 18th Constitutional amendment in Pakistan. Islamabad Capital Territory does not fall within any province, therefore, Sales Tax on Services pertaining to Islamabad Capital Territory falls within the ambit of the Federation together with Sales Tax on goods consumed throughout Pakistan. As such, ST on goods consumed throughout Pakistan and services only within the Islamabad Capital Territory theoretically form the base for calculation of Sales Tax Expenditure in this report.

Tax expenditure on services in the Islamabad Capital Territory has not been computed due to the peculiar format of the “The Islamabad Capital Territory (Tax on services) Ordinance 2001” wherein there are no specific provisions relating to exemptions, credits, concessions etc. ICT Ordinance, 2001 only defines minimum thresholds, all rates mentioned in the said Ordinance are standard rates that are considered benchmark rates.

2.3.2.4. Tax Rate

The benchmark rate structure for the Sales Tax is the standard rate provided in the STA 1990. For the period under consideration two different rates have been taken as benchmarks since the standard rate of Sales Tax was changed w.e.f. February 14, 2023 from 17% to 18% (and 25% on some specified luxury items)⁸.

2.3.3. Benchmark for Customs Duties

- a. Statutory rates of Customs Duty (CD), Regulatory Duty (RD), and Additional Customs Duty (ACD) have been taken as benchmark rates. Customs related exemptions / concessions are generally subject based.
- b. While making calculations, deviation from statutory rates has been considered as exemption / concession.
- c. Period taken for the purpose of Customs Expenditure is 2022-23.
- d. Regulatory duties and Additional Customs duties levied through Statutory Regulatory Orders (SROs) were of temporary nature and were primarily meant for import compression in order to ameliorate the deteriorating current account balance. However, exemptions under these heads have been taken as deviations from the benchmark, in this

⁸ Sales Tax rates changed through S.R.O. 179(1)/2023 dated 14th Feb 2023 and The Finance (Supplementary) Act. 2023 (NO. X OF 2023) dated 23rd Feb 2023.

report.

2.4. Measurement of Overall Tax Expenditure

Measurement of overall Tax Expenditure according to each tax type is discussed below:

2.4.1. Measurement of Income Tax Expenditure

Income tax expenditure has been calculated by taking the data of Income Tax Returns and, where certain data was not captured in FBR databases, that data was acquired directly from relevant entities/third parties.

For computing the normal income tax, rates defined under Finance Act 2022 are applied on the declared income. The total receipt of income tax by FBR is then deducted from the computed normal income tax, to arrive at the income tax expenditure incurred for the given year.

Tax expenditure related provisions are mainly taken from Part VII, IX and X of Chapter III of the ITO, 2001 and Part I, II, III and IV of the second schedule of the said ordinance. These provisions provide the various items comprising the income tax expenditure including exemptions and concessions to individuals, association of persons, companies etc., who are taxable according to the rates specified in the first schedule.

Rate of minimum tax for loss declaring entities is taken as 1.25% and tax rates for individuals are taken as per the relevant slab given in First Schedule of ITO, 2001. Corporate benchmark rate is taken as 39% for banking companies and average rate of 24.5 % in respect of small and medium enterprises and other companies. While calculating the reduced rate exemptions, the difference between tax amounts on the basis of statutory tax rate and reduced/exempted rate for each item is taken as tax expenditure.

2.4.2. Measurement of Sales Tax Expenditure

The FBR sales tax returns database is used to estimate the tax expenditure of sales tax for FY2022-23. The rates applied for measuring the sales tax expenditure are 17% for the period 1st July 2022 to 13th January 2023 and thereafter 18% starting 14th February 2023 till 30th June 2023. The difference between the actual sales tax paid and the tax liability at the said rates is taken as sales tax revenue foregone. On some luxury items Sales Tax of 25% was levied for the period 14-02-2023 to 30-06-2023, however, the increased tax rate means a negative Sales Tax expenditure and negative Sales Tax expenditure is not accounted for in this report.

2.4.2.1. Measurement methodology under different types of Sales Tax concessions

a. Zero Rating

Zero rating implies that Sales Tax shall be charged at the rate of zero percent on the specific item. Under the STA 1990, section 4 and Fifth Schedule deal with the zero rated provisions. Zero rating is generally provided on items which are otherwise outside the ambit of Sales Tax as a matter of definition such as goods exported or on such items which the government may notify from time to time to deal with special situations such as national security, natural disaster, national food security and in other compelling situations. Items required for implementation of bilateral and multilateral agreements may also be charged to tax at the rate of zero percent. Zero rating of an item has impact on the sales tax paid during entire value chain when it comes to measurement of the Sales Tax expenditure. The sale of final product with zero rating allows the seller to claim the input tax. The tax expenditure in such cases is thus taken as the total Sales Tax payable on the sale price of the final product.

b. Exemptions

Exempt items under the STA 1990 are dealt under section 13 and the Sixth Schedule. These may include sales tax exemption allowed on local supply of goods or import of goods. Like the zero rating, the exemptions from Sales Tax are also granted by the Federal Government whenever circumstances arise to take immediate action for the purposes of national security, natural disaster, national food security in emergency situations and implementation of bilateral and multilateral agreements by notification in the official Gazette. Exemptions can be allowed to items supplied locally or to items imported from the whole or any part of the tax chargeable under the STA 1990. The input tax treatment in the case of exempt items is different from zero rated items and as a consequence the calculation of tax expenditure in the case of exempt item is also different. Unlike the zero rated items, the input tax against exempt items is not allowed to be adjusted by the seller against the output tax. Therefore, only the net output tax is foregone by the government. As such, a notional adjustment is made from the tax calculated on the final sale price to arrive at the tax expenditure for exempt items. For the purposes of this report, as per past practice, the adjustment is made at the rate of 30% to calculate the tax expenditure of exempt items under local supplies. On imports of exempt items since no input tax is paid so the adjustment is not made and straight calculation is made by taking the import value of the item to calculate the Sales Tax expenditure.

c. Reduced Rates

Under section 3(2)(b) of Sales Tax Act 1990, the Federal Government is empowered to declare that in respect of any taxable goods, the tax shall be charged, collected, and paid in such manner and at such higher or lower rate or rates as may be specified. In case of reduced rates, the Sales Tax expenditure is calculated by taking the difference of the Sales tax receivable according to the benchmark rate and the actual amount of Sales Tax received under the reduced rate.

d. Exclusions from levy of minimum value addition sales tax under 12th Schedule to STA 1990

Certain exclusions are provided in the 12th Schedule to STA 1990 from the levy of 3% minimum value addition Sales Tax on commercial imports. Sales Tax expenditure for these items is calculated by applying the 3% rate on the value of imports being revenue foregone. This expenditure head is included for the first time in Tax Expenditure Report, 2024 as the data for the period under consideration has become available.

2.4.3. Measurement of Tax Expenditure in Customs Duty

Data for estimation of Customs expenditure is taken from FBR's official database. Estimates were calculated against statutory rates of duties, using revenue foregone approach. While making calculations, deviation from statutory rates has been considered as a concession/exemption.

Classification of total estimates of customs duty expenditure are based on figures given under chapter-99, FTA/PTAs, Fifth Schedule to Customs Act 1969, General Concessions: exemptions given under other SROs to Automobile sector, E&Ps, CPEC, etc., and export-oriented exemption/concession SROs.

2.5. Interpretation framework

The estimates computed in this report should be interpreted within a certain framework. There are various issues involved in estimation of tax expenditures, which should be considered while interpreting the expenditure estimates.

2.5.1. Behavioral responses

The Tax Expenditure estimates are static, meaning that these estimates do not incorporate any behavioral responses. An important assumption made in the revenue foregone approach is that taxpayers do not change their behavior in response to the tax expenditure. In reality, taxpayers'

behavior is likely to change if an incentive is withdrawn. Thus, the estimates do not represent the revenue amount that would be gained if specific tax expenditure were to be repealed.

2.5.2. Impact on economic activity

Another reason that eliminating a tax expenditure measure could not translate into estimated revenue is that in real world, a tax expenditure measure may have a more “dynamic” relationship with the cost estimate associated with it, rather than a simple linear translation into revenue. Eliminating a tax expenditure measure may have an adverse effect on the size of industry and overall level of economic activity. Withdrawal of tax incentive in a particular industry may induce some or many businesses to exit that particular industry or make alternative business choices and switch to industries with a more tax-friendly environment, thus causing an overall decline in revenues. Similarly, eliminating a particular tax expenditure may affect the level of consumption (for example, where a good or service has “price-elastic demand” and withdrawal of tax relief increases the price of good or service). This could again cause a decline in revenue collection, contrary to the expectation.

2.5.3. Individual estimates vs. aggregate tax expenditure

The revenue foregone on account of tax expenditures can either be estimated independently for each tax expenditure provision with the assumption that all other tax provisions remain unchanged. Using this approach may provide a biased and misleading estimate of the total cost of tax expenditures as many tax expenditure provisions may only be procedural in nature and therefore the tax foregone under such provisions is recovered at a later stage under another tax levying provision. Alternatively, the tax expenditure can be estimated by excluding the tax expenditure calculated under procedural clauses so that only the impact of those provisions are accounted which represent the actual tax foregone.

2.5.4. Compensation of tax expenditure through alternative levies

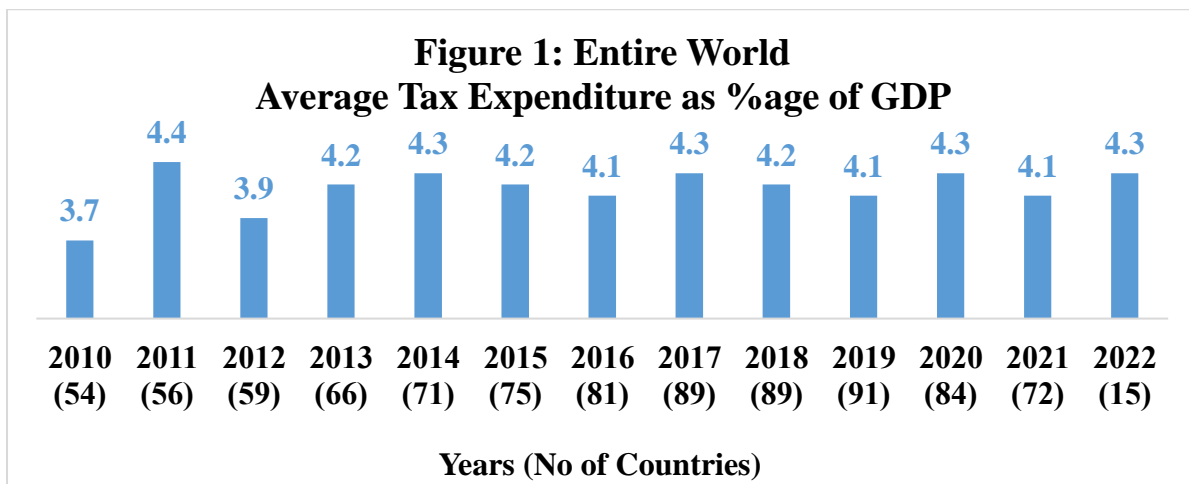
Tax expenditures may not represent the actual revenue foregone by the state as a result of policy measure through various tax related laws. Governments have several instruments and means for collecting tax revenues and for granting concessions. Revenues foregone under a specific tax regime may not be completely lost revenues as the Government may compensate such loss through some other type of levy that may not be strictly classified as tax or Custom Duty. Some examples of alternative methods for Governments to collect revenue other than federal and provincial tax are development levies, surcharges, cess, etc.

INTERNATIONAL EVIDENCE ON TAX EXPENDITURE

3.1. Global Average Revenue Foregone

Tax concessions are policy tools used by various governments for socio-economic reasons. There is large variation in the quantum of tax concession offered by various countries, i.e. developed countries are generally found to incur higher percentage of GDP as tax expenditure when compared to less developed countries.

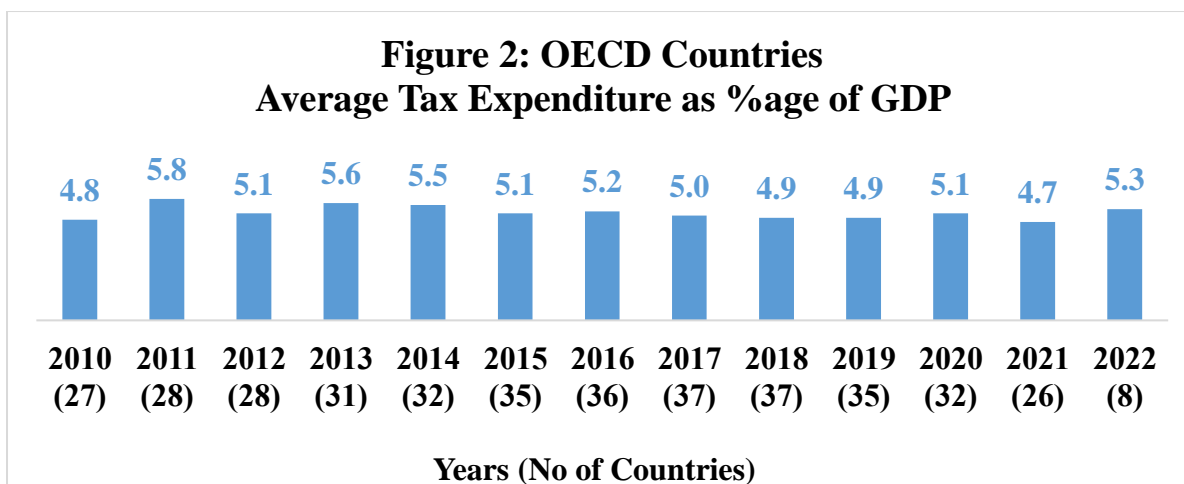
According to the “Global Tax Expenditure Database” the data from 2010 to 2022 (Figure 1) indicate that the average global tax expenditure remained within a range from 3.7 to 4.4 percent of the GDPs. The global average for the said period is 4.16 percent.



Source: Global Tax Expenditure Database available at <https://gted.taxexpenditures.org/>

3.2. OECD Countries

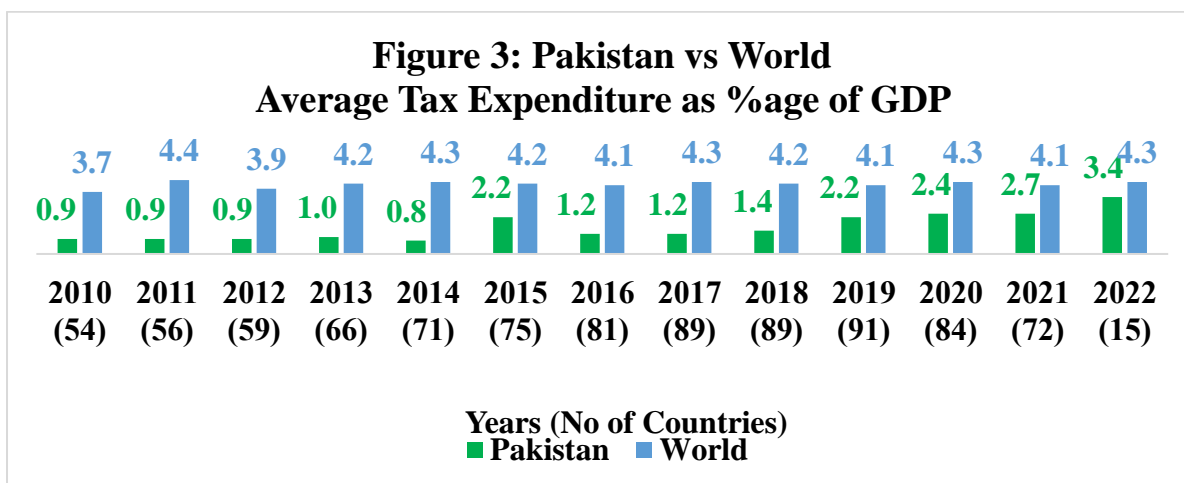
The tax expenditure estimates of OECD countries during the period 2010 to 2022 ranged between 4.7% to 5.8% while the average rate for the 13-year period is 5.15% (Figure 2).



Source: Global Tax Expenditure Database available at <https://gted.taxexpenditures.org/>

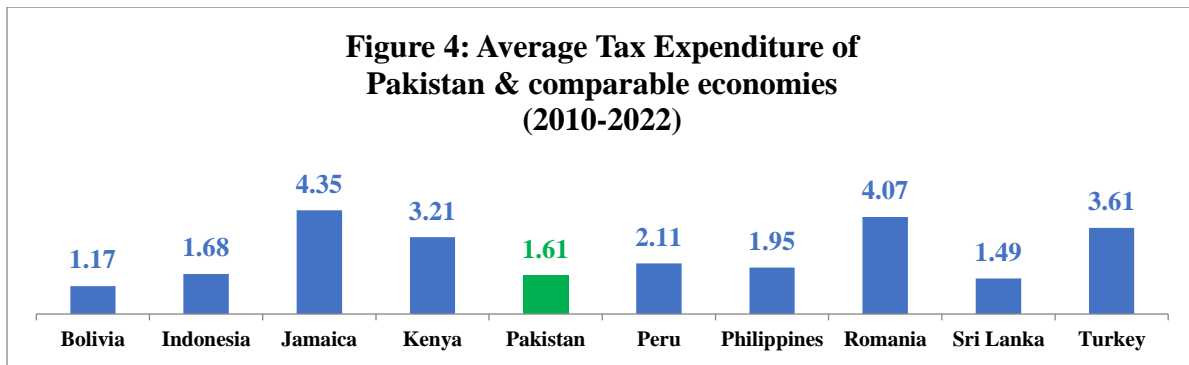
3.3. Pakistan's Position

The tax expenditure estimates as percent of GDP for Pakistan as compared to global averages are lower (Figure 3). Pakistan's tax expenditure for a 13-year period remained 1.61 percent of GDP against a global average of 4.16 percent.



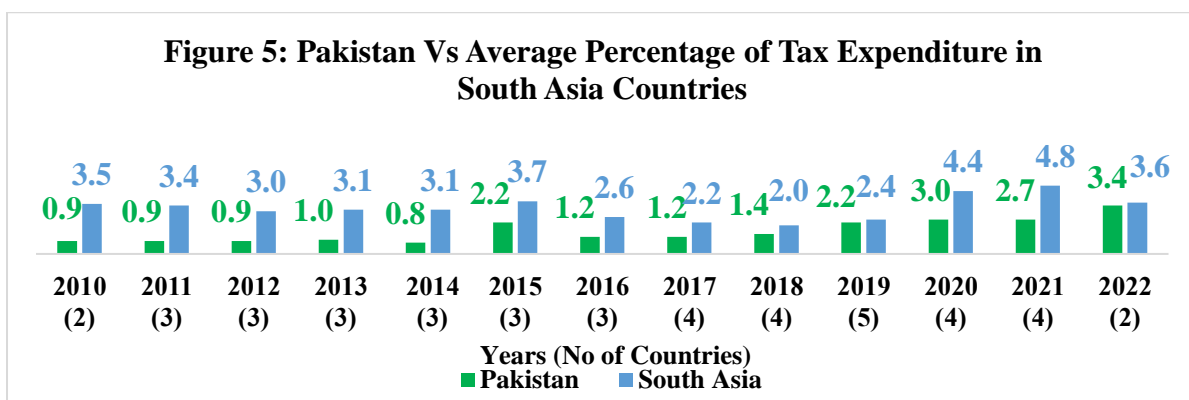
Source: Global Tax Expenditure Database available at <https://gted.taxexpenditures.org/>

Figure 4 shows the TE position of Pakistan among a group of 10 comparable economies in terms of GDP (2010-2022). In a sample of ten countries Bolivia has the least average rate of tax expenditure at 1.17 percent of GDP while Jamaica has the highest tax expenditure average of 4.35 percent over a 13-year period. The cumulative average tax expenditure for these countries is 2.52 percent as compares to 1.61 percent for Pakistan.



Source: Global Tax Expenditure Database available at <https://gted.taxexpenditures.org/>

An attempt was also made to compare Pakistan’s tax expenditure trends with the regional countries. For the South Asian region, the data was only available for a limited number of countries. Within the region, tax expenditure ranges from 2.0 percent to 4.8 percent over a period of 13 years that translates into an average of 3.22 percent (figure 5). Pakistan ranks below the regional average as well with an average of 1.61 percent over the said period.



Source: Global Tax Expenditure Database available at <https://gted.taxexpenditures.org/>

At an aggregate level, the available data shows that, Pakistan has been allowing lesser tax concessions when compared to the rest of the world or among similar sized economies or the regional countries. However, Pakistan has an upward trajectory of allowing tax concessions during the past decade whereas the world average is fluctuating within a narrow band with occasional spikes.

TER 2024 Team FBR has developed a TER Developer Manual, an initiative which has been lauded by an international body comprising Council on Economic Policies (CEP) and the German Institute of Development and Sustainability (IDOS), the Tax Expenditures Lab. The same has been shared by this body, with all the countries involved in developing their tax expenditure reports. The FBR’s TER Developer Manual has been uploaded for use by global community at their website <https://www.taxexpenditures.org/2024/06/05/tax-expenditures-report-manual-fdr-of-pakistan-sets-the-course/>.

TAX EXPENDITURE ESTIMATES

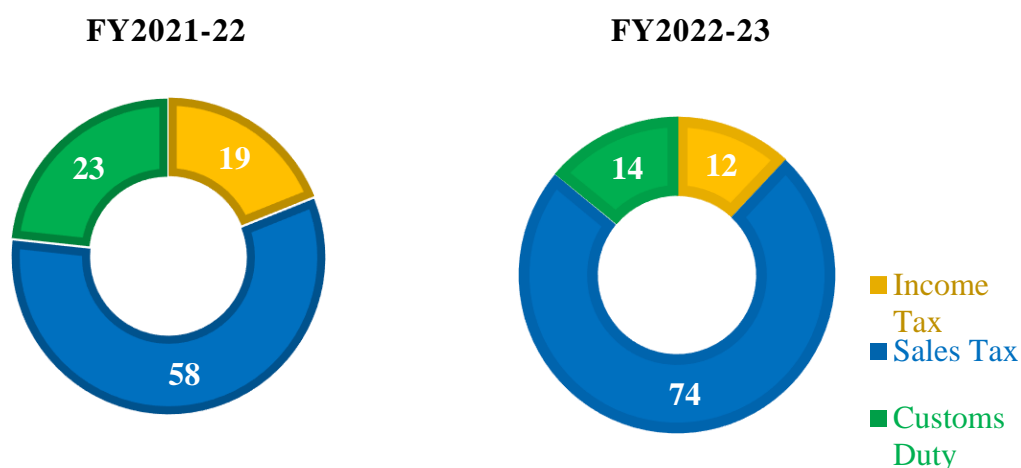
The overall Tax Expenditure estimate computed for FY 2022-23 is Rs. 3,879.20 billion. It is 4.441% of the GDP and 54.15% of FBR's total tax collection during the said period. A breakdown of each tax head is given in table 1 below. The Tax Expenditure of Sales Tax was highest at Rs. 2,858.72 billion followed by Customs Duty at Rs. 543.52 billion and Income Tax at Rs. 476.96 billion. Sales Tax, Income Tax and Customs Duty recorded an increase of 120.91%, 12.52% and 4.18% respectively.

Table 1: Summary of Tax Expenditure Estimates FY2022-23 (Rs. Billion)

| Tax Heads | Tax Expenditure | | | Tax Expenditure as % of | | |
|---------------------------------|-----------------|-----------------|------------------------|-------------------------|----------------------------|-------------------------|
| | FY 2021-22 | FY 2022-23 | Increase/ Decrease (%) | GDP | FBR's Collection FY2022-23 | Overall Tax Expenditure |
| Income Tax | 423.89 | 476.96 | 12.52 | 0.57 | 6.66 | 12.30 |
| Sales Tax | 1,294.04 | 2,858.72 | 120.91 | 3.40 | 39.91 | 73.69 |
| Customs Duty | 521.70 | 543.52 | 4.18 | 0.65 | 7.59 | 14.01 |
| Overall Tax Expenditures | 2,239.63 | 3,879.20 | 73.21 | 4.61 | 54.15 | 100.00 |

The share of Income Tax and Customs Duty regimes in total tax expenditures has declined while the share of sales tax expenditure has increased significantly in FY 2022-23 (Figure 6).

Figure 6: Head-wise Tax Expenditure (% Share of Total Tax Expenditure)



4.1. Income Tax Expenditure

The Income Tax Expenditure is estimated at Rs. 476.96 Billion during FY 2022-23 (Table 2). Income tax expenditures fall into various categories i.e. tax concessions given in the form of allowances, credits, exemptions, reduced rates, exclusion, etc. Income tax expenditure accounted for 12.30% of the total tax expenditure in FY2022-23. It has increased by 12.52% in comparison with FY2021-22. The Income Tax expenditures measured in terms of GDP have reduced from 0.64% in FY 2022 to 0.57% of GDP in the FY2022-23.

Table 2: Income Tax Expenditure Summary (Rs. Million)

| Exemption Heads | Tax Expenditure | | Increase/ Decrease | | Head wise Shares (%) FY 2022-23 |
|--|-----------------|----------------|---------------------|-------------|---------------------------------|
| | FY 2021-22 | FY 2022-23 | Absolute Difference | (%) | |
| Exemptions Under Part VII of Chapter III (ITO, 2001) | 26,834 | 57,517 | 30,683 | 114.3 | 12.1 |
| Deductible Allowances | 14,506 | 5,912 | -8,594 | -59.2 | 1.2 |
| Tax Credits | 52,133 | 24,374 | -27,759 | -53.2 | 5.1 |
| Exemption from Total Income | 232,398 | 293,460 | 61,062 | 26.3 | 61.5 |
| Reduction in Tax Rates | 24,444 | 25,492 | 1,048 | 4.3 | 5.3 |
| Reduction in Tax Liability | 4,738 | 4,270 | -469 | -9.9 | 0.9 |
| Exemptions from Specific Provisions | 68,841 | 62,756 | -6,085 | -8.8 | 13.2 |
| SROs Related Exemptions | 0 | 3,179 | 3,179 | - | 0.7 |
| Total Income Tax Expenditure | 423,894 | 476,960 | 53,065 | 12.5 | 100.0 |

An increase in exemptions amounting to Rs. 61.06 billion i.e. 26.3 percent is witnessed under “Exemption from Total Income”, followed by Rs. 30.68 billion & Rs. 1.05 billion under “Exemptions Under Part VII of Chapter III (ITO, 2001)” & “Reduction in Tax Rates” respectively.

The largest drop in absolute terms amounting to Rs. 27.76 billion i.e. 53.2 percent is seen in “Tax Credits”.

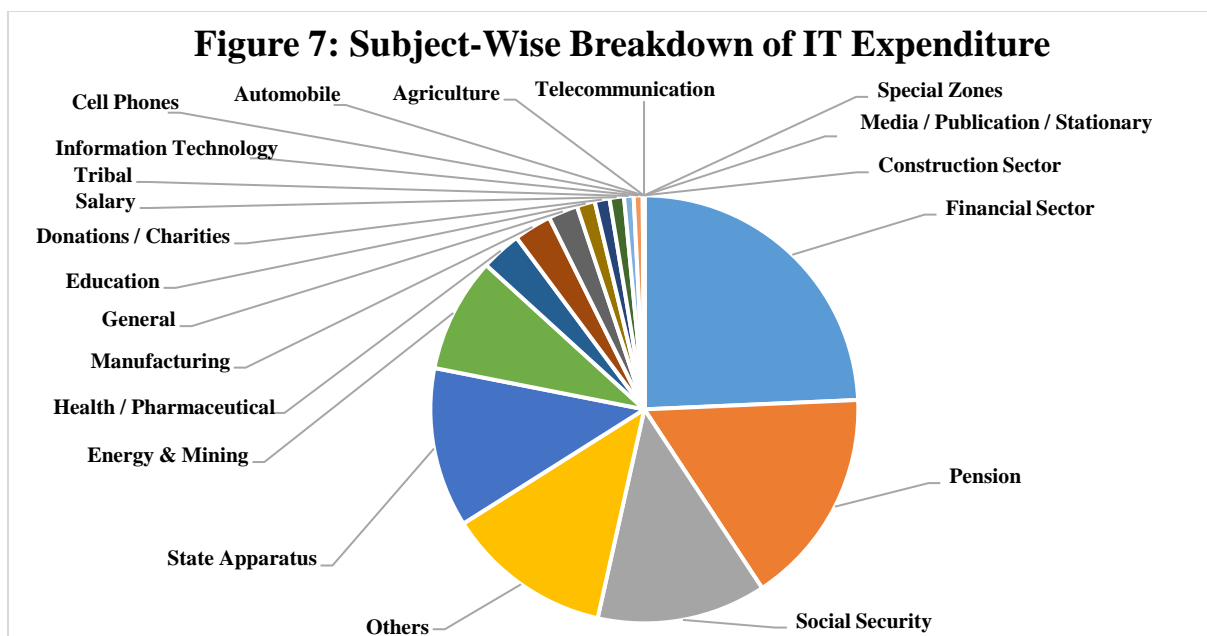
4.1.1. Major beneficiary sectors under Income Tax Expenditure

The cumulative sum of income tax expenditures availed by top 10 sectors, amounts to Rs. 459,164.50 million which is 96.27% of the total income tax expenditure. It accounts for 11.84% of the total tax expenditure incurred during the FY 2022-23.

Table 3: Major beneficiary sectors Income Tax Expenditure

(Rs. Million)

| S. No. | Sector | Tax Expenditure |
|------------------|---|-------------------|
| 1 | Financial Sector | 115,893.13 |
| 2 | Pension | 78,339.47 |
| 3 | Social Security | 60,958.66 |
| 4 | Others (Clause 56 of Part 4 of Second Schedule) | 59,798.85 |
| 5 | State Apparatus | 57,517.31 |
| 6 | Energy & Mining | 41,347.77 |
| 7 | Health / Pharmaceutical | 14,533.20 |
| 8 | Manufacturing | 13,605.88 |
| 9 | General | 10,648.41 |
| 10 | Education | 6,521.83 |
| Sub-Total | | 459,164.50 |



4.2. Sales Tax Expenditure

The Sales Tax Expenditure is estimated at Rs. 2,858.721 Billion based on data of FY2022-23 (Table 4), increasing by 120.91% as compared to FY2021-22. The Sales Tax expenditure is 3.40% of the GDP in FY2022-23. The Sales Tax expenditure constitutes the highest component in the total expenditure i.e. 73.69%.

Table 4: Sales Tax Expenditure Summary (Rs. Million)

| Exemption Heads | Tax Expenditure | | Increase/ Decrease | | Head wise Shares (%) |
|--|------------------|------------------|---------------------|---------------|----------------------|
| | FY2021-22 | FY2022-23 | Absolute Difference | (%) | FY2022-23 |
| Fifth Schedule (Zero Rating) | 139,448 | 206,053 | 66,605 | 47.76 | 7.21 |
| Sixth Schedule (Local supplies) | 133,178 | 461,094 | 327,916 | 246.22 | 16.13 |
| Sixth Schedule (Imports) | 257,537 | 214,678 | -42,859 | -16.64 | 7.51 |
| Eighth Schedule (Reduced Rates) | 129,906 | 357,997 | 228,091 | 175.58 | 12.52 |
| Ninth Schedule (Cellular Mobile Phones) | 1,021 | 33,057 | 32,036 | 3,137.71 | 1.16 |
| Twelfth Schedule (Additional Tax) | - | 208,066 | 208,066 | - | 7.28 |
| POL Products (SRO 321/2022) (Local supplies) | 632,950 | 1,257,513 | 624,563 | 98.67 | 43.99 |
| POL Products (SRO 321/2022) (Imports) | - | 81,225 | 81,225 | - | 2.84 |
| SROs (Local supplies) | - | 8,753 | 8,753 | - | 0.31 |
| SROs (Import) | - | 5,126 | 86,351 | - | 0.18 |
| Various Sections (Zero Rating) | - | 25,159 | 25,159 | - | 0.88 |
| Total Sales Tax Expenditure | 1,294,040 | 2,858,721 | 1,564,681 | 120.91 | 100.00 |

The largest share of expenditure at 43.99% incurred in the sales tax regime is attributed to POL Products (Local Supplies) amounting to Rs. 1,257.51 billion, registering a growth of 98.67%, cost primarily due to zero rating of POL products, introduced from February 2023.

A significant increase of Rs. 327.91 billion is observed in the exemption under Sixth Schedule on local supplies of Sales Tax Act 1990, registering a growth of 246.22% which is mainly driven by exemption on Local supply of Fertilizer.

4.2.1. Major beneficiaries of Sales Tax Expenditure

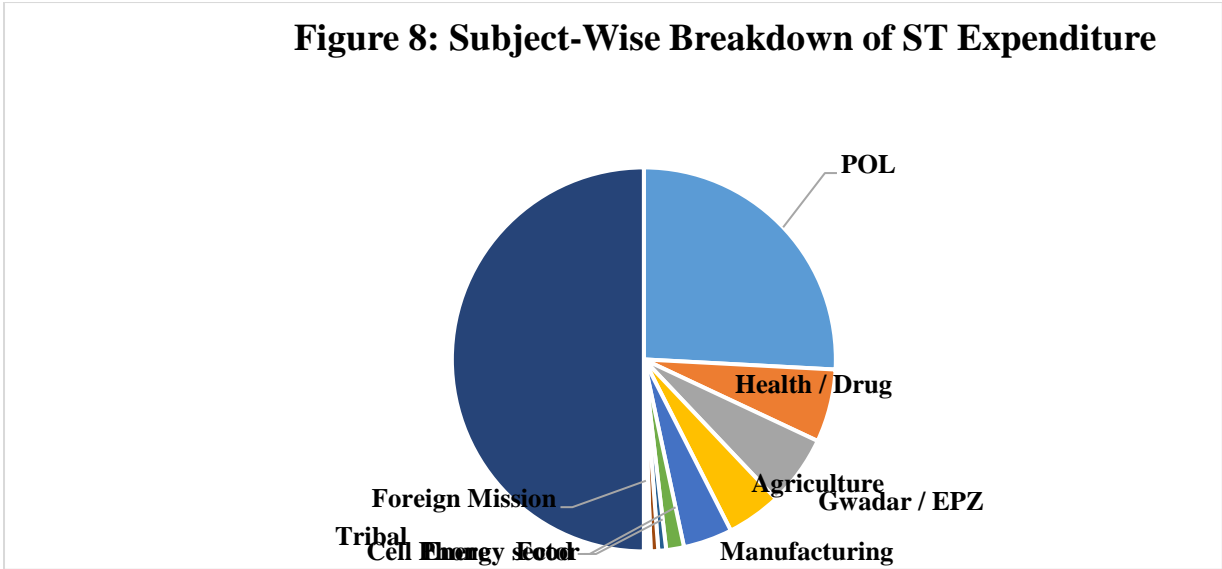
The cumulative sum of Sales Tax expenditure for top 10 major beneficiaries, amounts to Rs. 2,757.83 billion, which is 96.47% of the total sales tax expenditure. These 10 sectors account for 73.96% of the total tax expenditure incurred during the FY2022-23.

Table 5: Major beneficiaries of Sales Tax Expenditure

(Rs. Million)

| S. No. | Sector | Tax Expenditure |
|------------------|-----------------|---------------------|
| 1 | POL | 1,425,335.80 |
| 2 | Health / Drug | 338,817.98 |
| 3 | Agriculture | 328,077.42 |
| 4 | Manufacturing | 252,878.73 |
| 5 | Food | 227,516.05 |
| 6 | Energy sector | 82,641.53 |
| 7 | Cell Phone | 36,244.07 |
| 8 | Tribal | 35,030.93 |
| 9 | Foreign Mission | 16,418.72 |
| 10 | Gwadar / EPZ | 14,870.08 |
| Sub-Total | | 2,757,831.31 |

Figure 8: Subject-Wise Breakdown of ST Expenditure



4.3. Customs Duty Expenditure

The Customs Duty Expenditure is estimated at Rs. 543.521 Billion based on data of FY 2022-23 (Table 6). The customs duty concessions are in the form of reduced rate, zero rate, exemptions to specific sectors/items, which are broadly scattered among items such as plant, machinery and equipment, chemicals, parts, renewable energy sources equipment etc. The largest portion of customs duty expenditure is given under Fifth Schedule amounting Rs. 190.688 billion, registering a growth of 10.24%, followed by General Concessions, amounting Rs. 146.59 billion. Break down of the category wise share of Custom Duty expenditure is given in Table 6.

Table 6: Customs Duty Expenditure Summary (Rs. Million)

| Exemption Heads | Tax Expenditure | | Increase/ Decrease (%) | | Head wise Shares (%) |
|--|-----------------|----------------|------------------------|-------------|----------------------|
| | FY2021-22 | FY2022-23 | Absolute Difference | (%) | FY2022-23 |
| Chapter - 99 | 22,240 | 34,864 | 12,624 | 56.76 | 6.41 |
| FTA & PTA | 102,658 | 44,107 | -58,551 | -57.04 | 8.12 |
| Fifth Schedule | 172,978 | 190,688 | 17,710 | 10.24 | 35.08 |
| General Concessions: Automobile sector, E&Ps, CPEC, etc. | 192,950 | 146,598 | -46,352 | -24.02 | 26.97 |
| Exports | 30,877 | 127,264 | 96,387 | 312.15 | 23.41 |
| Total Customs Expenditure | 521,703 | 543,521 | 21,817 | 4.18 | 100.00 |

Customs Duty exemptions under Fifth Schedule, General Concessions and Exports Related Exemptions combined consist of 85.46% of customs duty expenditure.

A significant increase is observed in the export related exemptions while major decrease is observed in FTA & PTA, etc.

The customs duty expenditure is 0.65% of the GDP in FY2022-23 and contributed 14.58% in the total tax expenditures.

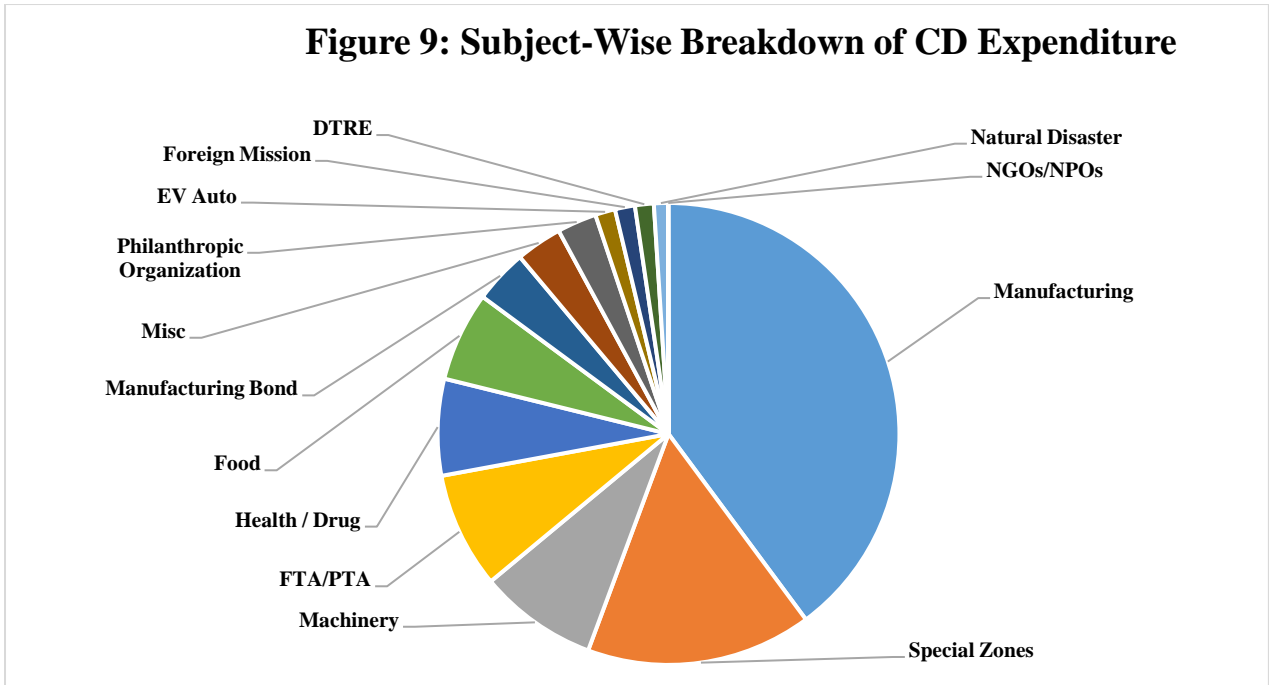
4.3.1. Major Beneficiaries Customs Duty Expenditures

The cumulative sum of custom duty expenditure for top 10 heads, amounts to Rs. 445,122.88 million which is 82% of the total custom duty expenditure. It accounts for 12% of the total tax expenditure incurred during the year 2022-23.

Table 7: Major Beneficiaries Customs Duty Expenditures

| | | | <i>(Rs. Million)</i> |
|--------------|--------------------------------------|--|----------------------|
| S.No. | Exemption Order | Beneficiary Sector | Tax Expenditure |
| 1 | 656(I)/2006 | OEMs of automotive sector | 93,849 |
| 2 | 5th Schedule (Customs Duty) Part III | Poultry, Textile sectors & Misc | 83,763 |
| 3 | 565(I)/2006 | Raw material of survey based local industries: Stationary /Electrical Capacitor/ Pesticides/ Distilled Fatty Acids/CRC & GI coils/ Fans/ Transformers/ Electric Motors manufacturers | 38,344 |
| 4 | 655(I)/2006 | Vendors of automotive sector | 38,344 |
| 5 | 327(I)/2008 | Export Oriented Unit | 34,465 |
| 6 | 5th Schedule (Customs Duty) Part VII | Essential edible items like pulses, potato etc. Oil and Oil products, Inputs of export sectors etc. | 34,069 |
| 7 | 5th Schedule (Customs Duty) Part II | Import of Active pharmaceutical Ingredients by pharma sector | 34,036 |
| 8 | 5th Schedule (Customs Duty) Part I | Import of Plant, Machinery, equipment and apparatus, including Capital Goods for various industries/sectors | 32,438 |
| 9 | 1640(I)/2019 | FTA: General exemption on import from China under Pak-China FTA | 32,327 |
| 10 | SRO.450(I)/2001 | EPZ | 23,488 |
| Total | | | 445,122.88 |

Figure 9: Subject-Wise Breakdown of CD Expenditure



4.4. Tax Expenditure FY 2022-23: Underlying factors⁹

Overall tax expenditure estimates in FY 2022-23 remained high, when compared to previous year’s estimates. The growth could be attributed to multitude of underlying factors ranging from global economic scenario emerging from wars in various regions, pressure on fossil fuel prices there by necessitating public policy interventions in the form of exemptions, zero rating, reduced rates etc.

Sales Tax Expenditure witnessed 120.91% growth in FY 2022-23 compared to previous year. Major portion of Sales Tax exemptions were availed by POL, Agriculture (Fertilizer) sector, Health Sector, Food items, Manufacturing, Energy sector, Pharmaceutical, Cell Phone, etc.

More specifically within the largest Tax Expenditure availing sector of POL Products there are four main components namely MS (Petrol), High Speed Diesel Oil, Kerosene and Light Diesel Oil having the greatest share of Sales Tax Expenditure. These four items recorded a growth of 98.66%. The share of these four items is 43.99% in overall sales tax expenditure. It is however appropriate to point out that the said increase of these four major POL items is based on sales tax expenditure calculated for FY 2021-22 over the period of five months as compared to sales tax

⁹ Source: PRAL, SBP, Economic Survey FY 2022-23 (Finance Division)

expenditure calculated over a period of twelve months for FY 2022-23 due to the fact that the said four items were zero rated w.e.f. 1st February, 2022 vide SRO 321(I)/2022, dated 01-03-2022. Consequently, Sales Tax expenditure for five months duration (Feb-June) of FY 2021-22, incurred on aforesaid four POL products was reported as Rs. 633.0 Billion while Sales Tax expenditure for entire year (12 month) duration (July-June) of FY 2022-23, incurred on said four POL products is reported as Rs. 1,257.50 Billion. If the sales tax expenditure on these four items is to be compared on twelve monthly bases then the yearly change turns out to be a decline of (17.23 %) as calculated in table 8, by taking the five months average sales tax expenditure during FY 2021-22 and extrapolating over twelve months of the same period.

Table 8: POL Products (Annual Average Sale Price per liter)

| Description | FY 2021-22 | FY 2022-23 | Growth % |
|---|-----------------|-----------------|---------------|
| Exemptions on POL (Rs Billion) | 633.00 | 1,257.50 | 98.66 |
| SRO 321 Applicability Duration (In Months) | 5 | 12 | - |
| Average ST Expenditure on 4 POL Products Per Month (Rs Billion) | 126.60 | 104.79 | -17.23 |
| Estimated Expenditure for Full Year (Rs Billion) | 1,519.20 | 1,257.50 | -17.23 |

Source: TER 2023 and TER 2024

The huge increase in the sales tax expenditure of said four items is attributable mainly due to increases in the prices during the FY 2022-23 (Table 9), although the quantities consumed actually declined during the same period (Table 10).

Table 9: POL Products (Annual Average Sale Price per liter)

| POL Products | FY 2021-22 | FY 2022-23 | Growth % |
|----------------|------------|------------|----------|
| Motor Gasoline | 153.8 | 251.3 | 63.4 |
| Kerosene | 123.1 | 183.1 | 48.7 |
| HSD | 153.2 | 260.0 | 69.8 |
| LDO | 119.4 | 175.5 | 47.0 |

Source: Pakistan Economic Survey FY2022-23

Table 10: Quantity for Petroleum Products - Metric Tons

| Items | FY 2022-23 | | | FY 2021-22 | | | Growth % |
|--------------|------------|-----------|-----------|------------|-----------|-----------|----------|
| | Domestic | Import | Total | Domestic | Import | Total | |
| Motor Spirit | 2,245,480 | 5,212,605 | 7,458,085 | 2,496,320 | 6,627,686 | 9,124,006 | -18.26 |
| Kerosene Oil | 89,541 | - | 89,541 | 94,792 | - | 94,792 | -5.54 |
| H.S.D | 3,895,786 | 2,367,026 | 6,262,812 | 4,698,555 | 3,949,971 | 8,648,526 | -27.59 |
| L.D.O | 13,426 | - | 13,426 | 148,650 | - | 148,650 | -90.97 |

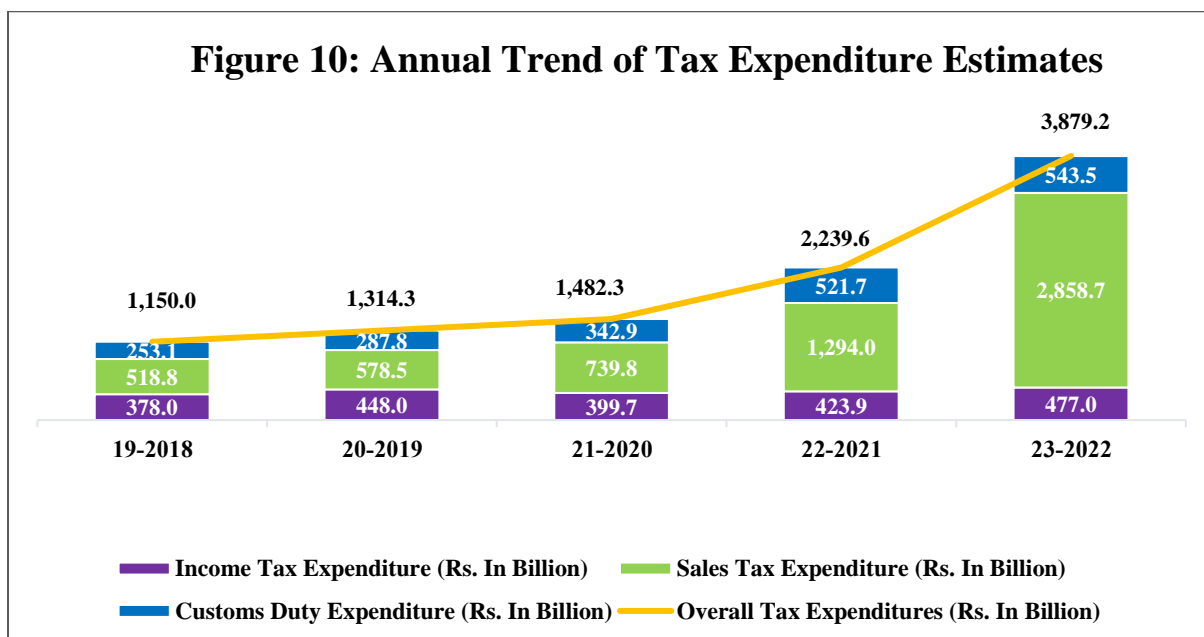
Source: Pakistan Oil Report 2022-23

The agriculture sector witnessed a phenomenal growth of 28.1%. The monetary value of agriculture production rose from Rs. 14,891.6 billion in FY 2021-22 to 19,079.4 billion in FY 2022-23. Correspondingly the factor input costs of agriculture sector also increased. Growth in agriculture sector consumed greater quantities of fertilizer. The import of fertilizer incurred an expenditure of Rs. 19.9 billion while the local production of fertilizer was granted Rs. 232.6 billion worth of Sales Tax exemptions. The fertilizer therefore availed a cumulative concession of Rs. 252.60 billion under Sixth Schedule (Table I) of STA 1990, according to which fertilizer is 100% exempt item.

Similarly, LSM Sector grew from Rs. 7.04 trillion to Rs. 8.53 trillion showing a growth of 21.2%¹⁰. The corresponding Tax Expenditure attributable to the manufacturing sector has been calculated at Rs. 98.2 Billion.

¹⁰ Source: Economic Survey FY 2022-23 (Supplementary), Finance Division.

4.5. Analysis of Five yearly trend - FY 2018-19 to FY 2022-23



An analysis of five yearly trend of tax expenditure availed in Income Tax, Sales Tax and Customs Duty regimes, show varying patterns. Income Tax expenditures show a fluctuating trend within a narrow band. On comparison with PFY the Income Tax Expenditure has declined in FY 2022-23. Sales Tax expenditure registered a sizeable growth in last five years, while Customs Duty expenditure exhibited a modest growth. Individual tax wise five year trends are shown in Figure 11, 12 & 13 below:

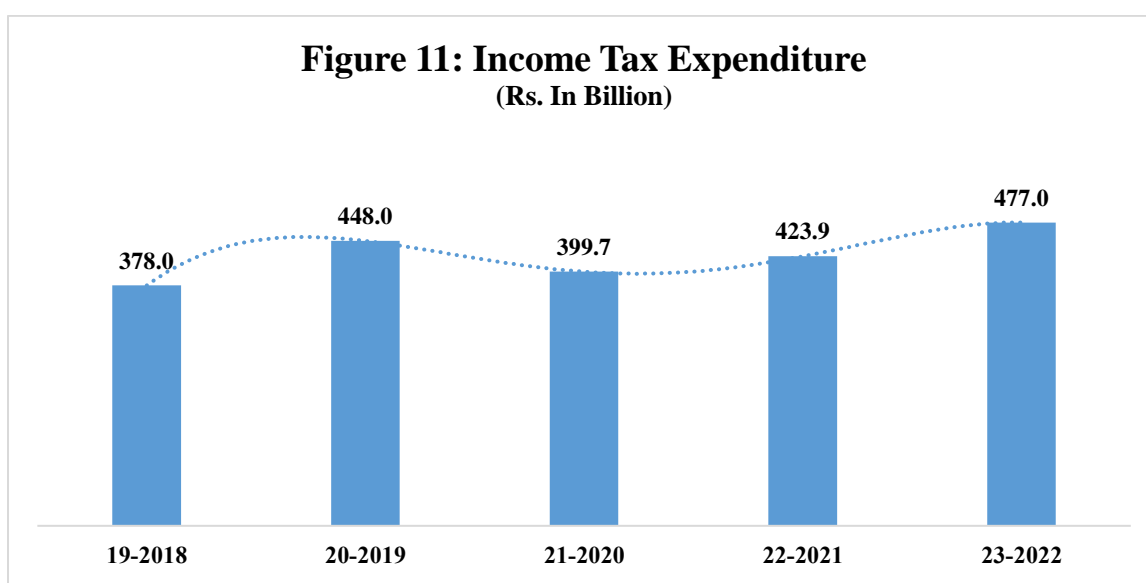


Figure 12: Sales Tax Expenditure
(Rs. In Billion)

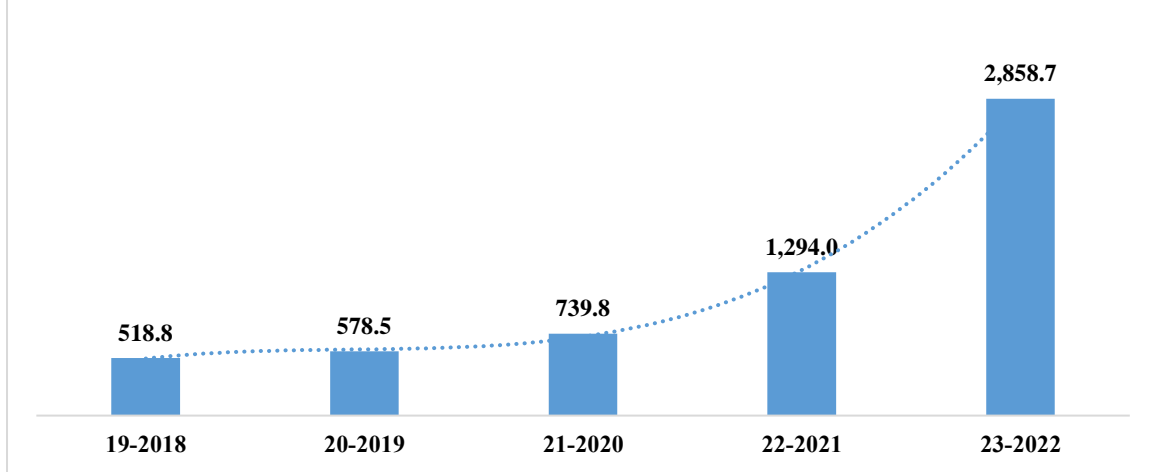
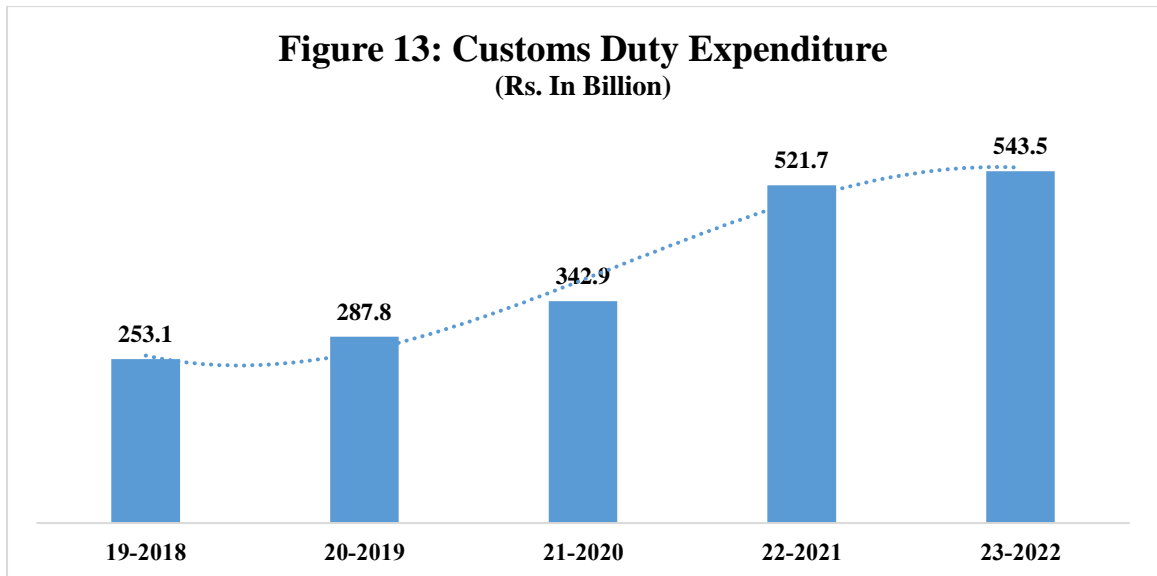


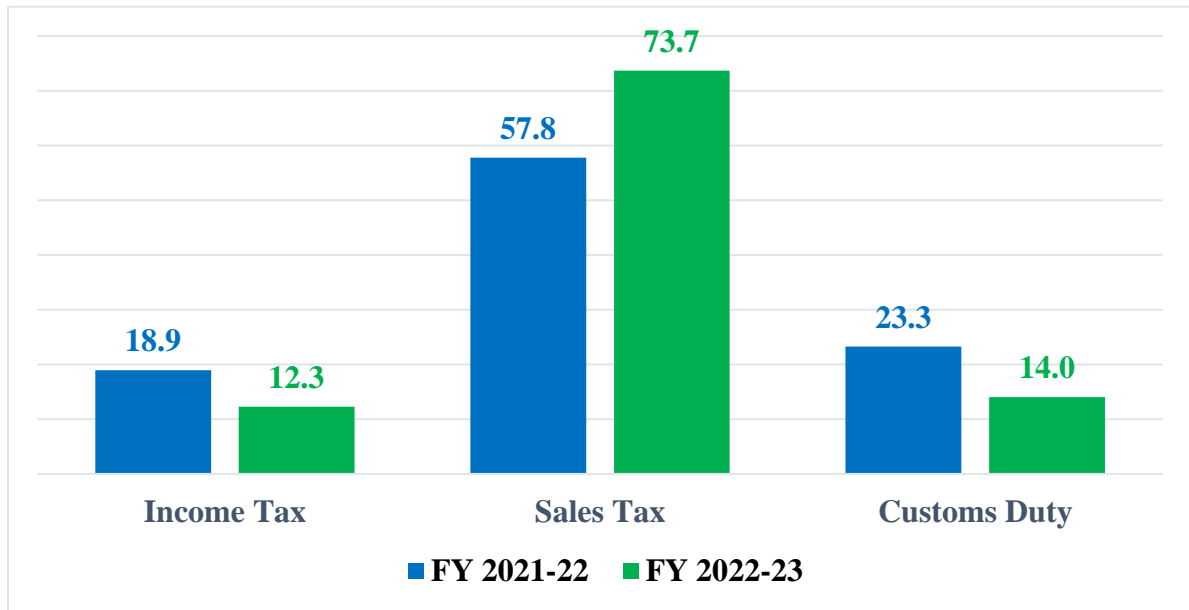
Figure 13: Customs Duty Expenditure
(Rs. In Billion)



APPENDIX

5.1. Appendix A: Details of Tax Expenditure

Figure 14: Distribution of Tax Expenditure of Federal Taxes



5.1.1. Details of Income Tax Expenditure

5.1.1.1. Exemptions Under Part VII of Chapter III (ITO, 2001)

(Rs. In Million)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Intended Beneficiary | Tax Expenditure |
|--------|------------------------------|---|--------------------------|--------------------|
| 1 | Section 41 of ITO-2001 | Agricultural income | Agriculture sector | Provincial Subject |
| 2 | Section 49 of ITO-2001 | 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 | Government organizations | 57,517.31 |

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| | | the head “Income from Business” derived by a Provincial Government or Local Government from a business carried on outside its jurisdictional area. | |
| Total of Exemptions Under Part VII of Chapter III (ITO, 2001) | | | 57,517.31 |

5.1.1.2. Deductible Allowances

(Rs. In Million)

| S. No. | Section | Description of Clause | Intended Beneficiary | Tax Expenditure |
|---|---------|--|---|-----------------|
| 1 | 60 | Deductible allowance for Zakat | Persons paying Zakat | 1,939.92 |
| 2 | 60A | Deductible allowance for Workers' Welfare Fund | Persons paying Workers' Welfare Fund | 2,033.89 |
| 3 | 60B | Deductible allowance for Workers' Participation Fund | Persons paying Workers' Participation Fund | 1,880.58 |
| 4 | 60D | Deductible allowance for education expenses | Individuals having income of less than Rs. 1.5 million paying tuition fee | 57.19 |
| Total Tax Expenditure from Deductible Allowances | | | | 5,911.58 |

5.1.1.3. Tax Credits

(Rs. In Million)

| S. No. | Section | Description of Clause | Intended Beneficiary | Tax Expenditure |
|--------|---------|--|--|-----------------|
| 1 | 61 | Tax Credit for Charitable Donations u/s 61 | Persons giving charitable donations | 3,404.56 |
| 2 | 63 | Tax Credit for Contribution to Approved Pension Fund u/s 63 | Eligible persons as defined in sub-section (19A) of section 2 of Ordinance | 2,024.02 |
| 3 | 64B | Tax Credit for Employment Generation by Manufacturers u/s 64B | Corporate manufacturing sector | 15.05 |
| 4 | 64D | Tax credit for point of sale machine u/s 64D | Persons who installed such machines meant for processing and recording the sale transactions for goods or services | 639.03 |
| 5 | 65B | BF Tax Credit for Non-Equity Investment in Plant and Machinery u/s 65B | Corporate manufacturing sector | 78.43 |
| 6 | 65B | BF Tax Credit for Equity Investment in Plant and Machinery u/s 65B | Corporate manufacturing sector | 16.52 |

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| 7 | 65E | Tax Credit for Investment in Plant and Machinery by Existing Company u/s 65E | Corporate industrial units (including corporate dairy farming) | 13,059.39 |
| 8 | 65F | Tax credit for certain persons | Persons engaged in coal mining projects, a startup, exporters of computer software or IT services or IT enabled services | 3,061.41 |
| 9 | 65G | Tax credit for specified industrial undertakings | Specified industrial undertakings investing in new plant machinery and equipment | 61.81 |
| 10 | 100C | Tax Credit for Trust / Welfare Institution / Non-Profit Organization u/s 100C | Non-profit organizations, trusts, welfare institutions | 2,013.90 |
| Total Tax Expenditure from Tax Credits | | | | 24,374.12 |

5.1.1.4. Exemption from Total Income

(Rs. In Million)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Intended Beneficiary | Tax Expenditure |
|--------|---------------------------------------|---|--|-----------------|
| 1 | Clause 3 of Part I 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) | 132.60 |
| 2 | Clause 8 of Part I 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) | 2,391.68 |
| 3 | Clause 9 of Part I 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) | 23,323.11 |
| 4 | Clause 12 of Part I of Second | Any payment in the nature of commutation of pension received from Government or under any | Employees (pensioners) | 17,897.02 |

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| | Schedule | pension scheme approved by the Board | | |
| 5 | Clause 13 of Part I of Second Schedule | <p>Any income representing any payment received by way of gratuity or commutation of pension by an employee on his retirement or, in the event of his death, by his heirs as does not exceed –</p> <p>(i) in the case of an employee of the Government, a 1[Local Government], a statutory body or corporation established by any law for the time being in force, the amount receivable in accordance with the rules and conditions of the employee's services;</p> <p>(ii) any amount receivable from any gratuity fund approved by the Commissioner in accordance with the rules in Part III of the Sixth Schedule;</p> <p>(iii) in the case of any other employee, the amount not exceeding 2[three] hundred thousand rupees receivable under any scheme applicable to all employees of the employer and approved by the 3[Board] for the purposes of this sub-clause; and</p> <p>(iv) in the case of any employee to whom sub-clause (i), (ii) and (iii) do not apply, fifty per cent of the amount receivable or seventy-five thousand rupees, whichever is the less:</p> <p>Provided that nothing in this sub-clause shall apply –</p> <p>(a) to any payment which is not received in Pakistan;</p> <p>(b) to any payment received from a company by a director of such company who is not a regular employee of such company;</p> <p>(c) to any payment received by an employee who is not a resident individual; and to any gratuity received by an employee who has already received any gratuity from the same or any other employer.</p> | Employees (recipients of gratuity payments) | 1,650.64 |
| 6 | Clause 16 of Part I 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 | 161.43 |

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| 7 | Clause 17 of Part I of Second Schedule | Any income derived by the families and dependents of the "Shaheeds" belonging to the Civil Armed Forces of Pakistan to whom the provisions of the Joint Services Instruction No. 5/66 would have applied had they belonged to the Pakistan Armed Forces from any like payment made to them. | Families and dependents of the "Shaheeds" belonging to the Civil Armed Forces | 0.00 |
| 8 | Clause 19 of Part I 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) | 1,824.81 |
| 9 | Clause 22 of Part I 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) | 4,439.53 |
| 10 | Clause 23 of Part I 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 | 492.82 |
| 11 | Clause 23A of Part I 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 | 233.14 |
| 12 | Clause 23C of Part I 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 | 110.13 |
| 13 | Clause 24 of Part I 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) | 518.28 |
| 14 | Clause 25 of Part I of Second | Any payment from an approved superannuation fund made on the death of a beneficiary or in lieu of or | Families of deceased enrolled in approved superannuation funds | 70.23 |

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| | Schedule | in commutation of any annuity, or by way of refund of contribution on the death of a beneficiary | | |
| 15 | Clause 39A of Part I of Second Schedule | Any amount paid as, internal security allowance, compensation in lieu of bearer allowance, kit allowance, ration allowance, special messing allowance, SSG allowance, Northern Areas compensatory allowance, special pay for Northern Areas and height allowance to the Armed Forces personnel | Employees receiving payments to meet expenses in the performance of duties | 1,031.34 |
| 16 | Clause 40 of Part I 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 | - |
| 17 | Clause 51 of Part I of Second Schedule | The perquisite represented by the right of the President of Pakistan 4 [] the Provincial Governors and the Chiefs of Staff, Pakistan Armed Forces to occupy free of rent as a place of residence any premises provided by the Government. | Armed Forces | 0.00 |
| 18 | Clause 52 of Part I of Second Schedule | The perquisite represented by free conveyance provided and the sumptuary (entertainment) allowance granted by Government to the Chiefs of Staff, Pakistan Armed Forces and the Corps Commanders | Armed Forces | 0.98 |
| 19 | Clause 53A of Part I 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 | 250.86 |
| 20 | Clause 55 of Part I of Second | The perquisites represented by the right of a judge of the Supreme Court of Pakistan or of a judge of | Judiciary of Superior Courts | 22.77 |

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| | Schedule | 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; | | |
| 21 | Clause 56 of Part I 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 | 295.76 |
| 22 | Clause 57(1) of Part I 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, | National Investment (Unit) Trust of Pakistan, Mutual Funds set up by Investment Corporation of Pakistan | 0.00 |
| 23 | Clause 57(2) of Part I 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 established by the National Investment Trust Limited from any instrument of redeemable capital as defined in the 8[Companies Act, 2017 (XIX of 2017), 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 | 0.00 |
| 24 | Clause 57(3)(i) of Part I of Second Schedule | Any income of a provident fund to which the Provident Funds Act, 1925 applies; | Provident Funds | 4,987.70 |
| 25 | Clause 57(3)(ii) of Part I of Second | 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, | 9,932.39 |

| | Schedule | | and approved gratuity funds | |
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| 26 | Clause 57(3)(iii) of Part I 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 | 80.62 |
| 27 | Clause 57(3)[(iv), (vi), (vii)] of Part I 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 deposits made by members and profits earned by investment thereof; | Service Funds | 360.94 |
| 28 | Clause 57(3)(v) of Part I 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 | 10,298.39 |
| 29 | Clause 57(3)(viii) of Part I of Second Schedule | Any income of a Pension Fund approved by the SECP; | Approved Pension Funds | 51.30 |
| 30 | Clause 57(3)(ix) of Part I 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 | 0.00 |
| 31 | Clause 57(3)(xi) of Part I of Second Schedule | Any income of International Irrigation Management Institute | International Irrigation Management Institute | - |
| 32 | Clause 57(3)(xii) of Part I 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 | 2,977.84 |
| 33 | Clause 57(3)(xiii) of Part I of Second Schedule | Any income of Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002 | Sindh Province Pension Fund | 1,871.47 |
| 34 | Clause 57(3)(xiv) of Part I 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 | 263.17 |

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| 35 | Clause 57(3)(xv) of Part I of Second Schedule | Any income of Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund | Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund | 642.32 |
| 36 | Clause 57(3)(xvi) of Part I of Second Schedule | Any income of Khyber Pakhtunkhwa General Provident Investment Fund; | Khyber Pakhtunkhwa General Provident Investment Fund | 1,579.73 |
| 37 | Clause 57(3)(xvii) of Part I of Second Schedule | Any income of Khyber Pakhtunkhwa Pension Fund; | Khyber Pakhtunkhwa Pension Fund | 1,576.41 |
| 38 | Clause 65A of Part I 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 | 0.00 |
| 39 | Clause 66 of Part I 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 I of Second Schedule | 19,796.84 |
| 40 | Clause 75 of Part I of Second Schedule | Any profit on debt and capital gains derived by any agency of foreign Government or any non-resident person approved by the Federal Government for the purpose of this clause from debt and debt instruments approved by the Federal Government | Agencies of foreign Governments, foreign nationals or any other non-resident person approved by the Federal Government | 90,986.07 |
| 41 | Clause 78 of Part I of Second Schedule | Profit on debt on foreign currency accounts | Foreign currency account holders | 143.94 |
| 42 | Clause 79 of Part I of Second Schedule | Profit on debt derived by non-resident Pakistanis on rupee accounts | Citizens of Pakistan residing abroad and remitting foreign exchange | 323.22 |
| 43 | Clause 99 of Part I 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. | 23,511.93 |

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| 44 | Clause 99A of Part I 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 | 0.00 |
| 45 | Clause 102A of Part I 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 | 13,788.46 |
| 46 | Clause 103D of Part I of Second Schedule | Dividend income and long term capital gains of any venture capital fund from investments in zone enterprises as defined in clause (p) of section 2 of the Special Technology Zones Authority Ordinance, 2020 for a period of ten years commencing from issuance of license by the Authority to the zone enterprise. | venture capital funds who are deriving dividend from such investment | 0.00 |
| 47 | Clause 105B of Part I 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 | 0.10 |
| 48 | Clause 107 of Part I of Second Schedule | Any income derived by any subsidiary of the Islamic Development Bank wholly owned by it and set up in Pakistan and engaged in owning and leasing of tankers | subsidiary of the Islamic Development Bank | - |
| 49 | Clause 107A of Part I of Second Schedule | Any income derived by the Islamic Development Bank from its operations in Pakistan in connection with its social and economic development activities. | Islamic Development Bank | - |
| 50 | Clause 114B of Part I of Second Schedule | Profit and gains accruing to persons mentioned in proviso to sub-section (1) of section 236C in respect of first sale of immovable property acquired from or allotted by the Federal Government or Provincial Government or any authority duly certified by the official allotment authority, and the property acquired or allotted is in recognition of services rendered by the Shaheed or the person who dies in service. | persons / individuals deriving such profits and gains | - |
| 51 | Clause 126 of Part I of Second Schedule | Income of a public sector university established solely for educational purposes and not for the purposes of profit; | Public sector universities | 2,293.39 |

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| 52 | Clause 126A of Part I 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 | 2.48 |
| 53 | Clause 126AA of Part I 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 | 0.00 |
| 54 | Clause 126AB of Part I 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 | 0.00 |
| 55 | Clause 126AC of Part I 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 | 2.80 |
| 56 | Clause 126AD of Part I 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 | 0.00 |
| 57 | Clause 126B of Part I of Second Schedule | Profits and gains derived by a refinery— (a) from new deep conversion refinery of at least 100,000 barrels per day for which approval is given by the Federal Government before the 31st day of December, 2021; or (b) for the purpose of upgradation, modernization or expansion project of any existing refinery which makes undertaking to the Federal Government in writing before the | Oil Refineries | 0.00 |

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| | | 31st day of December, 2021 in this regard | | |
| 58 | Clause 126D of Part I of Second Schedule | Profits and gains derived by a taxpayer from an industrial undertakings set up in the Gawadar declared by the Federal Government to be a Zone within the meaning of Export Processing Zone Authority Ordinance, 1980 | Industrial undertaking set up in the Gawadar | 0.00 |
| 59 | Clause 126E of Part I of Second Schedule | Income derived by a zone enterprise as defined in the Special Economic Zones Act, 2012 (XX of 2012) for a period of ten years starting from the date the developer certifies that the zone enterprise has commenced commercial operation and for a period of ten years to a developer of zone starting from the date of signing of the development agreement in the special economic zone as announced by the Federal Government | Zone enterprise as defined in the Special Economic Zones Act, 2012, and developers of zones. | 0.00 |
| 60 | 126EA of Part I of Second * | Profits and gains derived by: (a) zone developer as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement; (b) zone Enterprises as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and (c) Special Technology Zones Authority established under the Special Technology Zones Authority Act, 2021 (XVII of 2021). | Zone Developers, Zone Enterprises and Special Technology Zones Authority | 42.87 |
| 61 | Clause 126M of Part I 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 | 0.12 |
| 62 | Clause 132 of Part I 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 certain conditions | Electric power generation projects | 30,235.94 |
| 63 | Clause 132AA of | Profits and gains derived from sale of electricity by National Power | National Power Parks Management | 9,096.01 |

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| | Part I of Second Schedule | Parks Management Company (Private) Limited or demerged entities of National Power Parks Management Company (Private) Limited commencing from the commercial operation dates and continuing after the date of change of ownership as a result of privatization by the Privatization Commission of Pakistan | Company (Private) Limited or demerged entities of National Power Parks Management Company (Private) Limited | |
| 64 | Clause 132C of Part I of Second Schedule | Profits and gains derived by a taxpayer from a bagasse/biomass based cogeneration power project having one or more boilers of not less than 60 bar (kg/CM ³) pressure each, commissioned after the first day of January 2013. | Bagasse / Biomass Cogeneration Project Owners | 655.76 |
| 65 | Clause 139 of Part I 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. | 3,374.42 |
| 66 | Clause 140 of Part I of Second Schedule | All payments on account of principal, interest, or fees received by the Overseas Private Investment Corporation (OPIC), from development project undertaken in pursuance to the Investment Incentive Agreement signed between the Government of Pakistan and the Government of the United States of America, dated 18th November, 1997 | Overseas Private Investment Corporation (OPIC) | - |
| 67 | Clause 140A of Part I of Second Schedule | Any profit on debt received by Japan International Cooperation Agency (JICA), from Islamabad-Burhan Transmission Reinforcement Project (Phase-I) undertaken in pursuance to the loan agreement for Islamabad-Burhan Transmission Reinforcement Project (Phase-I) | Japan International Cooperation Agency (JICA) | 0.00 |
| 68 | Clause 142 of Part I 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 | 6,218.65 |

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| 69 | Clause 145A of Part I of Second Schedule | Any income which was not chargeable to tax prior to the commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) of any individual domiciled or company and association of persons resident in the Tribal Area forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive). | Individuals domiciled or companies and associations of persons resident in the ex-Tribal Areas | 3,452.02 |
| 70 | Clause 147 of Part I 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 | 0.00 |
| 71 | Clause 149 of Part I of Second Schedule | Any sum— (i) remitted to Pakistan through banking channels in foreign currency received by an international buying house from its non-resident principal to meet its expenses in Pakistan; and (ii) chargeable under the head “Salary” received by a person who, not being a citizen or resident of Pakistan, is engaged as an expert by an international buying house. | persons engaged as experts by an international buying house | - |
| 72 | Clause 150 of Part I of Second Schedule* | Income derived by Siyahkalem Engineering Construction Industry and Trade Company Limited from contract dated 23rd day of May 2017 with Earthquake Reconstruction and Rehabilitation Authority, financed by the Saudi Fund for Development with effect from tax year 2017 | Siyahkalem Engineering Construction Industry and Trade Company Limited | - |
| 73 | Clause 151 of Part I of Second Schedule* | Any income derived by a person from cinema operations for five years from the commencement of cinema operations. | Persons operating cinemas | 14.91 |
| 74 | Clause 152 & 153 of Part I of Second Schedule* | Profits and gains derived between the first day of July, 2022 and the thirtieth day of June, 2025 both days inclusive, by a venture capital company and venture capital fund registered under relevant Venture | venture capital companies and venture capital funds | 50.58 |

| | | | | |
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| | | Capital Companies and Funds Management Rules issued by Securities and Exchange Commission of Pakistan | | |
| | | Profits and gains from the production of feature film derived between the first day of July, 2022 and the thirtieth day of June, 2027 both days inclusive by a resident producer or a resident production house | | |
| Total Tax Expenditure From Total Income | | | | 293,459.92 |

5.1.1.5. Reduction in Tax Rates

(Rs. In Million)

| S. No. | Clause No. / Schedule / Part | Description of Clause S. No. | Intended Beneficiary | Tax Expenditure |
|--------|--|---|--|-----------------|
| 1 | Clause 5A of Part II of Second Schedule | The rate of tax to be deducted under sub-section (2) of section 152, in respect of payments 5[from] profit on debt payable to a non-resident person having no permanent establishment in Pakistan, other than those covered under clauses (78) and (79) of Part I of the Second Schedule,] shall be 10% of the gross amount | Non resident Persons receiving such profits and gains | 730.24 |
| 2 | Clause 5AA of Part II of Second Schedule | The rate of tax to be deducted under sub-section (2) of section 152, in respect of payments to an individual, on account of profit on debt earned from a debt instrument, whether conventional or shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 and purchased exclusively through a bank account maintained abroad, a non-resident Rupee account repatriable (NRAR) or a foreign currency account maintained with a banking company in Pakistan shall be ten percent of the gross amount paid | Individuals having a debt instrument purchased exclusively through a bank account maintained abroad, a non-resident Rupee account repatriable (NRAR) or a foreign currency account maintained with a banking company in Pakistan | - |
| 3 | Clause 5AB of Part II of Second Schedule | The rate of tax to be deducted under section 151 shall be ten percent from the profit on debt from a debt instrument, whether conventional or Shariah compliant, issued by the Federal Government under the Public Debt Act, 1944 (XVIII of | Individuals deriving such profits on debt | - |

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| | | 1944) or its wholly owned special purpose company, purchased by a resident citizen of Pakistan who has already declared foreign assets to the Board through a Foreign Currency Value Account (FCVA) maintained with authorized banks in Pakistan under the foreign exchange regulation issued by the State Bank of Pakistan | | |
| 4 | Clause 9AA of Part II of Second Schedule | In respect of import of white sugar from the 25th day of August, 2020 to the 15th day of November, 2020 both days inclusive, tax under section 148 shall be collected at the rate of 0.25% as per quantity, quality, mode and manner prescribed by Ministry of Commerce during the said period | Importers of Sugar | 0.00 |
| 5 | Clause 9AB of Part II of Second Schedule | Tax under section 148 on commercial import of the white sugar shall be collected at the rate of 0.25% from the 26th day of January 2021 till the 30th day of June, 2021 | Importers of Sugar | 0.00 |
| 6 | Clause 9AC of Part II of Second Schedule | Subject to quota allotment by Commerce Division, tax under section 148 shall be collected at the rate of 0.25% on import of raw sugar imported by sugar mills from the 26th day of January, 2021 to the 30th day of June, 2021 both days inclusive provided that such imports shall not exceed fifty thousand metric tons per sugar mill and three hundred thousand metric tons in aggregate by the sugar industry | Importers of Sugar | 0.00 |
| 7 | Clause 18C of Part II of Second Schedule | The rate of tax as specified in Division-III of Part-I of First Schedule shall be reduced to 7.5% in case of dividends declared by a company as are “attributable” to profits and gains derived from a bagasse and biomass based cogeneration power project qualifying for exemption under clause (132C) of Part-I of this Schedule: Provided that the amount of “attributable” dividends shall be computed in accordance with the following formula, namely:- AXB/C Where- A is the total amount of dividend for the year; B is the accounting profit for the year attributable to the | bagasse and biomass based cogeneration power project owners | 0.00 |

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| | | bagasse and biomass based cogeneration power project qualifying for exemption under clause (132C) of Part-I of this Schedule; and C is the total accounting profit before tax for the year. | | |
| 8 | Clause 24A of Part II of Second Schedule | The rate of tax, under clause (a) of sub-section (1) of section 153, from distributors of cigarette and pharmaceutical products 3[] 4[] shall be 1% of the gross amount of payments.] | distributors of cigarette and pharmaceutical products | 14,533.20 |
| 9 | Clause 24C of Part II of Second Schedule | (24C) The rate of tax under clause (a) of sub-section (1) of section 153 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, electronics excluding mobile phones, sugar, cement, and edible oil as recipient of payment shall be 0.25% of gross amount of payments subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 (XLIX of 2001) | distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, electronics excluding mobile phones, sugar, cement, and edible oil | 9,983.43 |
| 10 | Clause 24CA of Part II of Second Schedule | The rate of tax under clause (a) of sub-section (1) of section 153 in case of a person, other than a company, as a recipient of payment for goods supplied to Utility Stores Corporation of Pakistan shall be 1.5% of the gross amount of payment in respect of supply of tea, spices, salt, dry milk, sugar, pulses wheat flour and ghee for the period commencing from the 7th day of April, 2020 and ending on 30th day of September, 2020: Provided that this clause shall not be applicable to supply of tea, spices, salt and dry milk which are sold under a brand name: | persons other than a company, as recipients of payment for goods supplied to Utility Stores Corporation of Pakistan | 13.74 |
| 11 | Clause 24D of Part II of Second Schedule | The rate of minimum tax under sub-section (1) of section 113 in the case of distributors, dealers, sub-dealers, wholesalers and retailers of fast moving consumer goods, fertilizer, locally manufactured mobile phones, sugar, electronics excluding | distributors, dealers, sub-dealers, wholesalers and retailers of certain goods | 0.00 |

| | | | | |
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| | | imported mobile phones, cement 1 [, steel] and edible oil shall be 0.25% subject to the condition that beneficiaries of reduced rate are appearing on the Active Taxpayers' Lists issued under the provisions of the Sales Tax Act, 1990 and the Income Tax Ordinance, 2001 | | |
| 12 | Clause 27 of Part II 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) | 76.71 |
| 13 | Clause 28C of Part II 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 | 155.14 |
| 14 | Clause 28D of Part II of Second Schedule | The rate of minimum tax under section 113 for tax year 2020 shall be 0.5% in the case of a trader having turnover upto one hundred million Rupees | Traders having turnover upto one hundred million Rupees | 0.00 |
| 15 | Clause 28E of Part II of Second Schedule | The rate of minimum tax under section 113 shall be 0.5% in case of a trader of yarn being an individual.] | traders of yarn being individuals | 0.00 |
| 16 | Clause 28F of Part II of Second Schedule | The rate of tax under clause (b) of sub-section (1) of section 153 in case of oil tanker contractor services shall be 2% of the gross amount of the payments. | Oil tanker contractors | 0.00 |
| Total Tax Expenditure From Reduction in Tax Rates | | | | 25,492.46 |

5.1.1.6. Reduction in Tax Liability

(Rs. In Million)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Intended Beneficiary | Tax Expenditure |
|--------|--|--|---|-----------------|
| 1 | Clause 1(2) of Part III 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% | Employees (full time teacher or a researcher) | 4,171.24 |

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| | | of tax payable on his income from salary | | |
| 2 | Clause 4 of Part III 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 | 87.48 |
| 3 | Clause 6 of Part III of Second Schedule | The tax payable under clause (c) of sub-section (1) of section 39, in respect of any amount paid as yield or profit on investment in Bahbood Savings Certificate or Pensioners Benefit Account and Shuhada Family Welfare Account] shall not exceed 10% of such profit | Persons who have invested in such securities | 0.00 |
| 4 | Clause 9 of Part III 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 | - |
| 5 | Clause 9A of Part III of Second Schedule | The amount of tax payable on income chargeable under the head, "Capital Gains" on disposal of immovable property shall be reduced by fifty percent on the first sale of immovable property acquired or allotted to ex-servicemen and serving acquired or allotted to ex-servicemen and serving personal of Armed Forces or ex-employees or serving personnel of Federal and Provincial Governments, being original allottees of the immovable property, duly certified by the allotment authority | ex-servicemen and serving personal of Armed Forces or ex-employees or serving personnel of Federal and Provincial governments, being original allottees of the immovable property | - |
| 6 | Clause 9B of Part III of Second Schedule | The tax payable on the income, profits and gains of projects of 'low cost housing' developed or approved by Naya Pakistan Housing and Development Authority (NAPHDA) or under the Ehsaas Programme shall be reduced by 90%] Provided that exemption under this clause shall continue to remain available to such projects which commence on or before the 30th day of June, 2024.] | Taxpayers deriving income from low cost housing projects | 0.00 |
| 7 | Clause 17 of Part III of Second Schedule | The tax payable by cotton ginnerers on their income and profits shall not be more than sum of 1% of their turnover from cotton lint, cotton seed, cotton seed oil and cotton seed cake | Cotton Ginnerers | - |

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|--|--|--|-----------------------------|-----------------|
| 8 | Clause 18 of Part III of Second Schedule | The rate of withholding tax on value of offshore supply contract of an Independent Power Producer located wholly or partly in territories of AJ&K shall be 1% | Independent Power Producers | - |
| 9 | Clause 19 of Part III of Second Schedule | The tax payable by woman enterprises on profit and gains derived from business chargeable to tax under the head "Income from Business" shall be reduced by 25% | Woman Enterprises | 10.89 |
| Total Tax Expenditure From Reduction in Tax Liability | | | | 4,269.61 |

5.1.1.7. Exemption from Specific Provisions

(Rs. In Million)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Intended Beneficiary | Tax Expenditure |
|--------|--|---|---|---|
| 1 | Clause 4A of Part IV of Second Schedule | No provision of this Ordinance shall apply for recoup of tax credit already allowed to National Power Parks Management Company (Private) Limited for investment in plant and machinery notwithstanding non issuance of share certificates or any restructuring of its ownership pattern or debt to equity ratio prior to privatization as part of the privatization process | National Power Parks Management Company (Private) Limited | Already accounted for in Tax Credit Section |
| 2 | Clause 11A of Part IV of Second Schedule | Pakistan Red Crescent Society | Pakistan Red Crescent Society | 0.00 |
| 3 | Clause 11A of Part IV of Second Schedule | Corporate and Industrial Restructuring Corporation (CIRC) | Corporate and Industrial Restructuring Corporation (CIRC) | 0.00 |
| 4 | Clause 11A of Part IV of Second Schedule | China Overseas Port Holding Company Limited | China Overseas Port Holding Company Limited | 0.00 |
| 5 | Clause 11A of Part IV of Second Schedule | Deposit Protection Corporation | Deposit Protection Corporation | 0.00 |
| 6 | Clause 11A of Part IV of Second Schedule | Mobile phone manufacturers engaged in the local manufacturing of mobile phone devices. | Local Mobile phone Manufacturers | 272.88 |
| 7 | Clause 11D of Part IV of | The provisions of section 113C shall not apply to LNG Terminal | LNG Terminal Operators and LNG | - |

| | | | | |
|----|--|--|---|------|
| | Second Schedule | Operators and LNG Terminal Owners | Terminal Owners | |
| 8 | Clause 12A of Part IV of Second Schedule | The provisions of section 150 shall not apply to dividend paid to Transmission Line Projects under Transmission Line Policy 2015 | Transmission Line Projects | - |
| 9 | Clause 12O of Part IV of Second Schedule * | The provisions of section 148 shall not apply on import of drones donated by Ministry of Agriculture and Rural Affairs (MARA), Government of China to Pakistan through Sea Route. | Ministry of Agriculture and Rural Affairs (MARA) China | 0.00 |
| 10 | Clause 12P of Part IV of Second Schedule* | The provisions of section 148 shall not apply on import of machinery and equipment as listed in S. No 32 of Part-I of Fifth Schedule to the Customs Act, 1969 subject to the same conditions and limitations as specified therein.] | Importers of such machinery & equipment | 0.00 |
| 11 | Clause 16 of Part IV of Second Schedule | The provisions of sections 2 [113,] 148, 151, 153, 155 3 [and 156] shall not apply to the institutions of the Agha Khan Development Network (Pakistan) listed in Schedule 1 of the Accord and Protocol dated November 13, 1994, executed between the Government of the Islamic Republic of Pakistan and Agha Khan Development Network | Agha Khan Development Network (Pakistan) | - |
| 12 | Clause 19 of Part IV of Second Schedule | The provisions of 10[sections 113 and] 151 shall not apply to non-residents, (excluding local branches or subsidiaries or offices of foreign banks, companies, associations of persons or any other person operating in Pakistan), in respect of their receipts from Pak rupees denominated Government and corporate securities and redeemable capital, as defined in the 1 [Companies Act, 2017 (XIX of 2017)], listed on a registered stock exchange, where the investments are made exclusively from foreign exchange remitted into Pakistan through a Special Convertible Rupee Account maintained with a bank in Pakistan | Non Residents receiving such amount | - |
| 13 | Clause 36A of Part IV of Second Schedule | The provisions of clause (a) of sub-section (1) of section 151 shall not apply in respect of any amount paid as yield or profit on investment in Bahbood Savings Certificate or | Individuals who have invested in Bahbood Savings Certificate or Pensioner's Benefit Account and Shuhada | - |

| | | | | |
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| | | Pensioner's Benefit Account 6 [and Shuhada Family Welfare Account | Family Welfare Account | |
| 14 | Clause 36B of Part IV of Second Schedule | The provisions of section 151 shall not apply to profit on debt paid on promissory notes and sales tax refund bonds issued under the provisions of the Sales Tax ,Act, 1990 | Individuals who have invested in promissory notes and sales tax refund bonds | - |
| 15 | Clause 36C of Part IV of Second Schedule | The provisions of section 151 shall not apply to profit on debt paid on Pakistan Banao Certificate, | Persons who have invested in such securities | - |
| 16 | Clause 36D of Part IV of Second Schedule | The provisions of sections 150 and 151 shall not be apply to Sarmaya-e-Pakistan Limited | Sarmaya-e-Pakistan Limited | - |
| 17 | Clause 36E of Part IV of Second Schedule | The provisions of section 151 shall not apply on profit on debt paid on bonds issued under the Federal Government Duty Drawback Bonds Rules, 2019 | Persons who have invested in such Bonds | - |
| 18 | Clause 38AA of Part IV of Second Schedule | The provisions of section 150 shall not apply to China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited for a period of twenty-three years | China Overseas Ports Holding Company Limited, China Overseas Ports Holding Company Pakistan (Private) Limited, Gwadar International Terminal Limited, Gwadar Marine Services Limited and Gwadar Free Zone Company Limited | - |
| 19 | Clause 42 of Part IV of Second Schedule | The provisions of sub-section 3 of section 153 shall not apply in respect of payments received by a resident person for providing services by way of operation of container or chemical or oil terminal at a sea-port in Pakistan or of an infrastructure project covered by the Government's Investment Policy, 1997. | persons who are providing services by way of operation of container or chemical or oil terminal at a sea-port in Pakistan or of an infrastructure project | 0.00 |
| 20 | Clause 56 of Part IV of Second Schedule | The provisions of section 148, regarding withholding tax on imports shall not apply in respect of Certain Individuals / Entities | Persons / entities covering under this clause | 59,798.85 |
| 21 | Clause 59(iv)(b) of Part IV of Second Schedule | The provisions of section 151, regarding withholding tax on profit on debt, shall not apply in the case of any resident individual, no tax shall be deducted from income or profits paid on investment in | Persons who have invested in such securities | 52.20 |

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| | | monthly income Savings Accounts Scheme of Directorate of National Savings, where monthly installment in an account does not exceed one thousand rupees | | |
| 22 | Clause 60A & 60AA of Part IV of Second Schedule | 60A.The provisions of section 148 shall not apply for import of plant, machinery and equipment in the case of:- (a) M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and (b) M/s China Communication Construction Company (M/s CCCC); 60AA. The provisions of section 148 of the Income Tax Ordinance, 2001(XLIX of 2001), shall not apply for import of construction materials or goods upto a maximum of 10,898.000 million rupees imported by China State Construction Engineering Corporation (M/s CSCEC) for construction of Sukkur-Multan section of Karachi-Peshawar Motorway project of National Highway Authority under CPEC. | M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and M/s China Communication Construction Company (M/s CCCC). | 3.56 |
| 23 | Clause 60C of Part IV of Second Schedule | The provision of section 148 shall not apply on import of equipment to be furnished or installed for Rail Based Mass Transit Projects in Lahore, Karachi, Peshawar and Quetta under CPEC. | Contractors of Rail Based Mass Transit Projects in Lahore, Karachi, Peshawar and Quetta under CPEC | 0.00 |
| 24 | Clause 60D of Part IV of Second Schedule | 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 | Industrial undertakings set up in the special economic zones | 10.04 |
| 25 | Clause 60DA of Part IV of Second Schedule* | The provisions of section 148 shall not apply to the import of the capital equipment as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021). (a) Zone developers as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for consumption in the special technology zones for the period of ten years commencing | | 0.00 |

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|----|---|--|--|----------|
| | | from the date of signing the development agreement; (b) Zone enterprises as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and (c) Special Technology Zones Authority established under Special Technology Zones Authority Act, 2021 (XVII of 2021) | | |
| 26 | Clause 65 of Part IV of Second Schedule | Any income derived by a project, approved by Designated National Authority (DNA), from the transfer or sale of Clean Development Mechanism Credits i.e. Certified Emission Reductions, verified Emission Reductions | All projects approved by Designated National Authority (DNA), | - |
| 27 | Clause 66 of Part IV of Second Schedule | The provisions of section 235 shall not be applicable to the taxpayers registered with sales tax as exporters or manufacturer of — (a) carpets; (b) leather and articles thereof including artificial leather footwear; (c) surgical goods; (d) sports goods; and (e) textile and articles thereof | exporters or manufacturer of such articles | - |
| 28 | Clause 69 of Part IV of Second Schedule | The provisions of sections 150, 151, 152, 153 and 233 shall not apply in respect of payments made to the Asian Development Bank established under the Asian Development Bank Ordinance, 1971 (IX of 1971). | Asian Development Bank | 0.00 |
| 29 | Clause 71 of Part IV of Second Schedule | The provisions of this Ordinance shall not be applicable to the M/s TAISEI Corporation under the agreement with National Highway Authority, GOP | M/s TAISEI Corporation | 0.00 |
| 30 | Clause 72AA of Part IV of Second Schedule | The provisions of section 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations | Hajj Group Operators | - |
| 31 | Clause 77 of Part IV 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 | 1,359.94 |

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| 32 | Clause 78 of Part IV of Second Schedule | <p>(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</p> <p>(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”;</p> | Shareholders of coal mining and coal based power generation projects in Sindh | 0.00 |
| 33 | Clause 79A of Part IV of Second Schedule | The provisions of clause (b) of subsection (1) of section 153 shall not apply to payments received by National Telecommunication Corporation against provision of telecommunication services including ancillary services specified in subsection (3) of section 41 of the Pakistan Telecommunication (Re-organization) Act, 1996 (XVII of 1996) | National Telecommunication Corporation (NTC) | 73.63 |
| 34 | Clause 91 of Part IV 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; | Importers of such equipment under farming sector | 86.14 |
| 35 | Clause 92 of Part IV of Second Schedule | The provisions of section 148 shall not apply to: (i) Aircraft, whether imported or acquired on wet or dry lease (ii) Maintenance kits for use in trainer aircrafts (iii) Maintenance kits for use in trainer aircrafts (iv) Spare parts for use in aircrafts, trainer aircrafts or simulators (v) Machinery, equipment and tools for setting up maintenance, repair and overhaul (MRO) workshop by | Importers of such aircraft equipment | 54.35 |

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| | | MRO company recognized by Aviation Division (vi) Operational tools, machinery, equipment and furniture and fixtures on one-time basis for setting up Greenfield airports by a company authorized by Aviation Division (vii) Aviation simulators imported by airline company recognized by Aviation Division | | |
| 36 | Clause 98 of Part IV of Second Schedule | The provisions of section 148 shall not apply to import of ships and other floating crafts including tugs, survey vessels and other specialized crafts purchased or bare-boat chartered by a Pakistani entity and flying Pakistani flag | Shipping Companies | 430.32 |
| 37 | Clause 99 of Part IV of Second Schedule | The provisions of section 148 shall not apply to import or acquisition of aircraft on wet or dry lease by M/s Pakistan International Airlines Corporation with effect from 19th March, 2015 | PIA | 0.00 |
| 38 | Clause 108 of Part IV of Second Schedule | The provisions of sections 113 and 151 shall not apply to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund. | Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund | 613.83 |
| 39 | Clause 116 of Part IV of Second Schedule | The provisions of section 151 and 236P shall not apply to The Prime Minister’s COVID-19 Pandemic Relief Fund-2020. | Beneficiaries of Prime Minister’s COVID-19 Pandemic Relief Fund-2020 | 0.00 |
| Total Tax Expenditure related to Specific Provisions | | | | 62,755.74 |

5.1.1.8. SROs Related Exemptions

(Rs. In Million)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Intended Beneficiary | Tax Expenditure |
|--------|--------------------------------------|---|--|-----------------|
| 1 | 1634(1)/2022 dated 30th August, 2022 | (i) In the aforesaid Second Schedule, in Part-IV, after clause (122), the following new clause shall be added, namely: - "(123) The provisions of section 148 shall for a period of ninety days not apply to goods required and imported for relief operation for flood affectees, duly certified by the National Disaster Management Authority or the Provincial Disaster Management Authority."; and | Importers of such goods for relief operation for flood affectees | 378.81 |

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| | | (ii) In the aforesaid Thirteenth Schedule, in the Table, in column (1), after S. No 63 and entries relating thereto in column (2), the following new S. No. and entries relating thereto in column (2) shall be added, namely: - "(64) The Prime Minister's Flood Relief Fund, 2022 with effect on and from the 5th August, 2022." | | |
| 2 | 1639(I)/2022 dated 31st August, 2022 | In the Second Schedule, in Part-IV, after clause (123), the following new clause shall be added, namely: - "(124) The provisions of section 148 shall not apply to tomato (PCT heading 0702.0000) and onion (PCT heading 0703.1000) imported till the 31st day of December, 2022." | Importers of onion and tomato in the respective period | 2,800.29 |
| 3 | 72(I)/2023 dated 25th January, 2023 | In Second Schedule, in Part IV, in clause (123), for the words "ninety days", the expression "three months from the 1st December, 2022" shall be substituted. | Importers of such goods for relief operation for flood affectees | Already accounted for in S.R.O. No. 1634(1)/2022 |
| 4 | 2200(I)/2022 dated 12th December, 2022 | Exemption given on all assets of the Reko Diq Mining Company (Private) Limited (formerly Tethyan Copper Company Pakistan (Private) Limited) from the whole of the capital value tax payable under sub-section (I) of section 8 to the Finance Act, 2022 (Act No. XIII of 2022) | Reko Diq Mining Company (Private) Limited | 0.00 |
| 5 | 1590(I)/2022 dated 23rd August, 2022 | (a) In Part I In clause (66), in sub-clause (1), in Table 1, in column (I), after S. No (lxii), the following new S. No. and entries relating thereto in column (2) shall be added, namely:- The Prime Minister's Flood Relief Fund, 2022 with effect on and from the 5th August, 2022'. (b) In Part IV (i) In clause (11A), after sub-clause (xlv), the following new sub clause shall be added, namely:- (xlv) The Prime Minister's Flood Relief Fund, 2022 with effect on and from the 5th August, 2022"; and (ii) after clause (120), the following new clauses shall be added, namely: - "(121) The provisions of section | The Prime Minister's Flood Relief Fund, 2022 | - |

| | | | |
|--------------------------------------|---|--|-----------------|
| | 151 shall not apply to the Prime Minister's Flood Relief Fund, 2022 with effect on and from the 5th August, 2022. (122) The provisions of section 236 shall not apply on the amount donated through SMS to the Prime Minister's Flood Relief Fund, 2022 with effect on and from the 5th August, 2022." | | |
| Total SROs Related Exemptions | | | 3,179.10 |

| | | | |
|-------------------------------------|--|--|-------------------|
| Total Income Tax Expenditure | | | 476,959.84 |
|-------------------------------------|--|--|-------------------|

5.1.2. Details of Sales Tax Expenditure

5.1.2.1. Fifth Schedule (Zero Rating - Local Supplies)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|----------------|-----------|---|------------------------------|-----------------|
| 1 | Fifth 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. | Diplomats | 13,853.74 |
| 2 | Fifth Schedule | 5 | Supplies of raw materials [components and goods for further] manufacture of goods in the Export Processing Zones | Manufacturer, General Masses | 2,399.36 |
| 3 | Fifth 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 | 226.96 |
| 4 | Fifth Schedule | 8 | Imports or supplies made to Gwadar Special Economic Zone, excluding vehicles falling under heading 87.02 of the Pakistan Customs Tariff, subject to such conditions, limitations and restrictions as the 3 [Board] may impose | Gwadar EPZ | 563.54 |
| 5 | Fifth Schedule | 12 (xvii) | Preparations suitable for infants, put up for retail sale (PCT Heading 1901.1000) | Manufacturer, General Masses | 19,820.39 |
| 6 | Fifth Schedule | 12 (xx) | Colors in sets (PCT heading 3213.1000) | Manufacturer, General Masses | 25.10 |
| 7 | Fifth Schedule | 12(xx1) | Writing, drawing and marking inks (PCT heading. 3215.9010 and 3215.9090) | Manufacturer, General Masses | 327.81 |

| | | | | | |
|--|----------------|------------|---|------------------------------|-------------------|
| 8 | Fifth Schedule | 12 (xxii) | Erasers (PCT heading 4016.9210 and 4016.9290) | Manufacturer, General Masses | 99.76 |
| 9 | Fifth Schedule | 12 (xxiii) | Exercise books (PCT heading 4820.2000) | Manufacturer, General Masses | 1,129.49 |
| 10 | Fifth Schedule | 12 (xxiv) | Pencil sharpeners (PCT heading 8214.1000) | Manufacturer, General Masses | 811.36 |
| 11 | Fifth Schedule | 12 (xxv) | Geometry boxes (PCT heading 9017.2000) | Manufacturer, General Masses | 68.79 |
| 12 | Fifth Schedule | 12 (xxvi) | Pens, ball pens, markers and porous tipped pens (PCT heading 96.08) | Manufacturer, General Masses | 1,512.38 |
| 13 | Fifth Schedule | 12 (xxvii) | Pencils including color pencils (PCT heading 96.09) | Manufacturer, General Masses | 1,075.57 |
| 14 | Fifth 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 | Gwadar EPZ | 493.06 |
| 15 | Fifth Schedule | 14 | Supplies of locally manufactured plant and machinery of the following specifications, to manufacturers in the Gwadar Free Zone, subject to the conditions, restrictions and procedure given below, namely:— | Gwadar EPZ | 2,701.40 |
| 16 | Fifth Schedule | 16 | Milk (PCT heading 04.01) | General Masses | 40,392.01 |
| 17 | Fifth Schedule | 17 * | Fat filled milk (PCT heading 1901.9090) | General Masses | 34,621.60 |
| 18 | Fifth Schedule | 20 | Petroleum Crude Oil (PCT heading 2709.0000) | Petroleum Sector | 71,082.81 |
| 19 | Fifth Schedule | 21 * | Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions as specified therein | General Masses | 10,071.15 |
| Total from Fifth Schedule (Zero Rating) | | | | | 201,276.30 |

5.1.2.2. Fifth Schedule (Zero Rating - Import)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|----------------|---------------------|---|------------------------------|-----------------|
| 1 | Fifth Schedule | 12 (Finished Goods) | (Import of color sets (3213.1000), writing, drawing and marking inks (3215.9010 and 3215.9090), erasers | Manufacturer, General Masses | 173.59 |

| | | | | | |
|---|----------------|-------------------------|--|------------------------------|-----------------|
| | | | (4016.9210 and 4016.9290), exercise books (4820.2000), pencil sharpener (8214.1000), geometry boxes (9017.2000), pen, ball pens, markers and porous tipped pens (96.08), pencils including color pencils (96.09) | | |
| 2 | Fifth Schedule | 12 (Raw Materials Etc.) | Raw materials, packing materials, sub-components, components, sub-assemblies and assemblies imported or purchased locally for the manufacture of the goods specified at s.no. 12 of 5th Schedule to sales tax act, 1990, subject to the conditions, limitations and restrictions as specified in chapter xiv of the sales tax special procedure rules, 2007. | Manufacturer, General Masses | 1,005.29 |
| 3 | Fifth 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 | Gwadar EPZ | 455.23 |
| 4 | Fifth Schedule | 17 * | Fat filled milk (PCT heading 1901.9090). | General Masses | 753.72 |
| 6 | Fifth Schedule | 20 | Petroleum crude oil (PCT heading 2709.0000). | General Masses | 2,387.73 |
| 7 | Fifth Schedule | 21 * | Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under export facilitation scheme, 2021 notified by the board with such conditions, limitations and restrictions as specified therein. | General Masses | 1.33 |
| Total from Fifth Schedule (Zero Rating - Import) | | | | | 4,776.89 |

| | |
|---|-------------------|
| Total from Fifth Schedule (Zero Rating - Local Supplies) | 201,276.30 |
| Total from Fifth Schedule (Zero Rating - Import) | 4,776.89 |
| Total from Fifth Schedule (Zero Rating) | 206,053.19 |

5.1.2.3. Sixth Schedule Table I (Local Supplies)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|------------------------|--------|--|------------------------|-----------------|
| 1 | Sixth 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 | 3,127.28 |
| 2 | Sixth Schedule Table I | 14 | Pulses | General Masses | 29,476.01 |
| 3 | Sixth Schedule Table I | 15 | Fruit imported from Afghanistan excluding apples PCT 0808.1000 | General Masses | 678.95 |
| 4 | Sixth Schedule Table I | 16 | Red chillies excluding those sold in retail packing bearing brand names and trademarks. | General Masses | 2,526.33 |
| 5 | Sixth Schedule Table I | 17 | Ginger excluding those sold in retail packing bearing brand names and trademarks | General Masses | 3,389.49 |
| 6 | Sixth Schedule Table I | 18 | Turmeric excluding those sold in retail packing bearing brand names and trademarks. | General Masses | 90.62 |
| 7 | Sixth Schedule Table I | 19 | Rice, wheat, wheat and meslin flour | General Masses | 22,866.40 |
| 8 | Sixth 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 | 874.37 |
| 9 | Sixth Schedule Table I | 32 * | Newsprint and books but excluding brochures, leaflets and directories | General Masses | 5,025.90 |
| 10 | Sixth Schedule Table I | 33 | Currency notes, bank notes, shares, stocks and bonds | General Masses | 3,189.03 |
| 11 | Sixth Schedule Table I | 38 | Monetary gold | General Masses | 7.71 |
| 12 | Sixth 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 | 4,565.58 |
| 13 | Sixth Schedule Table I | 47 | Import of articles of household and personal effects including vehicles and also the goods for donation to projects established in Pakistan imported by any of the rulers of Gulf Sheikhdoms who is in possession of residential accommodation in Pakistan and goods | General Masses | 11.88 |

| | | | | | |
|----|------------------------|----|--|------------------------------|----------|
| | | | including vehicles by the United Arab Emirates dignitaries as are listed in column (2) ... | | |
| 14 | Sixth Schedule Table I | 48 | Goods imported or supplied under grants-in-aid for which a specific consent has been obtained from the 1 [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 the time of signing of agreement. | General Masses | 2,324.25 |
| 15 | Sixth 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, 2 [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 | 3,027.72 |
| 16 | Sixth Schedule Table I | 86 | Colors in sets (Poster colors) | Manufacturer, General Masses | 169.37 |
| 17 | Sixth Schedule Table I | 87 | Writing, drawing and making inks | Manufacturer, General Masses | 39.04 |
| 18 | Sixth Schedule Table I | 88 | Erasers | Manufacturer, General Masses | 72.32 |
| 19 | Sixth Schedule Table I | 89 | Exercise books | Manufacturer, General Masses | 177.42 |
| 20 | Sixth Schedule Table I | 90 | Pencil sharpeners | Manufacturer, General Masses | 51.17 |
| 21 | Sixth Schedule Table I | 94 | Wheelchairs | Manufacturer, General Masses | 118.34 |
| 22 | Sixth Schedule Table I | 96 | Other drawing, marking out or mathematical calculating instruments (geometry box) | Manufacturer, General Masses | 220.40 |
| 23 | Sixth Schedule Table I | 97 | Pens, ball pens, markers and porous tipped pens | Manufacturer, General Masses | 688.29 |

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|----|------------------------|--------------|--|--|----------|
| 24 | Sixth Schedule Table I | 98 | Pencils including color pencils | Manufacturer, General Masses | 728.85 |
| 25 | Sixth 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 | 9,190.21 |
| 26 | Sixth 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... | Gwadar EPZ | 1,449.92 |
| 27 | Sixth Schedule Table I | 100A ((i)) | This exemption shall be admissible only to China Overseas Ports Holding Company Limited (COPHCL) and its operating companies, their contractors and subcontractors which hold the Concession Agreement; | import/export | 536.03 |
| 28 | Sixth Schedule Table I | 100A ((ii)) | Ministry of Ports and Shipping shall certify in the prescribed manner and format as per Annex-I that the imported materials and equipments are bonafide requirement for construction and operation of Gwadar Port and development of Free Zone for Gwadar Port... | import/export | 2.56 |
| 29 | Sixth Schedule Table I | 100A ((iii)) | The goods so imported and also those already imported under Notification No. S.R.O. 115(I)/2008, dated the 6th February, 2008 shall not be sold or disposed of without prior approval of the FBR and payment of sales tax leviable at the applicable rate on residual value, provided that this condition shall not apply to ship bunker oils. | import/export | 60.59 |
| 30 | Sixth Schedule Table I | 100B | Supplies made by the businesses to be established in the Gwadar Free Zone for a period of twenty-three years within the Gwadar Free Zone, subject to the condition that the sales and supplies outside the Gwadar Free Zone and into the territory of Pakistan shall be subjected to sales tax. | Gwadar EPZ | 223.54 |
| 31 | Sixth Schedule Table I | 100C | Vehicles imported by China Overseas Ports Holding Company Limited (COPHCL) and its operating companies namely (i) China Overseas Ports Holding Company Pakistan (Private) Limited | China Overseas Ports Holding Company Limited | 1.25 |

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|----|------------------------|-------------|---|--------------------------|-----------|
| | | | (ii) Gwadar International Terminal Limited, (iii) Gwadar Marine Services Limited and (iv) Gwadar Free Zone Company Limited, for a period of twenty-three years for construction, development... | | |
| 32 | Sixth 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 | 902.63 |
| 33 | Sixth Schedule Table I | 112 | Following cardiology/cardiac surgery, neurovascular, electrophysiology, endo-surgery, endoscopy, oncology, urology, gynecology, disposables and other equipment: | Health, General Masses | 10,532.97 |
| 34 | Sixth Schedule Table I | 112A | Angioplasty Products | Health, General Masses | 552.18 |
| 35 | Sixth Schedule Table I | 112A (i) | Coronary Artery Stents | Health, General Masses | 1.29 |
| 36 | Sixth Schedule Table I | 112A (ii) | Drugs Eluting Coronary Artery Stents | Health, General Masses | 118.99 |
| 37 | Sixth Schedule Table I | 112A (iii) | Coronary Artery Dilatations Catheters (Balloons) | Health, General Masses | 6.19 |
| 38 | Sixth Schedule Table I | 112A (iv) | PTCA Guide Wire | Health, General Masses | 1.23 |
| 39 | Sixth Schedule Table I | 112A (v) | PTCA Guiding Catheters | Health, General Masses | 3.41 |
| 40 | Sixth Schedule Table I | 112A (vi) | Inflation Devices/Priority Packs | Health, General Masses | 2.74 |
| 41 | Sixth Schedule Table I | 112A (vii) | Optical Coherence Technology (OCT) System | Health, General Masses | 0.05 |
| 42 | Sixth Schedule Table I | 112A (viii) | OCT Catheters | Health, General Masses | 0.03 |
| 43 | Sixth Schedule Table I | 112A (ix) | Intravascular Ultrasound (IVUS) | Health, General Masses | 1.05 |
| 44 | Sixth Schedule Table I | 112A (xii) | Support Micro Catheters (Straight and Angled) | Health, General Masses | 2.29 |
| 45 | Sixth Schedule Table I | 112A (xiv) | Coronary and Peripheral Micro Coils | Health, General Masses | 0.01 |
| 46 | Sixth | 112A | Thrombus Aspiration Catheters | Health, General | 0.05 |

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|----|------------------------|--------------|---|------------------------|-------|
| | Schedule Table I | (xvi) | | Masses | |
| 47 | Sixth Schedule Table I | 112A (xvii) | Covered Stents (Coronary/Peripheral) | Health, General Masses | 36.64 |
| 48 | Sixth Schedule Table I | 112A (xviii) | Vessel Closure Devices | Health, General Masses | 5.98 |
| 49 | Sixth Schedule Table I | 112A (xxi) | Vena-cava Filters | Health, General Masses | 0.00 |
| 50 | Sixth Schedule Table I | 112A (xxiv) | IABP Consoles & Catheters | Health, General Masses | 1.02 |
| 51 | Sixth Schedule Table I | 112A (xxv) | Intracardiac Echocardiography Machine & Catheters | Health, General Masses | 0.51 |
| 52 | Sixth Schedule Table I | 112B | Angiography Products | Health, General Masses | 3.44 |
| 53 | Sixth Schedule Table I | 112B (i) | Angiography Catheters | Health, General Masses | 0.02 |
| 54 | Sixth Schedule Table I | 112B (ii) | Sheaths | Health, General Masses | 0.18 |
| 55 | Sixth Schedule Table I | 112B (iii) | Guide Wires | Health, General Masses | 55.57 |
| 56 | Sixth Schedule Table I | 112B (iv) | Contrast Lines | Health, General Masses | 0.02 |
| 57 | Sixth Schedule Table I | 112B (vi) | Mannifolds | Health, General Masses | 0.04 |
| 58 | Sixth Schedule Table I | 112B (vii) | Wrist Bands for Radial Vessel Closure | Health, General Masses | 2.28 |
| 59 | Sixth Schedule Table I | 112C | Contrast Media For Angiography / Angioplasty | Health, General Masses | 0.01 |
| 60 | Sixth Schedule Table I | 112C (i) | Angiography Accessories | Health, General Masses | 0.07 |
| 61 | Sixth Schedule Table I | 112C (iii) | ASD Delivery Systems | Health, General Masses | 0.09 |
| 62 | Sixth Schedule Table I | 112C (iv) | VSD Closure Devices | Health, General Masses | 0.44 |
| 63 | Sixth Schedule Table I | 112C (v) | VSD Delivery System | Health, General Masses | 0.00 |
| 64 | Sixth | 112D | Temporary Pacemakers | Health, General | 0.42 |

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|----|------------------------|--------------|--|------------------------|-------|
| | Schedule Table I | | | Masses | |
| 65 | Sixth Schedule Table I | 112E | Permanent Pacemaker | Health, General Masses | 0.93 |
| 66 | Sixth Schedule Table I | 112G | Implantable Cardiovertes | Health, General Masses | 0.02 |
| 67 | Sixth Schedule Table I | 112I | Lear Cardiology Products | Health, General Masses | 44.87 |
| 68 | Sixth Schedule Table I | 112I (i) | Radioactive isotopes | Health, General Masses | 0.04 |
| 69 | Sixth Schedule Table I | 112J (i) | Oxygenators | Health, General Masses | 0.41 |
| 70 | Sixth Schedule Table I | 112J (ii) | Cannulas | Health, General Masses | 42.42 |
| 71 | Sixth Schedule Table I | 112J (vi) | High-Flow, Low Profile Percutaneous Heart Pump PHP Console and Catheters | Health, General Masses | 0.01 |
| 72 | Sixth Schedule Table I | 112J (x) | Minimally invasive surgery equipment & Instruments | Health, General Masses | 2.81 |
| 73 | Sixth Schedule Table I | 112J (xi) | RF Ablation equipment for AF (Surgical) | Health, General Masses | 0.16 |
| 74 | Sixth Schedule Table I | 112K | Equipment | Health, General Masses | 0.42 |
| 75 | Sixth Schedule Table I | 112K (i) | Cardiac Angiography Machine | Health, General Masses | 8.73 |
| 76 | Sixth Schedule Table I | 112K (ii) | Echocardiography Machines | Health, General Masses | 2.57 |
| 77 | Sixth Schedule Table I | 112K (iii) | ETT Machines | Health, General Masses | 2.58 |
| 78 | Sixth Schedule Table I | 112K (vii) | MitraClip Guide Catheter, Clip and Delivery System | Health, General Masses | 2.19 |
| 79 | Sixth Schedule Table I | 112K (xii) | Aortic Stent Grafts | Health, General Masses | 0.09 |
| 80 | Sixth Schedule Table I | 112K (xvii) | Vascular Clips | Health, General Masses | 0.03 |
| 81 | Sixth Schedule Table I | 112K (xviii) | MRI Compatible Cardiac Monitor, Infusion Pump, Anesthesia Machine with Accessories | Health, General Masses | 11.27 |
| 82 | Sixth | 112L | Peripheral Interventions Equipment | Health, General | 7.14 |

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|----|------------------------|-------------|---|---|-----------|
| | Schedule Table I | | | Masses | |
| 83 | Sixth Schedule Table I | 120 | Diagnostic kits or equipment | Health, General Masses | 10,441.26 |
| 84 | Sixth Schedule Table I | 121 | Blood Bag CPDA-1 with blood transfusion set pack in aluminum foil with set. | Health, General Masses | 1,220.38 |
| 85 | Sixth Schedule Table I | 122 | Urine drainage bags | Health, General Masses | 223.83 |
| 86 | Sixth 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 specified therein... | Agriculture | 30,457.88 |
| 87 | Sixth Schedule Table I | 137 * | Paper weighing 60 g/m ² , art paper, printing paper and art card for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO | General Masses | 37.08 |
| 88 | Sixth Schedule Table I | 143 (i) | Hearing aids (all types and kinds) | Health, General Masses | 73.06 |
| 89 | Sixth Schedule Table I | 143 (ii)(a) | Audiometers | Health, General Masses | 0.40 |
| 90 | Sixth Schedule Table I | 143 (ii)(b) | Tympanometer | Health, General Masses | 0.00 |
| 91 | Sixth Schedule Table I | 144 | Liquefied Natural Gas imported by fertilizer manufacturers for use as feed stock | Fertilizer sector | 120.37 |
| 92 | Sixth Schedule Table I | 145 | Plant, machinery, equipment including dumpers and special purpose motorvehicles, if not manufactured locally, imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL) for the construction of Karachi – Peshawar Motorway (Sukkur – Multan Section) and M/s China Communication Construction Company (M/s CCCC) for the construction of Karakorum Highway (KKH) Phase-II - (Thakot - Havellian Section) subject to the conditions mentioned therein ... | China State Construction Engineering Corporation Limited & China Communication Construction Company | 35.23 |
| 93 | Sixth Schedule Table I | 145 (i) | exemption under this serial number shall only be available to contractors named above | China State Construction Engineering Corporation Limited & | 0.09 |

| | | | | | |
|----|------------------------------|--------------|---|---|-------|
| | | | | China Communication Construction Company | |
| 94 | Sixth Schedule Table I | 145 (v) | for the clearance of imported goods through Pakistan Customs Computerized System the authorized officer of the Ministry shall furnish all relevant information, as set out in Annex-B, online against a specific user ID and password obtained under section 155D of the Customs Act, 1969 (IV of 1969). In Collectorates or Customs stations where the Pakistan Customs Computerized System is not operational, the Director Reforms and Automation or any other person authorized by the Collector in this behalf shall enter the requisite information in the Pakistan Customs Computerized System on daily basis, whereas entry of the data obtained from the customs stations which have not yet been computerized shall be made on weekly basis | China State Construction Engineering Corporation Limited & China Communication Construction Company | 0.07 |
| 95 | Sixth Schedule Table I | 145 (vi) | that the equipment and construction machinery, imported under this serial number, shall not be re-exported, sold or otherwise disposed of without prior approval of the FBR. In case goods are sold or otherwise disposed of with prior approval of FBR the same shall be subject to payment of sales tax as may be prescribed by the FBR | China State Construction Engineering Corporation Limited & China Communication Construction Company | 0.82 |
| 96 | Sixth Schedule Table I | 145 (vii) | in case the equipment and construction machinery, imported under this serial number, is sold or otherwise disposed of without prior approval of the FBR in terms of para (vi) above, the same shall be subject to payment of statutory rates of sales tax as were applicable at the time of import | China State Construction Engineering Corporation Limited & China Communication Construction Company | 3.44 |
| 97 | Sixth Schedule Table I | 145 (ix) | the indemnity bond submitted in terms of para (iii) above by the importer shall be discharged on the fulfillment of conditions stipulated at para (vi) or (vii) or (viii) above, as the case may be | China State Construction Engineering Corporation Limited & China Communication Construction Company | 1.35 |
| 98 | Sixth | 147 | Goods supplied to German | German | 30.44 |

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|-----|------------------------|---------|---|--|-----------|
| | Schedule Table I | | Development Agency (Deutsche Gesellschaft für International Zusammenarbeit) GIZ | Development Agency (GIZ) | |
| 99 | Sixth 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, provided that total incidence of exemptions of all duties and taxes in respect of construction materials and goods imported for the project shall not exceed ten thousand eight hundred | China State Construction Engineering Corporation Limited | 7.72 |
| 100 | Sixth Schedule Table I | 151 (a) | Supplies | Manufacturer, General Masses | 68,670.85 |
| 101 | Sixth Schedule Table I | 151 (b) | Imports of plant, machinery, equipment for installation in tribal areas and of industrial inputs by the industries located in the tribal areas... | Manufacturer, General Masses | 5,022.56 |
| 102 | Sixth 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 | Residential and commercial consumers of electricity in tribal areas except steel and ghee/cooking oil industries | 14,148.24 |
| 103 | Sixth 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 | Local manufacturers of Electric Vehicles, General Masses | 338.54 |
| 104 | Sixth Schedule Table I | 163 * | 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... | United Nations, diplomats, diplomatic missions, privileged persons and privileged organizations | 328.20 |
| 105 | Sixth | 164 * | Photovoltaic cells whether or not | General Masses | 18,262.32 |

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|-----|------------------------|-------|---|---------------------------------|------------|
| | Schedule Table I | | assembled in modules or made up into panels | | |
| 106 | Sixth Schedule Table I | 165 * | Goods imported by or donated to hospitals run by the nonprofit making 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 | 901.89 |
| 107 | Sixth Schedule Table I | 166 * | Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more. | Health, General Masses | 9,850.25 |
| 108 | Sixth Schedule Table I | 167 * | Goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty 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) | Importer/ General Masses | 154.64 |
| 109 | Sixth Schedule Table I | 168 * | Fertilizers | Agriculture | 232,631.91 |
| 110 | Sixth Schedule Table I | 169 * | Oil cake and other solid residues | Agriculture | 6,334.48 |
| 111 | Sixth Schedule Table I | 170 * | Tractor | Agriculture | 11,552.04 |
| 112 | Sixth Schedule Table I | 171 * | Seeds for sowing | Agriculture | 9,675.80 |
| 113 | Sixth Schedule Table I | 172 * | 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, General Masses | 89.01 |
| 114 | Sixth Schedule Table I | 173 * | Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan | Manufacturer, General Masses | 140.32 |

| | | | | | |
|---|------------------------|-------|---|------------------------------|-------------------|
| | | | within one year of their exportation, provided conditions of section 22 of the Customs Act, 1969 (IV of 1969), are complied with. | | |
| 115 | Sixth Schedule Table I | 174 * | Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969), subject to the conditions, limitations and restrictions specified thereunder. | Manufacturer, General Masses | 36.35 |
| Total from Sixth Schedule Table I (Local Supplies) | | | | | 528,060.14 |

5.1.2.4. Sixth Schedule Table II (Local Supplies)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|-------------------------|--------|--|-----------------------------|-----------------|
| 1 | Sixth Schedule Table II | 3 | Supplies made by cottage industry | General Masses | 369.96 |
| 2 | Sixth 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 sub-section (1) of section 8 of the Sales Tax Act, 1990 | General Masses | 268.15 |
| 3 | Sixth Schedule Table II | 7 | vermicillies, sheer mal, bun and rusk excluding those sold in bakeries, and sweet shops falling in the category of Tier-1 retailers | General Masses | 10,154.55 |
| 4 | Sixth 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 | 15.64 |
| 5 | Sixth Schedule Table II | 10 | Agricultural produce of Pakistan, not subjected to any further process of manufacture | Agriculture/ General Masses | 6,677.54 |
| 6 | Sixth Schedule Table II | 21 | Poultry feed, cattle feed, sunflower seed meal, rape seed meal and canola seed meal | Poultry/ General Masses | 80,803.87 |
| 7 | Sixth Schedule Table II | 30 | Milk and cream, concentrated or containing added sugar or other sweetening matter, excluding that sold in retail packing under a brand name | General Masses | 4,421.68 |
| 8 | Sixth Schedule Table II | 34 | Butter | General Masses | 640.98 |
| 9 | Sixth Schedule Table II | 35 | Desi Ghee | General Masses | 426.48 |
| 10 | Sixth Schedule Table II | 36 | Cheese | General Masses | 2,609.10 |
| 11 | Sixth Schedule Table II | 40 | Live Animals And Live Poultry | Agriculture | 6,536.26 |
| 12 | Sixth Schedule Table II | 41 | Meat of bovine animals, sheep, goat and uncooked poultry meat excluding those sold in retail packing under a brand name | General Masses | 8,919.49 |

| | | | | | |
|--|-------------------------|------|--|---|-------------------|
| 13 | Sixth Schedule Table II | 42 | Fish and crustaceans excluding those sold in retail packaging under a brand name | General Masses | 77.77 |
| 14 | Sixth Schedule Table II | 43 | Live plants including bulbs, roots and the like | General Masses | 324.22 |
| 15 | Sixth Schedule Table II | 44 | Cereals other than rice, wheat, wheat and meslin flour | General Masses | 1,212.70 |
| 16 | Sixth Schedule Table II | 45 * | Edible vegetables including roots and tubers whether fresh, frozen or otherwise reserved (e.g. in cold storage) but excluding those bottled or canned. | General Masses | 1,435.45 |
| 17 | Sixth Schedule Table II | 46 | Edible fruits | General Masses | 997.27 |
| 18 | Sixth Schedule Table II | 47 | Sugar cane | General Masses | 327.98 |
| 19 | Sixth Schedule Table II | 48 | Eggs including eggs for hatching | General Masses | 1,592.37 |
| 20 | Sixth Schedule Table II | 49 | Compost (non-commercial fertilizer) | Agriculture Sector | 129.90 |
| 21 | Sixth Schedule Table II | 50 | Locally manufactured laptops, computers, notebooks whether or not incorporating multimedia kit and personal computers | Information Technology/ General Masses | 56.91 |
| 22 | Sixth Schedule Table II | 51 | Newspaper | General Masses | 129.84 |
| 23 | Sixth Schedule Table II | 52 * | Raw hides and skins | General Masses | 261.49 |
| 24 | Sixth Schedule Table II | 53 * | Prepared food or foodstuff supplied by Restaurants and caterers | General Masses | 10.32 |
| 25 | Sixth Schedule Table II | 54 * | All types of breads, nans and chapattis | General Masses | 1,160.70 |
| 26 | Sixth Schedule Table II | 55 * | Single cylinder agriculture diesel engines (compression ignition internal combustion piston engines) of 3 to 36 HP | Agriculture Sector | 76.33 |
| Total from Sixth Schedule Table II (Local Supplies) | | | | | 129,636.93 |

5.1.2.5. Sixth Schedule Table III (Local Supplies)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|--------------------------|---------|--|-------------------------|-----------------|
| 1 | Sixth 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 | 127.36 |
| 2 | Sixth Schedule Table III | 18 (i) | Bare PCBs | General Masses | 3.34 |
| 3 | Sixth Schedule | 18 (ii) | Power Amplifier | General Masses | 0.61 |

| | Table III | | | | |
|----|--------------------------|-----------|--|-----------------------------|--------|
| 4 | Sixth Schedule Table III | 18 (iii) | Microprocessor/ Controllers | General Masses | 0.01 |
| 5 | Sixth Schedule Table III | 18 (iv) | Equipment for SMT Manufacturing | General Masses | 0.33 |
| 6 | Sixth Schedule Table III | 18 (v) | Laptop batteries | General Masses | 3.42 |
| 7 | Sixth Schedule Table III | 18 (vi) | Adopters | General Masses | 0.02 |
| 8 | Sixth Schedule Table III | 18 (vii) | Cooling fans | General Masses | 0.02 |
| 9 | Sixth Schedule Table III | 18 (ix) | Hard Disk SSD | General Masses | 5.18 |
| 10 | Sixth Schedule Table III | 18 (x) | RAM/ROMS | General Masses | 0.05 |
| 11 | Sixth Schedule Table III | 18 (xii) | LCD / LED Screen | General Masses | 0.05 |
| 12 | Sixth Schedule Table III | 18 (xiii) | Motherboards | General Masses | 0.00 |
| 13 | Sixth Schedule Table III | 18 (xv) | Optical Drives | General Masses | 0.07 |
| 14 | Sixth Schedule Table III | 18 (xvi) | External Ports | General Masses | 0.85 |
| 15 | Sixth Schedule Table III | 18 (xvii) | Network cards | General Masses | 3.21 |
| 16 | Sixth Schedule Table III | 18 (xx) | micro phone | General Masses | 2.79 |
| 17 | Sixth 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. | Special Economic Zone (SEZ) | 653.23 |
| 18 | Sixth Schedule Table III | 20 | Plant and machinery for the assembly/ manufacturing of electric vehicles | General Masses | 1.77 |
| 19 | Sixth Schedule Table III | 22 * | 1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through hydel, oil, gas, coal, nuclear and renewable energy sources including under construction projects entered into an implementation agreement with the Government of Pakistan prior to 15th day of January, 2022. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project. | General Masses | 206.49 |

Total from Sixth Schedule Table III (Local Supplies)

1,008.82

Total Exemption under Sixth Schedule (Local Supplies)

658,705.89

Adjustment @30%

197,611.77

Total Exemption after adjustment under Sixth Schedule (Local Supplies)

461,094.12

5.1.2.6. Sixth Schedule Table I (Import)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|------------------------|--------|---|----------------------|-----------------|
| 1 | Sixth Schedule Table I | 13 | Edible vegetables imported from Afghanistan 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 | 1,340.97 |
| 2 | Sixth Schedule Table I | 14 | Pulses. | General Masses | 37,087.49 |
| 3 | Sixth Schedule Table I | 16 | Red chilies excluding those sold in retail packing bearing brand names and trademarks. | General Masses | 70.90 |
| 4 | Sixth Schedule Table I | 17 | Ginger excluding those sold in retail packing bearing brand names and trademarks. | General Masses | 2,613.50 |
| 5 | Sixth Schedule Table I | 18 | Turmeric excluding those sold in retail packing bearing brand names and trademarks. | General Masses | 19.27 |
| 6 | Sixth Schedule Table I | 19 | Rice, wheat, wheat and muslin flour (respective headings) | Agriculture Sector | 13,759.28 |
| 7 | Sixth Schedule Table I | 20 | Seeds, fruit and spores of a kind used for sowing. | Agriculture Sector | 9.53 |
| 8 | Sixth 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 | 23.79 |
| 9 | Sixth Schedule Table I | 32 * | Newsprint and books but excluding brochures, leaflets and directories (respective headings) | General Masses | 1,911.26 |
| 10 | Sixth | 33 | Currency notes, bank notes, shares, | General Masses | 6,875.73 |

| | | | | | |
|----|------------------------|----|---|-----------------------|----------|
| | Schedule Table I | | stocks and bonds. | | |
| 11 | Sixth 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 | 1,761.25 |
| 12 | Sixth Schedule Table I | 47 | Import of articles of household and personal effects including vehicles and also the goods for donation to projects established in Pakistan imported by any of the rulers of gulf sheikhdoms who is in possession of residential accommodation in Pakistan and goods including vehicles by the United Arab Emirates dignitaries as are listed in column (2) against heading no. 99.05 in column (1) of the first Schedule to the customs act, 1969 (iv of 1969) for their personal use and for donation to welfare projects established in Pakistan subject to the similar conditions as are envisaged for the purposes of applying zero-rate of customs duty on such goods under the said act. (PCT 99.05) | Gulf Dignitaries | 0.63 |
| 13 | Sixth 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 the time of signing of agreement. (PCT 99.03) | International Aid | 3,358.04 |
| 14 | Sixth Schedule Table I | 59 | Artificial kidneys, eye cornea, hemodialysis machine hemodialysis, 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 | Health/General Masses | 1,318.43 |

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|----|------------------------|------|--|---|----------|
| | | | purpose of applying zero-rate of customs duty on these goods under the customs act, 1969 (iv of 1969) (pct 99.24, 99.25, 99.37 and 99.38) | | |
| 15 | Sixth Schedule Table I | 86 | Colors in sets (poster colors) | Manufacturer/ General Masses | 34.09 |
| 16 | Sixth Schedule Table I | 87 | Writing, drawing and marking inks | Manufacturer/ General Masses | 59.60 |
| 17 | Sixth Schedule Table I | 88 | Erasers | Manufacturer/ General Masses | 72.95 |
| 18 | Sixth Schedule Table I | 89 | Exercise books | Manufacturer/ General Masses | 9.31 |
| 19 | Sixth Schedule Table I | 90 | Pencil sharpeners | Manufacturer/ General Masses | 7.14 |
| 20 | Sixth Schedule Table I | 94 | Wheelchairs | Manufacturer/ General Masses | 228.07 |
| 21 | Sixth Schedule Table I | 96 | Other drawing, marking out or mathematical calculating instruments (geometry box) | Manufacturer/ General Masses | 23.01 |
| 22 | Sixth Schedule Table I | 97 | Pens, ball pens, markers and porous tipped pen | Manufacturer/ General Masses | 219.12 |
| 23 | Sixth Schedule Table I | 98 | Pencils including colour pencils | Manufacturer/ General Masses | 766.80 |
| 24 | Sixth 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 | 2,479.10 |
| 25 | Sixth 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 namely (i) china overseas ports holding company Pakistan (private) limited (ii) Gwadar international terminal limited, (iii) Gwadar marine services limited and (iv) Gwadar free zone company limited, their contractors and sub-contractors; | (i) China overseas ports holding company Pakistan (private) limited (ii) Gwadar international terminal limited (iii) Gwadar marine services limited (iv) Gwadar free zone company limited, | 38.45 |

| | | | | | |
|----|------------------------|------|--|---|--------|
| | | | and ship bunker oils bought and sold to the ships calling on/visiting Gwadar port, by the aforesaid operating companies having concession agreement with the Gwadar port authority, for a period of forty year, subject to conditions and procedures ... | | |
| 26 | Sixth Schedule Table I | 100C | Vehicles imported by china overseas ports holding company limited (COPHCL) and its operating companies namely (i) china overseas ports holding company Pakistan (private) limited (ii) Gwadar international terminal limited, (iii) Gwadar marine services limited and (iv) Gwadar free zone company limited, for a period of twenty-three years for construction, development and operations of Gwadar port and free zone area subject to limitations, conditions prescribed ... | (i) China overseas ports holding company Pakistan (private) limited (ii) Gwadar international terminal limited (iii) Gwadar marine services limited (iv) Gwadar free zone company limited, | 13.57 |
| 27 | Sixth 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 ordinance named tax law (amendment) ordinance 2019 | Gwadar EPZ | 344.33 |
| 28 | Sixth Schedule Table I | 107 | Import and supply of iodized salt bearing brand names and trademarks whether or not sold in retail packing | General Masses | 5.84 |

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|----|------------------------|-------|--|-------------------------------------|-----------|
| 29 | Sixth Schedule Table I | 112 | Cardiology/cardiac surgery, neurovascular, electrophysiology, endo-surgery, endoscopy, oncology, urology, gynecology, disposables and other equipment as stated in serial 112 of table i of 6th Schedule. | Health/General Masses | 1,396.67 |
| 30 | Sixth Schedule Table I | 120 | Diagnostic kits or equipment specified therein ... | Health/General Masses | 4,652.74 |
| 31 | Sixth Schedule Table I | 121 | Blood bag cpda-1 with blood transfusion set pack in ammonium foil with set | Health/General Masses | 443.38 |
| 32 | Sixth Schedule Table I | 122 | Urine drainage bags | Health/General Masses | 95.79 |
| 33 | Sixth 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:- details given at the s.no. 133 of table 1 of 6th Schedule to the sales tax act, 1990. (against serial number 133, in column (3), for the expressions “2930.9090”, “2931.0010”, “2931.0090”, “2932.2920”, “2933.3930”, “2941.9050”, “3402.1110”, “3402.1190”, “3402.1290”, “3402.1300” and “3402.1990”, the words “respective headings” shall be substituted) | Agriculture Sector | 18,155.98 |
| 34 | Sixth Schedule Table I | 137 * | Paper weighing 60 g/m2, art paper, printing paper and art card for printing of Holy Quran imported by federal or provincial governments and Nashiran-e-Quran as per quota determined by IOCO | General Masses | 100.12 |
| 35 | Sixth Schedule Table I | 143 | (I) hearing aids (all types and kinds) (ii) hearing assessment equipment; (a) audiometers (b) tympanometry (c) ABR (d) Oto acoustic omission | Health/General Masses | 121.30 |
| 36 | Sixth 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 with reference to STGO 14 of 2022 dated 16-04-2022. | Manufacturing Sector/General Masses | 20,249.54 |

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|----|------------------------|----------|--|-------------------------------------|--------|
| 37 | Sixth Schedule Table I | 154 | Dietetic foods intended for consumption by children suffering from inherent metabolic disorder subject to the conditions that the importer shall acquire approval and quota from ministry of national health services, regulations and coordination. | Health/General Masses | 120.11 |
| 38 | Sixth Schedule Table I | 156(I) | Import of CKD kits by local manufacturers of following electric vehicles (i) road tractors for semi-trailers (electric prime movers) (respective heading) | General Masses | 0.99 |
| 39 | Sixth Schedule Table I | 156(III) | Three wheeler electric rickshaw (respective heading) | General Masses | 0.46 |
| 40 | Sixth Schedule Table I | 156(IV) | Three wheeler electric loader (respective heading) | General Masses | 44.21 |
| 41 | Sixth Schedule Table I | 156(VI) | Electric motorcycle(respective heading) | General Masses | 100.68 |
| 42 | Sixth Schedule Table I | 161 | Import of plant, machinery, equipment and raw materials for consumption of these items within special technology zone by the special technology zone authority, zone developers and zone enterprises. | Special Technology Zones | 75.76 |
| 43 | Sixth Schedule Table I | 162 | Import of raw materials, components, parts and plant and machinery by registered persons authorized under export facilitation scheme, 2021 notified by the board with such conditions, limitations and restrictions. | Export Sector | 411.73 |
| 44 | Sixth Schedule Table I | 163 * | 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 the customs act, 1969 (iv of 1969), and the conditions laid therein. provided further that exemption under this serial shall be available with effect from the 15th day of January, 2022. Falling under PCT chapters 99.01, 99.02, 99.03 and 99.06. | Manufacturing Sector/General Masses | 598.61 |

| | | | | | |
|----|------------------------|-------|--|-------------------------------------|-----------|
| 45 | Sixth Schedule Table I | 164 * | Photovoltaic cells whether or not assembled in modules or made up into panels | Manufacturing Sector/General Masses | 30,853.47 |
| 46 | Sixth Schedule Table I | 165 * | Goods imported by or donated to hospitals run by the non-profit making 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). falling under PCT chapters 99.13 and 99.14, | Manufacturing Sector/General Masses | 18,862.12 |
| 47 | Sixth Schedule Table I | 167 * | Goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty 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). falling under PCT chapters 99.19, 99.20 and 99.21 | Manufacturing Sector/General Masses | 297.95 |
| 48 | Sixth Schedule Table I | 168 * | Fertilizers | Agriculture Sector | 19,963.33 |
| 49 | Sixth Schedule Table I | 170 * | Tractor | Agriculture Sector | 320.09 |
| 50 | Sixth Schedule Table I | 171 * | Seeds for sowing | Agriculture Sector | 8,686.96 |
| 51 | Sixth Schedule Table I | 172 * | 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. | Manufacturing Sector/General Masses | 378.02 |
| 52 | Sixth Schedule Table I | 173 * | Goods produced or manufactured in and exported from Pakistan which are subsequently imported in Pakistan within one year of their | Manufacturing Sector/General Masses | 120.61 |

| | | | | | |
|---|------------------------|-------|--|-------------------------------------|-------------------|
| | | | exportation, provided conditions of section 22 of the customs act, 1969 (iv of 1969), are complied with. | | |
| 53 | Sixth Schedule Table I | 174 * | Machinery and equipment as listed at serial number 32 of the table of part-i of the fifth Schedule to the customs act, 1969, subject to the conditions, limitations and restrictions specified thereunder. | Manufacturing Sector/General Masses | 1.42 |
| Total from Sixth Schedule Table I (Import) | | | | | 200,503.49 |

5.1.2.7. Sixth Schedule Table III (Import)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|--------------------------|--------|--|------------------------|-----------------|
| 1. | Sixth Schedule Table III | 12 | Exemption of sales tax @ 0% on 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. Subject to condition given at s.no. 12 of annexure of table-iii of 6th Schedule to the sales tax act, 1990. Subject to conditions given in the preamble of table-3 of 6th Schedule to the sales tax act, 1990. | Industrial Sector | 23.58 |
| 2. | Sixth 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 prescribe | Special Economic Zones | 3,384.95 |
| 3. | Sixth Schedule Table III | 20 | Plant and machinery for the assembly/ manufacturing of electric vehicles the exemption shall be admissible on one time basis for setting up the new assembly and/or manufacturing facility of the vehicles and expansion in the existing units to the extent of electric vehicles specific plant and machinery, duly approved/ certified and | General Masses | 24.88 |

| | | | | | |
|---|--------------------------|------|---|----------------|------------------|
| | | | determined by the engineering development board (EDB) | | |
| 4. | Sixth Schedule Table III | 22 * | 1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through hydel, oil, gas, coal, nuclear and renewable energy sources including under construction projects entered into an implementation agreement with the government of Pakistan prior to 15th day of January, 2022. | General Masses | 10,740.84 |
| Total from Sixth Schedule Table III (Import) | | | | | 14,174.25 |

| | | | | | |
|---|--|--|--|--|-------------------|
| Total from Sixth Schedule (Import) | | | | | 214,677.74 |
|---|--|--|--|--|-------------------|

| | | | | | |
|---|--|--|--|--|-------------------|
| Total from Sixth Schedule (Local Supplies) | | | | | 461,094.12 |
| Total from Sixth Schedule (Import) | | | | | 214,677.74 |
| Total from Sixth Schedule | | | | | 675,771.86 |

5.1.2.8. Eighth Schedule Table I (Reduced Rates - Local Supplies)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|-------------------------|----------|---|----------------------|-----------------|
| 1 | Eighth Schedule Table I | 23 | Second hand and worn clothing or footwear | Agriculture sector | 5,444.03 |
| 2 | Eighth Schedule Table I | 43 | Natural gas | Energy sector | 10,431.05 |
| 3 | Eighth Schedule Table I | 44 | Phosphoric acid | Chemical Industry | 0.72 |
| 4 | Eighth Schedule Table I | 47 | Locally produced coal | General Masses | 781.91 |
| 5 | Eighth Schedule Table I | 53(i) | Projector | General Masses | 0.08 |
| 6 | Eighth Schedule Table I | 53(ii) | Parts and accessories for projector | General Masses | 0.09 |
| 7 | Eighth Schedule Table I | 53(vii) | Digital Loud Speakers | General Masses | 0.05 |
| 8 | Eighth Schedule Table I | 53(viii) | Digital Processor | General Masses | 0.41 |
| 9 | Eighth Schedule Table I | 53(x) | Amplifiers | General Masses | 0.01 |
| 10 | Eighth Schedule Table I | 53(xii) | Music Distribution System | General Masses | 0.11 |

| | | | | | |
|--|-------------------------|----------|--|-------------------------------------|-------------------|
| 11 | Eighth Schedule Table I | 53(xiii) | Seats | General Masses | 0.01 |
| 12 | Eighth Schedule Table I | 53(xiv) | Recliners | General Masses | 0.09 |
| 13 | Eighth Schedule Table I | 53(xvi) | Step Lights | General Masses | 0.28 |
| 14 | Eighth Schedule Table I | 56 | Potassium Chlorate (KCLO3) | General Masses | - |
| 15 | Eighth Schedule Table I | 57 | Rock phosphate | General Masses | 31.39 |
| 16 | Eighth Schedule Table I | 58 | LPG | General Masses | 9,432.66 |
| 17 | Eighth 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 | 250.42 |
| 18 | Eighth Schedule Table I | 70 | Following locally manufactured electric vehicles | Manufacturing Inputs/General Masses | 1,199.99 |
| 19 | Eighth Schedule Table I | 70(i) | Road Tractors for semitrailers (Electric Prime Movers | General Masses | 42.49 |
| 20 | Eighth Schedule Table I | 70(ii) | Electric Buses | General Masses | 26.50 |
| 21 | Eighth Schedule Table I | 70(iii) | Three Wheeler Electric Rickshaw | General Masses | 1.02 |
| 22 | Eighth Schedule Table I | 70(iv) | Three Wheeler Electric Loader | General Masses | 12.83 |
| 23 | Eighth Schedule Table I | 70(vi) | Electric Motorcycle | General Masses | 154.82 |
| 24 | Eighth Schedule Table I | 73(a) | Locally manufactured Hybrid electric vehicle: (a) Upto 1800 cc | General Masses | 748.35 |
| 25 | Eighth Schedule Table I | 74 | Goods supplied from tax-exempt areas of erstwhile FATA/PATA to the taxable areas | General Masses | 48.85 |
| 26 | Eighth Schedule Table I | 77 | Personal computers and Laptops | General Masses | 6,629.15 |
| 27 | Eighth Schedule Table I | 78 * | Supply of locally manufactured articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal. | General Masses | 195.24 |
| 28 | Eighth Schedule Table I | 79 * | Electric vehicle in CBU condition of 50 kwh battery or below | General Masses | 9.76 |
| 29 | Eighth Schedule Table I | 80 * | EV transport buses of 25 seats or more in CBU condition | General Masses | 366.84 |
| 30 | Eighth Schedule Table I | 81 * | Manufacture or import of substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) | Health, General Masses | 218,165.42 |
| 31 | Eighth Schedule Table I | 82 * | Active Pharmaceutical Ingredients, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 (XXXI of 1976) or raw materials for the basic manufacture of pharmaceutical active ingredients. | Health, General Masses | 9,684.16 |
| Total from Eighth Schedule Table I (Reduced Rates - Local Supplies) | | | | | 263,658.72 |

5.1.2.9. Eighth Schedule Table I (Reduced Rates - Import)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|-------------------------|--------|--|-----------------------------------|-----------------|
| 1 | Eighth Schedule Table I | 23 | Second hand and worn clothing or footwear | Agriculture sector | 6,691.47 |
| 2 | Eighth Schedule Table I | 44 | Sales tax @ 5% of phosphoric acid if imported by fertilizer company for manufacturing of dap | Agriculture sector | 13,971.41 |
| 3 | Eighth Schedule Table I | 53 | The following cinematographic equipment imported during the period commencing on the 1st day of July, 2018 and ending on the 30th day of June, 2023. (i) projector (ii) parts and accessories for projector (iii) other instruments and apparatus for cinema (i (for the expression "9405.4090", the words "respective headings" shall be substituted, vide f a 2022-23) | Media/General Masses | 0.02 |
| 4 | Eighth Schedule Table I | 56 | Potassium chlorate (kclo3)--(respective headings) rate: 17% along with rupees 60 per kilogram condition: import and supply thereof. Provided that rate of rupees 60 per kilogram shall not apply on imports made by and supplies made to organizations under the control of ministry of defense production. | | - |
| 5 | Eighth Schedule Table I | 57 | Rock phosphate if imported by fertilizer manufacturers for use in the manufacturing of fertilizers | Manufacturing (Industrial Inputs) | 2,048.04 |
| 6 | Eighth Schedule Table I | 58 | Reduced rate of 10% on import of LPG | Energy sector | 12,046.22 |
| 7 | Eighth Schedule Table I | 73 (A) | Hybrid electric vehicles (87.03): (a) up to 1800 cc | General Masses | 0.64 |
| 8 | Eighth Schedule Table I | 73 (B) | Hybrid electric vehicles (87.03): (b) from 1801 cc to 2500 CC | General Masses | 0.48 |
| 9 | Eighth Schedule Table I | 77 | Personal computers and laptop computers, notebooks whether or not incorporating multimedia kit if imported in cbu condition | General Masses | 4,889.65 |

| | | | | | |
|--|-------------------------|------|--|-----------------------|------------------|
| 10 | Eighth Schedule Table I | 79 * | Electric vehicle in CBU condition of 50 kwh battery or below | General Masses | 3.65 |
| 11 | Eighth Schedule Table I | 80 * | EV transport buses of 25 seats or more in CBU condition | General Masses | 455.17 |
| 12 | Eighth Schedule Table I | 81 * | Manufacture or import of substances registered as drugs under the drugs act, 1976 (xxxii of 1976) subject to the conditions that: (i) tax charged and deposited by the manufacturer or importer, as the case may be, shall be final discharge of tax in the supply chain (ii) no input tax shall be adjusted by the manufacturer or importer | Health/General Masses | 19,657.45 |
| 13 | Eighth Schedule Table I | 82 * | Active pharmaceutical ingredients, excluding excipients, for manufacture of drugs registered under the drugs act, 1976 (xxxii of 1976) or raw materials for the basic manufacture of pharmaceutical active ingredients. Subject to the conditions that: (i) DRAP shall certify item-wise requirement of manufacturers of drugs and APIS and in case of import shall furnish all relevant information to Pakistan customs computerized system; and (ii) no input tax shall be adjusted by the manufacturer or importer.”. | Health/General Masses | 34,574.27 |
| Total from Eighth Schedule Table I (Reduced Rates - Import) | | | | | 94,338.48 |

| | |
|--|-------------------|
| Total from Eighth Schedule Table I (Reduced Rates - Local Supplies) | 263,658.72 |
| Total from Eighth Schedule Table I (Reduced Rates - Import) | 94,338.48 |
| Total from Eighth Schedule Table I (Reduced Rates) | 357,997.20 |

5.1.2.10. Ninth Schedule (Cellular Mobile Phones - Local Supplies)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
|--------|----------------|--------|--|--|-----------------|
| 1 | Ninth Schedule | 1 C | 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 exceeding US\$ 30 but not exceeding US\$ 100 | Manufacturer / Importers of mobile phones / General Masses | 1.28 |

| | | | | | |
|--|----------------|-----|---|--|------------------|
| 2 | Ninth Schedule | 1 D | 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 exceeding US\$ 100 but not exceeding US\$ 200 | Manufacturer / Importers of mobile phones / General Masses | 0.04 |
| 3 | Ninth Schedule | 1 E | 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 exceeding US\$ 200 but not exceeding US\$ 350 | Manufacturer / Importers of mobile phones / General Masses | - |
| 4 | Ninth Schedule | 1 F | 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 exceeding US\$ 350 but not exceeding US\$ 500 | Manufacturer / Importers of mobile phones / General Masses | 0.07 |
| 5 | Ninth Schedule | 1 G | 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 exceeding US\$ 500 | Manufacturer / Importers of mobile phones / General Masses | - |
| 6 | Ninth Schedule | 5 | Sales tax on supply of locally manufactured mobile phones in CBU condition in addition to tax applied on imports in CKD/SKD condition | Manufacturer / Importers of mobile phones / General Masses | 33,055.65 |
| Total from Ninth Schedule (Cellular Mobile Phones - Local Supplies) | | | | | 33,057.04 |

5.1.2.11. Twelfth Schedule (Additional Tax)¹¹

| <i>(Rs. In Million)</i> | | | | | |
|-------------------------|------------------|--------|--|----------------------|-----------------|
| S. No. | Schedule | Serial | Description | Intended Beneficiary | Tax Expenditure |
| 1 | Twelfth Schedule | 2(I) | Raw materials and intermediary goods imported by a manufacturer for in-house consumption excluding compressor scrap (PCT heading 7204.4940), motor scrap (PCT heading 7204.4990) and copper cable cutting scrap (PCT heading 7404.0090). | General Masses | 165,665.07 |

¹¹ Twelfth Schedule (Additional Sales Tax) is included in current year's report, based on data received for the first time.

| | | | | | |
|---|------------------|---------|---|-------------------------------|-------------------|
| 2 | Twelfth Schedule | 2(II) | The petroleum products falling in chapter 27 of Pakistan customs tariff as imported by a licensed oil marketing company for sale in the country; | General Masses | 13,127.05 |
| 3 | Twelfth Schedule | 2(III) | Registered service providers importing goods for their in-house business use for furtherance of their taxable activity and not intended for further supply; | General Masses | 5,612.23 |
| 4 | Twelfth Schedule | 2(IV) | Cellular mobile phones or satellite phones | General Masses | 3,187.03 |
| 5 | Twelfth Schedule | 2(V) | LNG / RLNG | General Masses | 6,269.18 |
| 6 | Twelfth Schedule | 2(VI) | Second hand and worn clothing or footwear (PCT heading 6309.000 | General Masses | 1,557.40 |
| 7 | Twelfth Schedule | 2(IX) | The goods as specified in the third Schedule on which tax is paid on retail price basis | General Masses | 4,754.56 |
| 8 | Twelfth Schedule | 2(X) | Plant , machinery and equipment falling in chapter 84 and 85 of the first Schedule to the customs act, 1969(iv of 1969), as are imported by a manufacturer for in house installation or use | Manufacturer / General Masses | 7,526.78 |
| 9 | Twelfth Schedule | 2(XI) | Electric vehicles (4 wheelers) CKD kits for small cars or SUVs, with 50 kwh battery or below and light commercial vehicles (LCVs) with 150 kwh battery or below till the 30th day of June, 2026 | General Masses | 8.83 |
| 10 | Twelfth Schedule | 2(XII) | Electric vehicles (4 wheelers) small cars or SUVs, with 50 kwh battery or below and light commercial vehicles (LCVs) with 150 kwh battery or below in CBU condition till the 30th day of June, 2026 | General Masses | 188.43 |
| 11 | Twelfth Schedule | 2(XIII) | Electric vehicles (2-3 wheelers and heavy commercial vehicles) in CBU condition till the 30th day of June, 2025. | General Masses | 80.03 |
| 12 | Twelfth Schedule | 2(XIV) | Motor cars of cylinder capacity up to 850cc | General Masses | 89.75 |
| Total from Twelfth Schedule (Additional Tax) | | | | | 208,066.33 |

5.1.2.12. POL Products (Local Supplies)

(Rs. In Million)

| S. No. | SRO | Serial | Description | Intended Beneficiary | Tax Expenditure |
|-------------------------|-------------|--------|-----------------------|----------------------|-----------------|
| 1 | 321(I)/2022 | 1 | MS (Petrol) | General Masses | 633,660.22 |
| 2 | 321(I)/2022 | 2 | High Speed Diesel Oil | General Masses | 611,738.18 |
| 3 | 321(I)/2022 | 3 | Kerosene | General Masses | 8,377.62 |
| 4 | 321(I)/2022 | 4 | Light Diesel Oil | General Masses | 3,737.29 |
| Total from POL Products | | | | | 1,257,513.30 |

5.1.2.13. POL Products (Imports)

(Rs. In Million)

| S. No. | SRO | Serial | Description | Intended Beneficiary | Tax Expenditure |
|-------------------------|-------------|--------|-----------------------|----------------------|-----------------|
| 1 | 321(I)/2022 | 1 | MS (Petrol) | General Masses | 61,551.56 |
| 2 | 321(I)/2022 | 2 | High Speed Diesel Oil | General Masses | 19,673.34 |
| 3 | 321(I)/2022 | 3 | Kerosene | General Masses | 0 |
| 4 | 321(I)/2022 | 4 | Light Diesel Oil | General Masses | 0 |
| Total from POL Products | | | | | 81,224.90 |

5.1.2.14. SROs (Local supplies)

(Rs. In Million)

| S. No. | SRO | Description | Intended Beneficiary | Tax Expenditure |
|----------------------------------|--------------|--|--|-----------------|
| 1 | 1212(I)/2018 | Exemption from extension of Federal Taxes to erstwhile FATA/PATA | Erstwhile FATA / PATA | 4,828.77 |
| 2 | 1636(1)/2022 | Exemption from sales tax on import and supply of goods as certified by NDMA and PDMA for flood affectees | Flood Affectees | 209.06 |
| 3 | 327(I)/2008 | The Export Oriented Units And Small And Medium Enterprises Rules, 2008 | The Export Oriented Units And Small and Medium Enterprises | 3,714.91 |
| Total from SROs (Local supplies) | | | | 8,752.74 |

5.1.2.15. SROs (Import)

(Rs. In Million)

| S. No. | SRO | Description | Intended Beneficiary | Tax Expenditure |
|--------|--------------|---|---|-----------------|
| 1 | 1636(i)/2022 | Exemption for a period of ninety days the import and supply of the goods as certified by the national disaster management authority or a provincial disaster management authority for relief operation for flood affectees, from the whole of the sales tax. | Flood Affectees | 578.00 |
| 2 | 1635(i)/2022 | Import of all goods received, in the event of a natural disaster or other catastrophe, as gifts and relief consignments or any goods received as gift or donation from a foreign government or organization by the federal or provincial governments or any public sector organization. | Natural Disaster Affectees | - |
| 3 | 1640 (I)2022 | In exercise of the powers conferred by clause (a) of sub-section (2) of section 13 of the sales tax act, 1990, the federal Government is pleased to exempt till the 31 st day of December, 2022 the import of onion (PCT heading 0703.1000) and tomatoes (PCT heading 0702.0000), from whole of the sales tax. | General Masses | 4,287.95 |
| 4 | 1963(i)/2022 | The federal government is pleased to exempt whole of sales tax payable on goods supplied to japan international cooperation agency (JICA), japan and services provided to it within Islamabad capital territory by service providers registered under the sales tax act, 1990 | Japan International Cooperation Agency (JICA) | - |
| 5 | 01(i)/2023 | Exemption to whole of sales tax in respect of old contingent owned equipment (COE) or used stores of civil armed forces, as the case may be, that were repatriated and have arrived at Karachi port after completion of united nations peacekeeping mission in Darfur (Sudan). | United Nations Peacekeeping Mission | 79.40 |
| 6 | 70(i)/2023 | In exercise of the powers conferred by clause (a) of sub-section (2) of section 13 of the sales tax act, 1990 (vii of 1990), the federal | Flood Affectees | 180.84 |

| | | | | |
|---------------------------------|--|---|--|-----------------|
| | | government is pleased to exempt for a period of three months from the 1st day of December, 2022 the import and supply of the donation consignments and relief items as certified by the national disaster management authority or a provincial disaster management authority for relief operation for flood affectees, from the whole of the sales tax. | | |
| Total from SROs (Import) | | | | 5,126.19 |

5.1.2.16. Various Sections (Zero Rating)

(Rs. In Million)

| S. No. | Section | Description | Intended Beneficiary | Tax Expenditure |
|--|---------|---|----------------------|-----------------|
| 1 | 4 B | Supply of stores and provisions for consumption aboard a conveyance proceeding to a destination outside Pakistan as specified in section 24 of the Customs Act, 1969 (IV of 1969) | General Masses | 25,159 |
| Total from Various Sections (Zero Rating) | | | | 25,159 |

| | |
|---|---------------------|
| Sales Tax expenditure (Local Supplies) | 2,250,511.21 |
| Sales Tax expenditure (Import) | 608,210.52 |
| Total Sales Tax Expenditures | 2,858,721.73 |

5.1.3. Details of Customs Duty Expenditure

5.1.3.1. Chapter - 99

(Rs. In Million)

| S. No. | Exemption Order | Description | Intended Beneficiary | Tax Expenditure |
|--------|-----------------|---|---|-----------------|
| 1 | 9901.0000 | Chapter-99 Exemptions: Goods imported by various agencies of the United Nations | Agencies under the United Nations | 980 |
| 2 | 9902.0000 | Chapter-99 Exemptions: Goods imported by Diplomats/Embassies /Consulates | Diplomats/Embassies/Consulates under the Diplomatic and Consular Privileges Act, 1972 | 1,078 |

| | | | | |
|----|-----------|---|---|-------|
| 3 | 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). | 5,536 |
| 4 | 9904.0000 | Chapter-99 Exemptions: Vehicles in CKD condition, imported by recognized local manufacturer for supply to diplomat, diplomatic mission, privileged person. | Vehicles in CKD condition, imports by recognized local manufacturer for supply to diplomat, diplomatic mission, privileged person | - |
| 5 | 9905.0000 | Chapter-99 Exemptions: import by Dignitaries of UAE, Qatar and Bahrain | Dignitaries of UAE, Qatar and Bahrain | - |
| 6 | 9906.0000 | Chapter-99 Exemptions: Goods imported under the President/Prime Minister/Governors/Salary, Allowances and Privileges Act, 1975. | The President and the Prime Minister of Pakistan. The Governors and the Acting Governors of the Provinces. | 5 |
| 7 | 9908.0000 | Goods received as gift by Pakistani organizations from Church World Services or the Catholic Relief Services as are certified by the Ministry of National Health Services Regulation and Coordination (NHSRC), that these imports are made under agreements signed by the Government of Pakistan with the Church World Service and with the Catholic Relief Service | Goods received as gift by Pakistani organizations | - |
| 8 | 9909.0000 | 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 | 15 |
| 9 | 9910.0000 | Samples of no commercial value imported by manufacturers | Samples of no commercial value imported by manufacturers | 15 |
| 10 | 9911.0000 | Relief goods donated for free distribution among the victims of natural disaster or other catastrophe, as are certified by the authorized officer of Federal/Provincial Government, Plant, machinery and equipment imported by way of donation for installation in the | (i) Relief goods donated for free distribution among the victims of natural disaster or other catastrophe, as are certified by the authorized officer of Federal/Provincial Government. (ii) Plant, | 4,001 |

| | | | | |
|----|-----------|--|--|--------|
| | | earthquake hit districts | machinery and equipment imported by way of donation for installation in the earthquake hit districts as certified by ERRA/National Disaster Management Authority. | |
| 11 | 9912.0000 | Imports by Edhi Foundation | Imports by Edhi Foundation | - |
| 12 | 9913.0000 | 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 | 11,798 |
| 13 | 9914.0000 | Imports by Charitable Institutions and Hospitals | Imports by Charitable Institutions and Hospitals | 3,209 |
| 14 | 9915.0000 | 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 | 190 |
| 15 | 9916.0000 | Goods supplied free of cost as replacement of identical goods previously imported | Goods supplied free of cost as replacement of identical goods previously imported | 116 |
| 16 | 9917.0000 | Chapter 99 Exemptions | SEZs | 3,020 |
| 17 | 9918.0000 | Chapter 99 Exemptions | Re-importation after repairs work | 31 |
| 18 | 9922.0000 | 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 | 25 |
| 19 | 9924.0000 | Eye cornea | Eye cornea | - |
| 20 | 9925.0000 | Artificial kidneys, hemodialysis machines, hemodialysis, A.V. fistula needles, hemodialysis fluids and 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. | Artificial kidneys, hemodialysis machines, hemodialysis, A.V. fistula needles, hemodialysis fluids and 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. | 858 |
| 21 | 9927.0000 | 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 in accordance with the input output ratios determined by the Directorate of Input Output Co-efficient Organization. Contraceptives and accessories thereof | 146 |
| 22 | 9930.0000 | Any goods, including vehicles, | Any goods, including | 1,842 |

| | | | | |
|--------------------------------|-----------|---|--|---------------|
| | | 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 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 | 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 donated to the importers for use in an approved foreign grant funded project | |
| 23 | 9931.0000 | 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 | 118 |
| 24 | 9937.0000 | Items relating to disabled persons like Wheel chairs, Artificial human parts. Items used for rehabilitation of blind persons etc. | Certain items imported by the Disabled persons | 204 |
| 25 | 9938.0000 | Disposables, as are not manufactured locally, for Cardiology/cardiac surgery, Neurovascular, Electrophysiology, Endo-surgery, Endoscopy, Oncology, Urology, Gynecology; and following equipment: - | Certain disposables, as are not manufactured locally, for Cardiology/cardiac surgery, Neurovascular, Electrophysiology, Endo-surgery, Endoscopy, Oncology, Urology, Gynecology; and following equipment: - | 877 |
| 26 | 9939.0000 | Diagnostic kits for HIV and Hepatitis | Diagnostic kits for HIV, Hepatitis, Cancer | 800 |
| 27 | 9941.0000 | 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) and Government Emergency/Rescue services, | Goods imported by or donated NDMA, | - |
| Total from Chapter - 99 | | | | 34,864 |

5.1.3.2. FTA & PTA

(Rs. In Million)

| S. No. | Exemption Order | Description | Intended Beneficiary | Tax Expenditure |
|---------------------------------|-----------------|-------------|--|-----------------|
| 1 | 558(I)/2004 | section 19 | FTA: General exemption on import from ECO | 1 |
| 2 | 1296(I)/2005 | section 19 | FTA: China Early Harvest Program (prescribes FTA CD rate) | 2 |
| 3 | 1274(I)/2006 | section 19 | FTA General exemption on import from SAARC countries under SAFTA Agreement | 253 |
| 4 | 1640(I)/2019 | section 19 | FTA: General exemption on import from China under Pak-China FTA | 32,327 |
| 5 | 1261(I)/2007 | section 19 | FTA; General exemption on import from Malaysia under PTA | 4,760 |
| 6 | 741(I)/2013 | section 19 | PTA: General exemption on import from Indonesia under Pak-Indonesia PTA | 4,524 |
| 7 | 280(I)/2014 | section 19 | FTA: General exemption on import from Sri Lanka under Pak-Sri lanka FTA | 2,225 |
| 8 | 894(I)/2006 | section 19 | Exemption from Customs Duty on Import from Iran under Pak-Iran PTA | - |
| 9 | 1151(I)/2007 | section 19 | Exemption from customs duty on imports from Mauritius | - |
| 10 | 497(I)/2009 | section 19 | Concession from customs duties on import of goods from China | - |
| 11 | 329(I)/2023 | section 19 | Pakistan Uzbekistan Transit Agreement | - |
| 12 | 502(I)/2023 | Section 19 | Pak-Turkey FTA | 15 |
| Total from FTA & PTA | | | | 44,107 |

5.1.3.3. Fifth Schedule

(Rs. In Million)

| S. No. | Exemption Order | Description | Intended Beneficiary | Tax Expenditure |
|--------|--------------------------------------|---------------------------------------|---|-----------------|
| 1 | 5th Schedule (Customs Duty) Part I | Exemption under the Customs Act, 1969 | Import of Plant, Machinery, equipment and apparatus, including Capital Goods for various industries/sectors | 32,438 |
| 2 | 5th Schedule (Customs Duty) Part II | Exemption under the Customs Act, 1969 | Import of Active pharmaceutical Ingredients by pharma sector | 34,036 |
| 3 | 5th Schedule (Customs Duty) Part III | Exemption under the Customs Act, 1969 | Poultry, Textile sectors & Misc. | 83,763 |
| 4 | 5th Schedule (Customs Duty) Part IV | Exemption under the Customs Act, 1969 | Machinery and equipment for Textile Sector | 414 |
| 5 | 5th Schedule (Customs) | Exemption under the Customs Act, 1969 | Automotive manufacturing sector (Auto Policy) | 1,754 |

| | | | | |
|----------------------------------|---------------------------------------|---------------------------------------|---|----------------|
| | Duty) Part V | | | |
| 6 | 5th Schedule (Customs Duty) Part V(A) | Exemption under the Customs Act, 1969 | Electric vehicles | 2,764 |
| 7 | 5th Schedule (Customs Duty) Part V(B) | Exemption under the Customs Act, 1969 | For CKD & EV specific parts | 753 |
| 8 | 5th Schedule (Customs Duty) Part VI | Exemption under the Customs Act, 1969 | Aviation Sector (Aviation Policy) | 697 |
| 9 | 5th Schedule (Customs Duty) Part VII | Exemption under the Customs Act, 1969 | Essential edible items like pulses, potato etc. Oil and Oil products, Inputs of export sectors etc. | 34,069 |
| Total from Fifth Schedule | | | | 190,688 |

5.1.3.4. General Concessions: Automobile sector, E&Ps, CPEC, etc

(Rs. In Million)

| S. No. | Exemption Order | Description | Intended Beneficiary | Tax Expenditure |
|--------|----------------------------|-------------|---|-----------------|
| 1 | 268(I)/2015 | Section 19 | Mining equipment & machinery imported by Thar Coal Field | 517 |
| 2 | 565(I)/2006 | Section 19 | Raw material of survey based local industries: Stationary /Electrical Capacitor/ Pesticides/ Distilled Fatty Acids/CRC & GI coils/Fans/Transformers/Electric Motors manufacturers | 3,100 |
| 3 | 499(I)/2013 | Section 19 | Auto Sector: General concession for import of Hybrid Electric Vehicles | 499 |
| 4 | 678(I)/2014 | Section 19 | Exploration and Production companies | 7,034 |
| 5 | 107(I)/2019 and 48(I)/2018 | Section 19 | Textile Sector (Local Yarn Producers) Import of Cotton | - |
| 6 | 642(I)/2016 | Section 19 | Imports by M/s. CSECL for Karachi-Peshawar Motorway | 109 |
| 7 | 644(I)/2018 | Section 19 | General: Concession of CD on import of electric motor vehicles | - |
| 8 | 40(I)/2017 | Section 19 | Lahore Orange Metro Train Project | - |
| 9 | 655(I)/2006 | Section 19 | Vendors of automotive sector | 38,344 |
| 10 | 656(I)/2006 | Section 19 | OEMs of automotive sector | 93,849 |
| 11 | 41(I)/2009 | Section 19 | Special Industrial and Economic Zones | 1,721 |
| 12 | 39(I)/2017 | Section 19 | Exemption form CD on import of certain items of cotton | 94 |
| 13 | SRO 533(I)/2021 | Section 19 | Exempt the whole of CD on import of Cotton Yarn | 0 |
| 14 | SRO 73(I)/2023 | Section 19 | Flood Relief Activities | 241 |
| 15 | SRO 1638(I)/2022 | Section 19 | Flood Relief Activities | 1,090 |

| | |
|---|-------------------|
| Total from General Concessions: Automobile sector, E&Ps, CPEC, etc | 146,598.00 |
|---|-------------------|

5.1.3.5. Exports

(Rs. In Million)

| S. No. | Exemption Order | Description | Intended Beneficiary | Tax Expenditure |
|---------------------------|-----------------|-----------------------|--|-----------------|
| 1 | SRO.450(I)/2001 | Section 21A | DTRE | 7,134 |
| 2 | SRO.450(I)/2001 | 9917(1) | EPZ | 23,488 |
| 3 | SRO.450(I)/2001 | 9917(5) | Export Facilitation Scheme | 23,211 |
| 4 | 327(I)/2008 | Section 219 | Export Oriented Unit | 34,464 |
| 5 | 326(I)/2008 | Section 19 | Export Oriented Unit | - |
| 6 | SRO.450(I)/2001 | Section 21A | Manufacturing Bond | 20,445 |
| 7 | SRO.492(I)/2009 | Section 19 | Temporary Import | 17,369 |
| 8 | 9919.0000 | Chapter 99 Exemptions | Temporary Import (For Export). Packing material, machinery and equipment for repair, professional equipment | 1,128 |
| 9 | 9920.0000 | Chapter 99 Exemptions | Temporary Import (For Export). Excavation equipment, Scientific equipment, machinery imported for demonstration purposes | 25 |
| 10 | 9921.0000 | Chapter 99 Exemptions | Container for transportation of cargo imported by shipping companies | - |
| Total from Exports | | | | 127,264 |

| | |
|--|----------------|
| Total of Customs Duty Expenditure | 543,521 |
|--|----------------|

5.2. Appendix B: List of New Insertions/Omissions in FA 2022

5.2.1. Overall Insertions / New additions

5.2.1.1. List of Insertions in FA 2022 (Income Tax Ordinance, 2001)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Inserted by | Tax Expenditure |
|--------|---|--|--------------------------------------|--|
| 1 | Sub-Section 4 of Section 44 of Part VII of Chapter III | Any allowance or perquisite paid or allowed as such outside Pakistan by the Government to a citizen of Pakistan for rendering service outside Pakistan | Inserted by the Finance Act, 2022 | - |
| 2 | Serial No. (lvi) to (lxii) of Table 1 of Clause 66 of Part I of Second Schedule | (lvi) Pakistan Mortgage Refinance Company Limited (lvii) The Pakistan Global Sukuk Programme Company Limited (lviii) Karandaz Pakistan from tax year 2015 onwards (lix) Pakistan Sweet Homes Angels and Fairies Place (lx) Public Private Partnership Authority for tax year 2022 and subsequent four tax years (lxi) Dawat-e-Islami Trust (lxii) Hamdard Laboratories (Waqf) Pakistan | Added by the Finance Act, 2022 | Combined effect of all entities covering under clause 66 is calculated in the main table |
| 3 | Serial No. (xlirii) to (xxv) of Table 2 of Clause 66 of Part I of Second Schedule | (xlirii) Burhani Qarzan Hasnan Trust (xliv) Saifee Hospital Karachi (xlv) Saifiyah Girls Taalim Trust] | Added by the Finance Act, 2022 | Combined effect of all entities covering under clause 66 is calculated in the main table |
| 4 | Clause 126EA of Part I of Second Schedule | Profits and gains derived by (a) zone developer as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) from development and operations of the zones for a period of ten years starting from the date of signing of the development agreement; (b) zone Enterprises as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and (c) Special Technology Zones Authority established under the Special Technology Zones Authority Act, 2021 (XVII of 2021) | substituted by the Finance Act, 2022 | 42.87 |
| 5 | Clause 150 of Part I of Second Schedule | Income derived by Siyahkalem Engineering Construction Industry and Trade Company Limited from contract dated 23rd day of May | Added by the Finance Act, 2022 | 0.00 |

| | | | | |
|----|--|--|-----------------------------------|--------|
| | | 2017 with Earthquake Reconstruction and Rehabilitation Authority, financed by the Saudi Fund for Development with effect from tax year 2017 | | |
| 6 | Clause 151 of Part I of Second Schedule | Any income derived by a person from cinema operations for five years from the commencement of cinema operations. | Added by the Finance Act, 2022 | 17.65 |
| 7 | Clause 152 of Part I of Second Schedule | Profits and gains derived between the first day of July, 2022 and the thirtieth day of June, 2025 both days inclusive, by a venture capital company and venture capital fund registered under relevant Venture Capital Companies and Funds Management Rules issued by Securities and Exchange Commission of Pakistan | Added by the Finance Act, 2022 | 59.89 |
| 8 | Clause 153 of Part I of Second Schedule | Profits and gains from the production of feature film derived between the first day of July, 2022 and the thirtieth day of June, 2027 both days inclusive by a resident producer or a resident production house | Added by the Finance Act, 2022 | |
| 9 | Clause 31 of Part II of Second Schedule | The rate of tax under clause (a) of sub-section (1) of section 153 shall be 1% on payment for sale of gold and silver and articles thereof and the tax so deducted shall be adjustable | Added by the Finance Act, 2022 | - |
| 10 | Sub-clause (xlv) of Clause 11A of Part IV of Second Schedule | Mobile phone manufacturers engaged in the local manufacturing of mobile phone devices | Added by the Finance Act, 2022 | 272.88 |
| 11 | Clause 12BA of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of thirty million adult 3xPly Knit face masks received as humanitarian assistance from M/s HANES Brands Inc. North Carolina, USA for distribution within the population of Lahore Division, Government of the Punjab | Added by the Finance Act, 2022 | - |
| 12 | Clause 12O of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of drones donated by Ministry of Agriculture and Rural Affairs (MARA), Government of China to Pakistan through Sea Route | Added by the Finance Act, 2022 | 0.00 |
| 13 | Clause 12P of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of machinery and equipment as listed in S. No 32 of Part-I of Fifth Schedule to the Customs Act, 1969 subject to the same conditions and limitations as specified therein | Added by the Finance Act, 2022 | 0.00 |
| 14 | Clause 43H of Part IV of Second Schedule | The provisions of clause (b) of sub-section (1) of section 153 shall not apply to an exhibitor or a distributor of a feature film, as a payer, on payment made to a distributor, producer or importer of a feature film | Inserted by the Finance Act, 2022 | 0.00 |

| | | | | |
|----|--|---|--------------------------------------|------|
| 15 | Clause 60DA of Part IV of Second Schedule | The provisions of section 148 shall not apply to the import of the capital equipment as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) (a) Zone developers as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for consumption in the special technology zones for the period of ten years commencing from the date of signing the development agreement; (b) Zone enterprises as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and (c) Special Technology Zones Authority established under Special Technology Zones Authority Act, 2021 (XVII of 2021) | Substituted by the Finance Act, 2022 | 0.00 |
| 16 | Clause 95 of Part IV of Second Schedule | The provisions of sections 147, 151, 152, 236A and 236K shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and The Pakistan Global Sukuk Programme Company Limited, as a payer | Substituted by the Finance Act, 2022 | - |
| 17 | Clause 96 of Part IV of Second Schedule | The provisions of sections 151, 153, 155 and 236C shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and the Pakistan Global Sukuk Programme Company Limited, as a recipient | Substituted by the Finance Act, 2022 | - |
| 18 | Clause 97A of Part IV of Second Schedule | The provisions of sections 37, 236C and 236K shall not apply to National Highway Authority in respect of transfer of immovable property to the Pakistan Global Sukuk Programme Company Limited and in respect of transfer of immoveable property to National Highway Authority from the Second Pakistan International Sukuk Company Limited or the Pakistan Global Sukuk Programme Company Limited | Inserted by the Finance Act, 2022 | - |
| 19 | Clause 105A of Part IV of Second Schedule | The provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding four tax years | Inserted by the Finance Act, 2022 | - |
| 20 | Clause 111AC of Part IV of Second Schedule | The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) in respect of transactions on which tax is collectible under section 236C and 236K of the Ordinance | Inserted by the Finance Act, 2022 | - |

| | | | | |
|----|--|--|--------------------------------|---|
| 21 | Clause 120 of Part IV of Second Schedule | The provisions of Divisions II and III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax shall not apply to the persons mentioned in Table 1 of clause (66) of Part I of the second Schedule as recipients of payment | Added by the Finance Act, 2022 | - |
|----|--|--|--------------------------------|---|

5.2.1.2. List of Insertions in FA 2022 (Sales Tax Act, 1990)

(Rs. In Million)

| S. No. | Schedule | Serial | Description | Remarks | Tax Expenditure |
|--------|------------------------|--------|--|--------------------------------------|---|
| 1 | Fifth Schedule | 17 | Fat filled milk | Substituted by the Finance Act, 2022 | 34,621.60 (Local) 753.72 (Import) |
| 2 | Fifth Schedule | 21 | Local supplies of raw materials, components, parts and plant and machinery to registered exporters authorized under Export Facilitation Scheme, 2021 notified by the Board with such conditions, limitations and restrictions as specified therein | Inserted by the Finance Act, 2022 | 10,071.15 (Local) 1.33 (Import) |
| 3 | Sixth Schedule Table I | 32 | Newsprint and books but excluding brochures, leaflets and directories | Substituted by the Finance Act, 2022 | 5,025.90 (Local)** 1,911.26 (Import) |
| 4 | Sixth Schedule Table I | 137 | Paper weighing 60 g/m ² , art paper, printing paper and art card for printing of Holy Quran imported by Federal or Provincial Governments and Nashiran-e-Quran as per quota determined by IOCO | Inserted by the Finance Act, 2022 | 37.08 (Local)** 100.12 (Import) |
| 5 | Sixth Schedule Table I | 163 | 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 the Customs Act, 1969 (IV of 1969), and the conditions laid therein. Provided further that exemption under this serial shall be available with effect from the 15th day of January, 2022. | Inserted by the Finance Act, 2022 | 328.20 (Local)** 598.61 (Import) |

| | | | | | |
|----|------------------------|-----|--|-----------------------------------|--|
| 6 | Sixth Schedule Table I | 164 | Photovoltaic cells whether or not assembled in modules or made up into panels | Inserted by the Finance Act, 2022 | 18,262.32 (Local)** 30,853.47 (Import) |
| 7 | Sixth Schedule Table I | 165 | Goods imported by or donated to hospitals run by the non-profit making 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). | Inserted by the Finance Act, 2022 | 901.89 (Local)** 18,862.12 (Import) |
| 8 | Sixth Schedule Table I | 166 | Goods excluding electricity and natural gas supplied to hospitals run by the charitable hospitals of fifty beds or more. | Inserted by the Finance Act, 2022 | 9,850.25 (Local)** 0 (Import) |
| 9 | Sixth Schedule Table I | 167 | Goods temporarily imported into Pakistan, meant for subsequent exportation charged to zero-rate of customs duty 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). | Inserted by the Finance Act, 2022 | 154.64 (Local)** 297.95 (Import) |
| 10 | Sixth Schedule Table I | 168 | Fertilizers | Inserted by the Finance Act, 2022 | 232,631.91 (Local)** 19,963.33 (Import) |
| 11 | Sixth Schedule Table I | 169 | Oil cake and other solid residues | Inserted by the Finance Act, 2022 | 6,334.48 (Local)** 0 (Import) |
| 12 | Sixth Schedule Table I | 170 | Tractor | Inserted by the Finance Act, 2022 | 11,552.04 (Local)** 320.09 (Import) |
| 13 | Sixth Schedule Table I | 171 | Seeds for sowing | Inserted by the Finance Act, 2022 | 9,675.80 (Local)** 8,686.96 (Import) |
| 14 | Sixth Schedule Table I | 172 | 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 | Inserted by the Finance Act, 2022 | 89.01 (Local)** 378.02 (Import) |

| | | | | | |
|----|--------------------------|-----|---|--------------------------------------|--|
| | | | 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. | | |
| 15 | Sixth Schedule Table I | 173 | 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. | Inserted by the Finance Act, 2022 | 140.32 (Local)** 120.61 (Import) |
| 16 | Sixth Schedule Table I | 174 | Machinery and equipment as listed at serial number 32 of the Table of Part-I of Fifth Schedule to the Customs Act, 1969 (IV of 1969), subject to the conditions, limitations and restrictions specified thereunder. | Inserted by the Finance Act, 2022 | 36.35 (Local)** 1.42 (Import) |
| 17 | Sixth Schedule Table II | 45 | Edible vegetables including roots and tubers whether fresh, frozen or otherwise reserved (e.g. in cold storage) but excluding those bottled or canned. | Substituted by the Finance Act, 2022 | 1,435.45 (Local)** |
| 18 | Sixth Schedule Table II | 52 | Raw hides and skins | Inserted by the Finance Act, 2022 | 261.49 (Local)** |
| 19 | Sixth Schedule Table II | 53 | Prepared food or foodstuff supplied by Restaurants and caterers | Inserted by the Finance Act, 2022 | 10.32 (Local)** |
| 20 | Sixth Schedule Table II | 54 | All types of breads, nans and chapattis | Inserted by the Finance Act, 2022 | 1,160.70 (Local)** |
| 21 | Sixth Schedule Table II | 55 | Single cylinder agriculture diesel engines (compression ignition internal combustion piston engines) of 3 to 36 HP | Inserted by the Finance Act, 2022 | 76.33 (Local)** |
| 22 | Sixth Schedule Table III | 22 | 1. Machinery, equipment and spares meant for initial installation, balancing, modernization, replacement or expansion of projects for power generation through hydel, oil, gas, coal, nuclear and renewable energy sources including under construction projects entered into an implementation agreement with the Government of Pakistan prior to 15th day of January, 2022. 2. Construction machinery, equipment and specialized vehicles, excluding passenger vehicles, imported on temporary basis as required for the construction of project | Inserted by the Finance Act, 2022 | 206.49 (Local)** 10,740.84 (Import) |

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| 23 | Eighth Schedule Table I | 78 | Supply of locally manufactured articles of jewelry, or parts thereof, of precious metal or of metal clad with precious metal. | Inserted by the Finance Act, 2022 | 195.24 (Local) 0 (Import) |
| 24 | Eighth Schedule Table I | 79 | Electric vehicle in CBU condition of 50 kwh battery or below | Inserted by the Finance Act, 2022 | 9.76 (Local) 3.65 (Import) |
| 25 | Eighth Schedule Table I | 80 | EV transport buses of 25 seats or more in CBU condition | Inserted by the Finance Act, 2022 | 366.84 (Local) 455.17 (Import) |
| 26 | Eighth Schedule Table I | 81 | Manufacture or import of substances registered as drugs under the Drugs Act, 1976 (XXXI of 1976) | Inserted by the Finance Act, 2022 | 218,165.42 (Local) 19,657.45 (Import) |
| 27 | Eighth Schedule Table I | 82 | Active Pharmaceutical Ingredients, excluding excipients, for manufacture of drugs registered under the Drugs Act, 1976 (XXXI of 1976) or raw materials for the basic manufacture of pharmaceutical active ingredients. | Inserted by the Finance Act, 2022 | 9,684.16 (Local) 34,574.27 (Import) |

** Subject to 30% Reduction adjustment on account of input tax.

5.2.1.3. List of Insertions in FA 2022 (Customs Act, 1969)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Inserted by |
|--------|---|--|-----------------------------------|
| 1 | Fifth Schedule to the Customs Act, 1969 | Tariff rationalization on Farm Mechanization and Logistics vide Sr. 1, 2 and 3 Part-I of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 2 | Fifth Schedule to the Customs Act, 1969 | Incentive for manufactures of filters other than automotive vide Sr. 152, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 3 | Fifth Schedule to the Customs Act, 1969 | Incentives for Pharmaceutical sector vide Table-A, Part-II of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 4 | Fifth Schedule to the Customs Act, 1969 | Exemption of CD on import of Poly-Butylene Terephthalate vide Sr. 148, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 5 | Fifth Schedule to the Customs Act, 1969 | Incentive for footwear industry vide Sr. 130, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 6 | Fifth Schedule to the Customs Act, 1969 | Increase in scope of exemption for LED lights and bulbs manufacturers vide Sr. 23 Part-I of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 7 | Fifth Schedule to the Customs Act, 1969 | Exemption of CD on stamping foils vide Sr. 108, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 8 | Fifth Schedule to the Customs Act, 1969 | Exemption of customs duties on import of organic composite solvents and thinners vide Sr. 119, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 9 | Fifth Schedule to the Customs Act, 1969 | Rationalization of Tariff structure on import IV Leaves extract powders and its raw materials of Dyes vide Sr. 5, Table-B, Part-II of Fifth Schedule | Inserted by the Finance Act, 2022 |

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| 10 | Fifth Schedule to the Customs Act, 1969 | Exemption of customs duties on import of membrane for filtering / purifying water vide Sr. 149, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 11 | Fifth Schedule to the Customs Act, 1969 | Exemption of customs duties on raw materials for first aid bandages manufacturing industry vide Sr. 127, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 12 | Fifth Schedule to the Customs Act, 1969 | Exemption of Customs duties on import of carbon fiber composite core vide Sr. 150, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 13 | Fifth Schedule to the Customs Act, 1969 | Increase in scope of concession in customs duties on import of Pet Scrap vide Sr. 134, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |
| 14 | Fifth Schedule to the Customs Act, 1969 | Reduction of customs duties on import of flavoring powders for preparation of food vide Sr. 151, Part-III of Fifth Schedule | Inserted by the Finance Act, 2022 |

5.2.2. Overall Omissions/ Deletions

5.2.2.1. List of Omissions in FA 2022 (Income Tax Ordinance, 2001)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Omitted by |
|--------|---|--|----------------------------------|
| 1 | Section 60C of Part IX of Chapter III | Deductible allowance for profit on debt | Omitted by the Finance Act, 2022 |
| 2 | Section 62 of Part X of Chapter III | Tax credit for investment in shares and insurance | Omitted by the Finance Act, 2022 |
| 3 | Section 62A of Part X of Chapter III | Tax credit for investment in health insurance | Omitted by the Finance Act, 2022 |
| 4 | Section 65F of Part X of Chapter III | Tax credit for certain persons c. Income from exports of computer software or IT services or IT enabled services as defined in clause (30AD) and (30AE) of section 2 upto the period ending on the 30th day of June, 2025 | Omitted by the Finance Act, 2022 |
| 5 | Section 65H of Part X of Chapter III | Tax credit for foreign investment for industrial promotion | Omitted by the Finance Act, 2022 |
| 6 | Clause 5 of Part I of Second Schedule | Any allowance or perquisite paid or allowed as such outside Pakistan by the Government to a citizen of Pakistan for rendering service outside Pakistan | Omitted by the Finance Act, 2022 |
| 7 | Clause 23B of Part I 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 | Omitted by the Finance Act, 2022 |
| 8 | Serial numbers (xiv), (xviii) and (xxvii) of Table 2 of Clause 66 | (xiv) Pakistan Sweet Homes Angels and Fairies Place (xviii) Pakistan Mortgage Refinance Company Limited (xxvii) Dawat-e-Islami Trust | Omitted by the Finance Act, 2022 |

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| | of Part I of Second Schedule | | |
| 9 | Clause 1 of Part III of Second Schedule | Any amount received as- (a) flying allowance by 1[]flight engineers, navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority, Junior Commissioned Officers or other ranks of Pakistan Armed Forces; and (b) submarine allowance by the officers of the Pakistan Navy, shall be taxed @ 2.5% as a separate block of income | Omitted by the Finance Act, 2022 |
| 10 | Clause 1AA of Part III 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 | Omitted by the Finance Act, 2022 |
| 11 | Clause 20 of Part III of Second Schedule | The tax payable by a person other than a banking or insurance company in respect of profit on debt from investment in Federal Government securities shall be fifteen percent of the gross amount of the profit on debt | Omitted by the Finance Act, 2022 |
| 12 | Sub-clause (xlii) of Clause 11A of Part IV of Second Schedule | (xlii) Persons qualifying for exemption under clause (126E) of Part I of this Schedule for tax year 2021 and onwards | Omitted by the Finance Act, 2022 |
| 13 | Clause 86 of Part IV of Second Schedule | (a) The provisions of section 111 shall not apply to certain investments (see IT Ordinance, 2001) (b) The concessions given in this clause shall also apply to certain investment (see IT Ordinance, 2001) (d) The term green field industrial undertaking shall include expansion projects for the purposes of this clause; and (e) Immunity under this clause shall not be available to proceeds of crime relating to offences under the certain laws (see IT Ordinance, 2001) | Omitted by the Finance Act, 2022 |

5.2.2.2. List of Omissions in FA 2022 (Sales Tax Act, 1990)

| S. No. | Schedule | Serial | Description | Remarks |
|--------|-------------------------|--------|--|----------------------------------|
| 1 | Fifth Schedule | 19 | Drugs registered under the Drugs Act, 1976 (XXXI of 1976), or medicaments as classified under chapter 30 of the First Schedule to the Customs Act, 1969 (IV of 1969) except PCT heading 3005.0000. | Omitted by the Finance Act, 2022 |
| 2 | Sixth Schedule Table II | 11 | Supply of ware potato and onions | Omitted by the Finance Act, 2022 |
| 3 | Eighth Schedule Table I | 25 | Agricultural tractors | Omitted by the Finance Act, 2022 |
| 4 | Eighth Schedule Table I | 52 | Fertilizers (all types) | Omitted by the Finance Act, 2022 |

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| 5 | Eighth Schedule Table I | 60 | Fat filled Milk | Omitted by the Finance Act, 2022 |
| 6 | Eighth Schedule Table I | 75 | Import of electric vehicle in CBU conditions | Omitted by the Finance Act, 2022 |

5.2.2.3. List of Omissions in FA 2022 (Customs Act, 1969)

| S. No. | Clause No. / Schedule / Part | Description of Clause | Omitted by |
|------------|------------------------------|-----------------------|------------|
| Nil | | | |

5.3. Appendix C: International Obligations, Structural Benchmarks, Exclusions from Tax Base

| S. No. | Section No./ Clause No. | Description |
|--------|--|---|
| 1. | Section 23 | Initial Allowance - A person who places an eligible depreciable asset into service in Pakistan for the first time in a tax year shall be allowed a deduction (hereinafter referred to as an "initial allowance" computed in accordance with subsection (2), provided the asset is used by the person for the purposes of his business for the first time or the tax year in which commercial production is commenced, whichever is later. |
| 2. | Section 41 | Agricultural Income |
| 3. | Section 45 | President's Honour |
| 4. | Section 47 | Scholarships |
| 5. | Section 54 | Exemptions & Tax Concessions given in other laws |
| 6. | Clause 26 of Part-I 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) |
| 7. | Clause 12O of Part-IV of Second Schedule | The provisions of section 148 shall not apply on import of drones donated by Ministry of Agriculture and Rural Affairs (MARA), Government of China to Pakistan through Sea Route. |

5.4. Appendix D: Procedural Clauses (Second Schedule, ITO, 2001)

| S. No. | Clause No. | Description |
|--------|--|---|
| 1. | Clause 103A of Part I of Second Schedule | Any income derived from inter-corporate dividend within the group companies entitled to group taxation under section 59AA subject to the condition that return of the group has been filed for the tax year |
| 2. | Clause 114B of Part I of Second Schedule | Profit and gains accruing to persons mentioned in proviso to sub-section (1) of section 236C in respect of first sale of immovable property acquired from or allotted by the Federal Government or Provincial Government or any authority duly certified by the official allotment authority, and the property acquired or allotted is in recognition of services rendered by the Shaheed or the person who dies in service. |
| 3. | Clause 5AC of Part II of Second Schedule | The rate of tax to be deducted under sub-section (2) of section 152 or under section 151, as the case may be, shall be zero percent of the gross amount of profit on debt paid, covered under clauses (78) and (79) of Part I of the Second Schedule |
| 4. | Clause 31 of Part II of Second Schedule | The rate of tax under clause (a) of sub-section (1) of section 153 shall be 1% on payment for sale of gold and silver and articles thereof and the tax so deducted shall be adjustable |
| 5. | Clause 1A of Part IV of Second Schedule | The provision of clause (d) of section 46 shall not apply to Sukuk issued by “The Second Pakistan International Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited |
| 6. | Clause 3 of Part IV of Second Schedule | The provisions of clause (b) of 5 [component C of the formula contained in] sub-section (2) of section 61 shall not apply in case of donations made to Agha Khan Hospital and Medical College, Karachi |
| 7. | Clause 5 of Part IV of Second Schedule | The provisions of section 111 regarding un-explained income or assets shall not apply in respect of, — (i) any amount 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: Provided that the exemption clause shall not be available in respect of any incremental deposits made on or after the 16th day of December, 1999 in such accounts held by a resident person or in respect of any amount deposited in accounts opened on or after the said date by such person. (ii) any amount invested in the acquisition of Three Years Foreign Currency Bearer Certificates issued under the Foreign Currency Bearer Certificates Rules, 1997. (iii) rupees withdrawn or assets created out of such withdrawal in rupees from private foreign currency accounts, or encashment of Foreign Exchange Bearer Certificates, US Dollar Bearer Certificates and Foreign Currency Bearer Certificates. |
| 8. | Clause 9AA of Part IV of Second Schedule | Provisions of clause (a) of sub-section (1) of section 153, shall not apply to ship breakers as recipient of payment |
| 9. | Clause 11B of Part-IV of Second Schedule | The provisions of section 150 shall not apply in respect of intercorporate dividend within the group companies entitled to group taxation under section 59AA subject to the condition that the return of the group has been filed for the latest completed tax year |

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| 10. | Clause 11C of Part IV of Second Schedule | The provisions of section 151 shall not apply in respect of intercorporate profit on debt within the group companies entitled to group taxation under section 59AA “subject to the condition that the return of the group has been filed for the latest completed tax year |
| 11. | Clause 11E of Part IV of Second Schedule | The provisions of clause (b) of sub-section (1) of section 153 shall not apply to payments received by Sui Southern Gas Company Limited and Pakistan LNG Terminal Limited from Sui Northern Gas Pipelines Limited on account of regasification charges |
| 12. | Clause 12(a) of Part IV of Second Schedule | The provisions of clause (l) of section 21 and clause (a) of sub-section (1) of section 153 shall not apply where agricultural produce is purchased directly from the grower of such produce subject to provision of a certificate by the grower to the withholding agent |
| 13. | Clause 12B of Part IV of Second Schedule | The provisions of section 148 shall not apply to the import of certain goods for a period commencing from 20th day of March, 2020 and ending on 31st day of December, 2021 |
| 14. | Clause 12BA of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of thirty million adult 3xPly Knit face masks received as humanitarian assistance from M/s HANES Brands Inc. North Carolina, USA for distribution within the population of Lahore Division, Government of the Punjab |
| 15. | Clause 12C of Part IV of Second Schedule | The provision of section 148 shall not apply to persons importing pulses for a period commencing from the 7th day of April, 2020 and ending on 30th September, 2020 |
| 16. | Clause 12D of Part IV of Second Schedule | The provisions of section 148 shall not apply on the import of finished drug Remdesivir 100 mg injection and injectable solution 100 mg vial for the period starting from the 22nd day of June, 2020 and ending on the date as may be notified by the Board in the official Gazette on recommendation of the National Health Services, Regulation and Coordination Division |
| 17. | Clause 12E of Part IV of Second Schedule | The provisions of section 148 shall not apply to persons on import of medicines for treatment of life threatening rare diseases not manufactured in Pakistan, subject to the following conditions, namely:— (i) the import is approved by the Board, through notification in the official Gazette; (ii) the specification and quantity of medicine is recommended by the National Health Services, Regulation and Coordination Division in a prescribed format on a case to case basis; and (iii) such medicine is required for the personal use of the importing person or his immediate family member |
| 18. | Clause 12F of Part IV of Second Schedule | The provision of section 148 shall not apply on import of 1.5 million tons of wheat having PCT Heading 1001.1900 and 1001.9900 in pursuance of Cabinet Decision in case No.399/23/2020 dated the 16th June, 2020 |
| 19. | Clause 12G of Part IV of Second Schedule | The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 541/30/2020 dated the 4th August, 2020, not apply on import by the Trading Corporation of Pakistan of 300,000 metric tons of white sugar having PCT heading 1701.9910,1701.9920 specification B |
| 20. | Clause 12H of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of certain goods for a period of three months starting from the 23rd of June, 2020 |
| 21. | Clause 12I of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of 83 X Micron sprayers for Anti-Locust Operation (Respective heading) by National Disaster Management Authority (NDMA) |
| 22. | Clause 12J of Part IV of | The provisions of section 148 shall, in pursuance of the Cabinet Decision in case No. 34/02/2021, dated the 12th January, 2021, not apply on import of three hundred thousand |

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| | Second Schedule | metric tons of wheat through tendering process by the Trading Corporation of Pakistan |
| 23. | Clause 12K of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of following goods by the manufacturers of oxygen for a period of three months starting from the 25th day of December, 2020 |
| 24. | Clause 12L of Part IV of Second Schedule | The provisions of section 148 and 153 shall not apply on import and subsequent supply of five hundred thousand metric tons of white sugar imported by the Trading Corporation of Pakistan |
| 25. | Clause 12M of Part IV of Second Schedule | The provisions of section 148 shall not apply on import of certain goods for a period of one hundred and eighty days starting from the 14th day of May, 2021 |
| 26. | Clause 12N of Part IV of Second Schedule | The provisions of section 148 shall not apply on the import of goods which takes place within the jurisdiction of Border sustenance markets specified in Table-I |
| 27. | Clause 38 of Part IV of Second Schedule | The provisions of section 151, 153, 233 and 236Q shall not apply to special purpose vehicle for the purpose of securitization ⁴ [“or issue of sukuks |
| 28. | Clause 38A of Part IV of Second Schedule | The provisions of sections 150, 151 and 233 shall not apply to a Venture Capital Company |
| 29. | Clause 38C of Part IV of Second Schedule | The provisions of section ⁹ [150,] 151, 152, 153 and 233 shall not apply to the Islamic Development Bank |
| 30. | Clause 38D of Part IV of Second Schedule | The provisions of section 151 and 153 shall not apply to the National Disaster Risk Management Fund |
| 31. | Clause 43A of Part IV of Second Schedule | The provisions of sub-section (1) of section 153 shall not apply to payments received by a person 6 [] on account of supply of petroleum product imported by the same person under the Government of Pakistan’s deregulation policy of POL products |
| 32. | Clause 43B of Part IV of Second Schedule | The provisions of clause (a) sub-section (1) of section 153 shall not apply to payments received on sale of air tickets by travelling agents, who have paid withholding tax on their commission income |
| 33. | Clause 43C of Part IV of Second Schedule | The provision of clause (a) of sub-section (1) of section 153 shall not be applicable to any payment received by a petroleum agent or distributor who is registered under Sales Tax Act, 1990 on account of supply of petroleum products |
| 34. | Clause 43D of Part IV of Second Schedule | The provisions of 2 [clauses (a) and (b)] of sub-section (1) of section 153 shall not apply in case of an oil tanker contractor with effect from 1st July 2008, provided that such contractor pays tax @ 2.5%, on the payments for rendering or providing of carriage services |
| 35. | Clause 43E of Part IV of Second Schedule | The provisions of 5 [clauses (a) and (b)] of sub section (1) of section 153 shall not apply in case of goods transport contractors, provided that such contractors pay tax at the rate of 3.5% on payments for rendering or providing of carriage services |

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| 36. | Clause 43F of Part IV of Second Schedule | The provisions of section 153 shall not apply in the case of a start-up, being recipient of payment, as defined in clause (62A) of section 2 |
| 37. | Clause 43G of Part IV of Second Schedule | The provisions of section 153 shall not apply to commodity futures contracts listed on a Futures Exchange licensed under the Futures Market Act, 2016 (XIV of 2016). |
| 38. | Clause 43H of Part IV of Second Schedule | The provisions of clause (b) of sub-section (1) of section 153 shall not apply to an exhibitor or a distributor of a feature film, as a payer, on payment made to a distributor, producer or importer of a feature film |
| 39. | Clause 45 of Part IV of Second Schedule | The provisions of 1 [sub-section 2 (1) of section 153 shall not apply to any manufacturer-cum-exporter as the prescribed person |
| 40. | Clause 45A of Part IV of Second Schedule | The rate of deduction of withholding tax under clauses (a) and (b) of sub-section (1) of section 153 shall be one per cent on local sales, supplies and services provided or rendered to the taxpayers falling in the given categories |
| 41. | Clause 45B of Part IV of Second Schedule | The provisions of section 153 shall not apply on the purchase of used motor vehicles from general public |
| 42. | Clause 46 of Part IV of Second Schedule | The provisions of sub-section (1) of section 153 shall not apply to any payment received by an oil distribution company or an oil refinery and provisions of sub-section (2A) of section 152 shall not apply to Permanent Establishment of Non-resident Petroleum Exploration and Production (E&P) Companies] for supply of its petroleum products. |
| 43. | Clause 46A of Part IV of Second Schedule | the provisions of sub-section 5(3) of section 153 shall not apply to any payment received by a manufacturer of iron and steel products relating to sale of goods manufactured by him. |
| 44. | Clause 46AA of Part IV of Second Schedule | The provisions of section 153 shall not apply to the certain persons as recipients of payment |
| 45. | Clause 47A of Part IV of Second Schedule | The provisions of section 153 shall not apply in respect of payments received by a resident person for supply of such goods as were imported by the same person and on which tax has been paid under section 148 |
| 46. | Clause 47B of Part IV of Second Schedule | The provisions of sections 150, 151, 233 and Part I, Division VII of the First Schedule shall not apply to any person making payment to National Investment Unit Trust or a collective investment scheme or Approved Pension Fund or an Approved Income Payment Plan or a REIT Scheme including Special Purpose Vehicle or a recognized provident fund or an approved superannuation fund or an approved gratuity fund |
| 47. | Clause 47C of Part IV of Second Schedule | The provisions of sub-section (1) of section 154 shall not apply to an exporter in respect of cooking oil or vegetable ghee exported to Afghanistan, from whom advance tax has been collected under section 148 on import of edible oil |
| 48. | Clause 47D of Part IV of Second Schedule | The provisions of clause (a) of sub-section (3) of section 153 shall not apply to cotton ginners |

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| 49. | Clause 56F of Part IV of Second Schedule | The provision of sub-section (2) of section 156A and clause (a) of subsection (1) of section 169 shall not apply in respect of a person if the person opts to file return of total income along with accounts and documents as may be prescribed, subject to the condition that minimum tax liability under normal tax regime shall not be less than 10% of the commission or discount received |
| 50. | Clause 60 of Part IV of Second Schedule | The provisions of sections 148 and 153 shall not apply to fully as well partly designed/assembled cypher devices, for use within the country as are verified by Cabinet Division (NTISB) with reference to design, quality and quantity |
| 51. | Clause 60DA of Part IV of Second Schedule | The provisions of section 148 shall not apply to the import of the capital equipment as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021). (a) Zone developers as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for consumption in the special technology zones for the period of ten years commencing from the date of signing the development agreement; (b) Zone enterprises as defined in Special Technology Zones Authority Act, 2021 (XVII of 2021) for a period of ten years from the date of issuance of license by the Special Technology Zone Authority; and (c) Special Technology Zones Authority established under Special Technology Zones Authority Act, 2021 (XVII of 2021) |
| 52. | Clause 60E of Part IV of Second Schedule | The provisions of section 148 shall not apply on mobile phones brought in personal baggage under Baggage Rules, 2006 |
| 53. | Clause 62 of Part IV of Second Schedule | The following provisions of Section 97 shall not apply in case of transfer of assets on amalgamation of companies or their businesses or acquisition of shares, requiring that transferor: (a) be resident company; and (b) belong to a wholly-owned group of resident companies. Provided that: (i) the transferee resident company shall own or acquire at least 75% of the share capital of the transferor company or the business in Pakistan of the transferor company; (ii) the amalgamated company is a company incorporated in Pakistan; (iii) the assets of the amalgamating company or companies immediately before the amalgamation become the assets of the amalgamated company by virtue of the amalgamation, otherwise than by purchase of such assets by the amalgamated company or as a result of distribution of such assets to the amalgamated company after the winding up of the amalgamating company or companies; (iv) the liabilities of the amalgamating company or companies immediately before the amalgamation become the liabilities of the amalgamated company by virtue of the amalgamation; and (v) the scheme of amalgamation is sanctioned by the State Bank of Pakistan, any court or authority as may be required under the law. |
| 54. | Clause 67 of Part IV of Second Schedule | The provisions of sections 150, 151, 152, 153 and 233 shall not apply in respect of payments made to the International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVII of 1956) |
| 55. | Clause 67A of Part IV of Second Schedule | The provisions of section 100B and Eighth Schedule shall not apply to transactions carried on upto 30th day of June, 2015, on any Stock Exchange of Pakistan, by International Finance Corporation established under the International Finance Corporation Act, 1956 (XXVIII of 1956) |
| 56. | Clause 68 of Part IV of Second Schedule | The provisions of sections 151, 153 and 155 shall not apply in respect of payments made to the Pakistan Domestic Sukuk Company Ltd |
| 57. | Clause 70 of Part IV of Second Schedule | The provisions of section 148, regarding withholding tax on imports, shall not apply in respect of goods or classes of goods for the execution of contract, imported by contractors and sub-contractors engaged in the execution of power project under the agreement between the Islamic Republic of Pakistan and HUB Power Company Limited |

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| 58. | Clause 72 of Part IV of Second Schedule | The provisions of sections 150, 151, 152, 153 and 233 shall not apply in respect of payments made to The ECO Trade and Development Bank. |
| 59. | Clause 73 of Part IV of Second Schedule | To mitigate part of the cost of obtaining foreign support to fill productivity gap, income tax payable by a foreign expert shall be exempted provided that such expert is acquired with the prior approval of the Ministry of Textile Industry |
| 60. | Clause 74 of Part IV of Second Schedule | The provisions of sub-section (8) of section 22 shall not apply to Civil Aviation Authority (CAA) in respect of the asset transferred for the purpose of the ijara agreement between Pakistan Domestic Sukuk Company Limited and the Federal Government. |
| 61. | Clause 75 of Part IV of Second Schedule | The provisions of sub-section (15) of section 22 shall not apply to Civil Aviation Authority (CAA) on the assets acquired from the Federal Government which were previously transferred for the purpose of the Ijara agreement between Pakistan Domestic Sukuk Company Limited and the Federal Government |
| 62. | Clause 93 of Part IV of Second Schedule | The provisions of sub-section (1) of section 154 shall not apply to taxpayers operating halal meat production and qualifying for exemption under clause(126K) of Part-I of this Schedule for the period specified in clause (126K) |
| 63. | Clause 95 of Part IV of Second Schedule | The provisions of sections 147, 151, 152, 236A and 236K shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and The Pakistan Global Sukuk Programme Company Limited, as a payer |
| 64. | Clause 95A of Part IV of Second Schedule | The provisions of section 236A shall not apply in respect of auction of franchise rights to participating teams in a national or international league organized by any board or other organization established by the Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognized by the Government with effect from the first day of July; 2019 |
| 65. | Clause 96 of Part IV of Second Schedule | The provisions of sections 151, 153, 155 and 236C shall not apply to the Second Pakistan International Sukuk Company Limited, the Third Pakistan International Sukuk Company Limited and the Pakistan Global Sukuk Programme Company Limited, as a recipient |
| 66. | Clause 97 of Part IV of Second Schedule | the provision of section 236C shall not apply to Pakistan International Sukuk Company Limited |
| 67. | Clause 97A of Part IV of Second Schedule | The provisions of sections 37, 236C and 236K shall not apply to National Highway Authority in respect of transfer of immovable property to the Pakistan Global Sukuk Programme Company Limited and in respect of transfer of immoveable property to National Highway Authority from the Second Pakistan International Sukuk Company Limited or the Pakistan Global Sukuk Programme Company Limited |
| 68. | Clause 102 of Part IV 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 |
| 69. | Clause 102A of Part IV of Second Schedule | The provisions of section 233 shall not apply to commission received by a retail branchless banking agent on any amount disbursed by the Ehsaas Emergency Cash Transfer Programme for the period commencing on 16th April, 2020 and ending on 30th day of September, 2020 |
| 70. | Clause 103 of Part IV of Second Schedule | The provisions of section 7B shall not apply to yield or profit on investment in Bahbood Savings Certificate or Pensioner's Benefit Account, provided that tax on the said yield or profit on debt is paid at the rates specified in Division I of Part I of the First Schedule subject to clause (6) of Part III |

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| 71. | Clause 104 of Part IV of Second Schedule | The provisions of section 5A shall not apply to a company where a restriction has been imposed on distribution of dividend on account of an agreement with the Government of Pakistan |
| 72. | Clause 105A of Part IV of Second Schedule | The provisions of section 177 and 214C shall not apply to a person whose income tax affairs have been audited in any of the preceding four tax years |
| 73. | Clause 107 of Part IV of Second Schedule | The provisions of section 111 relating to unexplained income or assets shall not apply in respect of any contribution paid to the Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund |
| 74. | Clause 109A of Part IV of Second Schedule | The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive) |
| 75. | Clause 109A of Part IV of Second Schedule | The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of persons resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive) |
| 76. | Clause 110 of Part IV of Second Schedule | The provisions of sections in Division III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax which were not applicable prior to commencement of the Constitution (Twenty-fifth Amendment) Act, 2018 (XXXVII of 2018) shall not apply to individual domiciled or company and association of person resident in the Tribal Areas forming part of the Provinces of Khyber Pakhtunkhwa and Balochistan under paragraph (d) of Article 246 of the Constitution with effect from the 1st day of June, 2018 to the 30th day of June, 2023 (both days inclusive). |
| 77. | Clause 111 of Part IV of Second Schedule | The provisions of section 48 shall not apply to so much of the income of banking company as defined in the said section subject to reduced rate of tax at 20% under rules 7D, 7E and 7F of the Seventh Schedule for tax years 2020 to 2023. |
| 78. | Clause 111A of Part IV of Second Schedule | The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to the extent of payment of dividend to non-resident persons. |
| 79. | Clause 111AB of Part IV of Second Schedule | The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or Non-resident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan. |
| 80. | Clause 111AC of Part IV of Second Schedule | The provisions of section 100BA and rule 1 of the Tenth Schedule shall not apply to non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) in respect of transactions on which tax is collectible under section 236C and 236K of the Ordinance; |

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| 81. | Clause 113 of Part IV of Second Schedule | The provision of sub-section (5B) of sections 147 shall not apply in respect of capital gains arising to a non-resident company having no permanent establishment in Pakistan from investment in debt instruments and Government securities including treasury bills and Pakistan investment bonds through special convertible rupee account (SCRA) maintained with a banking company or financial institution in Pakistan. |
| 82. | Clause 114 of Part IV of Second Schedule | The provisions of section 114 [“clause (ae) of sub-section (a) of section 114”] and 181 shall not apply to a non-resident company having no permanent establishment in Pakistan solely by reason of capital gain or profit on debt earned from investments in debt securities and Government securities including treasury bills and Pakistan investment bonds through special convertible rupee account maintained with a banking company or financial institution in Pakistan |
| 83. | Clause 114A of Part IV of Second Schedule | The provisions of clause (ae) of sub-section (1) of section 114 and section 181 shall not apply to a non-resident individual holding Pakistan Origin Card (POC) or National ID Card for Overseas Pakistanis (NICOP) or Computerized National ID Card (CNIC) maintaining a Foreign Currency Value Account (FCVA) or a Nonresident Pakistani Rupee Value Account (NRVA) with authorized banks in Pakistan under the foreign exchange regulations issued by the State Bank of Pakistan |
| 84. | Clause 115 of Part IV of Second Schedule | The provisions of section 153 shall not apply to traders being individuals having turnover upto one hundred million Rupees as a prescribed person. |
| 85. | Clause 118 of Part IV of Second Schedule | The provisions of withholding taxes contained in the Income Tax Ordinance, 2001 (XLIX of 2001) shall not apply to Islamic Naya Pakistan Certificates Company Limited (INPCCL) as a recipient. |
| 86. | Clause 119 of Part IV of Second Schedule | The provisions of section 153(1)(a) shall with effect from the first day of July, 2020 not apply to distributors, dealers, wholesalers and retailers of locally manufactured mobile phone devices as withholding agent. |
| 87. | Clause 120 of Part IV of Second Schedule | The provisions of Divisions II and III of Part V of Chapter X and Chapter XII of the Ordinance for deduction or collection of withholding tax shall not apply to the persons mentioned in Table 1 of clause (66) of Part I of the second schedule as recipients of payment |

5.5. Appendix E – Data Sources

Estimates 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 expenditure, data from FBR’s official database, i.e., from income tax returns, has certain limitations, and therefore, it is not sufficient for calculating the tax expenditures. Therefore, 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 as under:

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)
37. Privatization Commission of Pakistan
38. Earthquake Rehabilitation and Reconstruction Authority (ERRA)

Provincial Government Departments:

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

Financial Institutions

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

Private/Others

67. Agha Khan Development Network
68. Association of Builders and Developers (ABAD)
69. China North Industries Corps

70. China Overseas Ports holding Company (Pakistan) Pvt. Ltd.,
71. Gwadar Free Zone Company (GFZC)
72. Overseas Pakistani's Foundation
73. Pakistan Film Producers Association
74. Pakistan Science Foundation
75. Pakistan Software Houses Association for IT & ITES (P@SHA)
76. Shipping Companies
77. Women Chambers of Commerce and Industries

Websites

78. Finance Division, Government of Pakistan (<https://www.finance.gov.pk>)
79. Accountant General Pakistan Revenues (<https://www.agpr.gov.pk>)
80. State Bank of Pakistan (<https://www.sbp.org.pk>)
81. Pakistan Bureau of Statistics (<https://www.pbs.gov.pk>)
82. Global Tax Expenditure Database (<https://gted.taxexpenditures.org/>)

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