



# TAX EXPENDITURE REPORT 2020

*Federal Board of Revenue  
Pakistan*



# Tax Expenditure Report 2020

Federal Board of Revenue  
Pakistan



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## Feedback & Comments

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## Disclaimer

This tax expenditure report is intended to be a ready reference for facilitation of readers and stake-holders. The original statutes (Income Tax Ordinance 2001, Sales Tax Act 2006, Customs Act 1969) shall always prevail in case of any contradiction/error herein.

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## Preface

Governments throughout the world use tax expenditure as an alternative policy option to promote economic growth and achieve social objectives. However, optimum use and good administration of tax expenditure policy is crucial for Government. Hence, comprehensive reporting on revenue lost, and evaluating cost and benefit of this policy is a prerequisite for effective fiscal governance.

I am pleased to present FBR's first ever detailed tax expenditure report. This report documents the estimated fiscal cost of federal tax expenditures. In addition, it provides brief details on each tax expenditure, including its beneficiaries, costing methodology, sources of data, and historical information etc. This report is intended to improve fiscal transparency and facilitate analysis of tax expenditures by indicating their impact within the tax system.

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

Prior to this year, some of this information was published annually in the "Economic Survey". However, it is for the first time that a detailed report has been prepared and is being published by the Federal Board of Revenue, in accordance with the international best practices of fiscal governance and international obligations of Pakistan. The complete inventory of tax expenditures along with their beneficiaries and cost estimates is also being published separately in the annual budget statement of the Federal Government for fiscal year 2020.

It is intended that this report will continue to be updated and improved every year, providing a meaningful and convenient point of reference for information on federal tax expenditures.



**Nausheen Javed Amjad, IRS**  
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## Summary

Tax expenditure from federal taxes, in FY 2020, amounted to an estimated Rs. 1,150 billion. Tax expenditure in sales tax amounted highest at Rs. 518.8 billion (45% of the total), while in income tax it amounted to Rs. 378 billion (33%), and in Customs, to Rs. 253.1 billion (22%). In last fiscal year, FBR's tax collection was Rs. 3,828 billion. Hence, tax expenditure to total collection ratio comes to about 30%, and tax expenditure to GDP ratio stands at around 3%.

The tax expenditure estimates are unadjusted amounts, meaning that elimination or repeal of a specific exemption would not necessarily produce the rupee amounts cited in this report. Actual receipts would depend on enforcement, taxpayer compliance, effective dates of legislation repealing the exemption, exact wording of any legislation, taxpayer's behavior, and some other economic factors.

This report briefly outlines federal tax exemptions and concessions. These descriptions do not grant rights or impose obligations; the tax laws and rules made thereunder determine actual tax liability. Each estimate is based on the best information available from public and private sources, including FBR's database. It would be exceptionally burdensome on taxpayers to require detailed reporting of transactions corresponding to each of the exemption sections and clauses. No such detailed reporting is imposed by statute or rules. Consequently, tax returns do not contain data sufficient to estimate the value of all exemptions and exclusions.

Estimation requires identification of pertinent, useful data available from various external sources. When exemptions identified in tables have not been estimated, it is because requisite data does not exist or have not been identified and acquired from an external source.

### Summary of Tax Expenditure Estimates- FY 2020

Income Tax		(Rs. Million)
1	Allowances	36,435
2	Tax Credits	104,498
3	Exemptions from Total Income	212,070
4	Reduction in Tax Rates	128
5	Reduction in Tax Liability	2,986
6	Exemption from Specific Provisions	2,975
7	Others (Government income)	18,934
	<b>Total</b>	<b>378,026</b>

## Sales Tax

		(Rs. Million)
1	Zero Rating under Fifth Schedule	13,671
2	Exemption on Imports Exemption on Imports	255,843
3	Exemption on Local Supplies	54,871
4	Reduced Rates Under Eighth Schedule (2%)	74,008
5	Reduced Rates Under Eighth Schedule (5%)	8,677
6	Reduced Rates Under Eighth Schedule (10%)	35,452
7	Other Reduced Rates	53,138
8	Sales Tax on Cellular Mobile Phones under Ninth Schedule	23,154
<b>Total</b>		<b>518,814</b>

## Customs Duties

		(Rs. Million)
1	Chapter-99 Exemptions	10,649
2	FTA & PTA Exemptions	45,020
3	5th Schedule Exemptions & Concessions	87,859
4	General Concessions: Automobile sector, E&P Companies, CPEC, etc.	95,420
5	Exemption of Additional Customs Duty	4,773
6	Exemption of Regulatory Duty	9,390
<b>Total</b>		<b>253,111</b>

**Total Tax Expenditure Estimate for FY-2020 1,149,951**

# INTRODUCTION

## 01

- 1.1. Definition
- 1.2. Merits and demerits of tax expenditures
- 1.3. Reporting
- 1.4. Methodology and measurement
- 1.5. Issues in interpretation
- 1.6. Benchmark tax structure

“

Tax expenditures play an important role in debates about tax policy. They represent places where the federal tax code deviates from the theoretical ideal. Eliminating expenditures can end distortionary preferences, reduce tax complexity, and provide revenue to finance broader tax reform.

”

— Nicole Kaeding, *Economist, Author*

## 1.1. Definition

There is no universally agreed definition and precise meaning of “tax expenditure” in the specialist literature. But broadly speaking, tax expenditures are special tax provisions in the tax law that are exceptions to the normal structure of the tax system. They represent revenue the government forgoes from these tax provisions, to achieve various social and economic objectives by favouring a particular industry, activity, or class of persons. Hence, tax expenditures are an alternative for the government to achieve its policy objectives through the tax system, instead of direct spending, grants, loans, or other forms of government assistance.

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

- The Organisation for Economic Cooperation and Development (OECD) defines tax expenditure as “the estimated costs to the tax revenue of preferential treatment for specific activities”;<sup>1</sup>
- The International Monetary Fund defines a tax expenditure as revenue foregone “as a result of selective provisions in the tax code”;<sup>2</sup>

A tax expenditure is a deviation from a defined “benchmark” tax structure. A benchmark is a reference tax system that defines what ought to be taxed in the normal course, when there are no deviations. Formal definition of “tax expenditure”, therefore, depends on how the benchmark tax system has been specified. The fundamental aspects of the tax system that constitute the “benchmark” are given in more detail in this chapter under heading 1.6. Thus, deviations from this benchmark, whether provided for in the main body of law or its schedules, are treated as tax expenditures.

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

## 1.2. Merits and demerits of tax expenditures

The advantages of tax expenditures are that they promote the private sector participation in the economy and reduce the costs associated with the management of the public spending. Well-targeted tax incentives have been argued to be effective in promoting investment and growth. Among disadvantages, the foremost is the revenue loss for the State and erosion of tax base. Other disadvantages are inefficient allocation of resources in the economy and inequity that the tax expenditures may sometimes promote.<sup>3</sup> Recent research carried out by the International Monetary Fund, the Organisation 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 devel-

oping countries. Tax incentives were often found to be redundant, meaning that investment would have taken place without them. This suggests that even well-designed tax incentives may not be an effective way to address underlying problems that are not tax related.<sup>4</sup>

There may also be revenue loss due to misuse of tax expenditures through potential fraud. For instance, during compilation of data for this report, it was observed that a resident film company is incorrectly declaring its sales proceeds from export of films, on which 1% tax on gross receipts is due, as export of IT services which are exempt. Similarly, many misuses of exemption claims under section 65D of the ITO-2001 by industrial undertakings have been detected in recent years, where an existing industrial undertaking takes the guise of a new industrial undertaking to claim tax credit.

### 1.3. Reporting

Tax expenditure reporting is an essential feature of fiscal transparency and good governance. It is important for informed decision making, and evidence-based and judicious policy making. 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. The most prominent aspect of tax expenditure reporting is the estimation of cost of each tax expenditure, i.e. to quantify revenue losses due to tax incentives and other departures from a “benchmark” tax system. The recently promulgated law “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.

The benefits and importance of analyzing, documenting, and reporting on tax expenditures is well-established. OECD (2013) highlights several reasons for which reporting on tax expenditures is required<sup>5</sup>:

- **Input to Cost-Benefit Analysis**

Tax expenditure reporting serves as a framework for “cost-benefit assessment” of tax incentives. As such, it allows policy makers to initiate steps in containing tax expenditure costs by supporting decision making on which tax incentives to keep and which ones to let go.

- **Accountability**

Publicly available tax expenditure estimates increase public knowledge of government activities and objectives and permit the legislature and civil society organisations to scrutinise and hold government accountable for all aspects of its budget. Furthermore, it allows the public to more easily track and assess changes in government policy.

- **Equity**

Since the benefits of a tax expenditure are directly related to both the tax status of the potential investors and to other provisions in the tax laws, their effect is frequently uneven. Tax expenditure quantification helps to focus attention on the structure of a tax system and ask the question “what system is most equitable and efficient?” It thereby forces the question as

to whether each of the various deviations is justifiable.

- **Efficiency**

Tax expenditure estimates permit a comparison of the indirect costs of programmes with alternative means of achieving similar objectives. These alternatives may be either direct expenditures or other tax expenditures.

The usual problems and issues observed in reporting of tax expenditures have been highlighted by Kassim and Mansour (2018).<sup>6</sup> They highlight that key good practices are missing in several country reports. About 50 percent of countries surveyed do not define the “benchmark tax system”, and the description of the methodology and data to estimate the cost of tax expenditures is often lacking or poorly defined. Hence, to address these issues, care has been given in this report to include sufficient details regarding benchmark specification for all taxes covered, and to include information about sources of data used for estimation, and methodology of costing.

## 1.4. Methodology and measurement

Tax expenditure literature usually lists three different approaches to estimate the cost of tax expenditures: revenue forgone, revenue gain and outlay equivalence method.<sup>7</sup>

### Revenue foregone

A static estimate of the loss of tax revenue. Hence the method does not take account of behavioural responses. The cost of a tax allowance is then the product of tax rate and the observed amount of the allowance.

### Revenue gain

The amount by which tax revenue is reduced as a consequence of the introduction of a tax expenditure, taking into account behavioural changes and the effects on revenues from other taxes as a consequence of the introduction.

### Outlay equivalence

The direct expenditure that would be required in pre-tax terms, to grant the same after-tax gain for the taxpayers as the tax expenditure.

This report uses the “revenue foregone” approach towards estimating tax expenditures, because of its simplicity and practicability. This entails comparing actual revenue collections with revenues that would have been collected without the incentives in place, but importantly assuming taxpayer’s behavior and everything else remain constant. In practice, estimating through the “revenue gain” approach can be difficult as there is usually very little information on how taxpayers will react to the removal of a tax expenditure in real time. Assumptions about taxpayer behavioural responses therefore need to be made, although these assumptions can at times be difficult to justify.

*The IMF recommends the following steps on how to report on tax expenditures<sup>8</sup>:*

- *Defining the benchmark tax system;*
- *Identifying tax expenditures by comparing current policy to the benchmark;*
- *Building and applying data sets, methods, and models to estimate the cost of tax expenditures;*
- *Organizing the findings in a public report to communicate to stakeholders.*

### 1.4.1. Methodology for income tax estimates

Source of data, for the purpose of income tax estimations, is either income tax returns or third party data. While the team working on this report had access to detailed tax data available with the FBR database from tax returns, the scope of this data is limited by the number and nature of questions and fields on the tax return itself. Whereas expanding the questions and fields on tax return could increase the data available for estimating tax expenditures, this would also increase compliance costs for taxpayers.

To overcome this, third party data was collected for estimations, wherever possible. Third party data was collected from various federal and provincial government departments, relevant regulators, private organizations, industry associations, surveys and official websites. In some cases there is insufficient data to produce a reliable estimate for a tax expenditure clause, hence, these have been left as “n.a.”.

To calculate estimates using the revenue forgone approach, aggregations or simple mathematical calculations have been used using the information in the returns submitted by taxpayers or provided by third parties, and applying the benchmark or statutory tax rates. Details regarding source of data and estimation methodology for each tax expenditure of income tax are given in Chapter 3.

### 1.4.2. Methodology for sales tax estimates

To estimate the tax expenditure, the data of sales tax returns was retrieved from FBR database. With the help of this data, tax at benchmark rate of 17% was calculated as if these goods were not exempt or zero rated. The total tax forgone was taken into account as a cost of exemption, and later necessary adjustments were made thereon, to rationalize the estimates.

Adjustments were made on gross estimates to avoid the duplication in the estimations, and include:

- In case of zero-rated items, the adjustment included leaving out tax expenditure estimation on some items, which if were not zero-rated, the full input tax would have been claimed, such as, crude oil, and machinery for E&P sector. The impact of tax expenditure to the extent of these items was thus deducted from the total estimation of zero rated items.
- In case of exemption on local supplies, adjustment was made to separate and account for the value-addition part only (of sales volume), instead of calculating tax expenditure on the sales reported by the entire value addition chain. A critical assumption made is that the average percentage of value addition in case of local supplies is 30%.
- Likewise, in case of exemption on imports, adjustment was made to exclude value of exemption on local supplies to avoid duplication, as otherwise it would have amounted to double-counting because

the same products after being imported are supplied locally.

### 1.4.3. Methodology for Customs estimates

Data for estimations of Customs is also taken from FBR's official database, and estimations were calculated against statutory rates of duties, using revenue forgone approach.

## 1.5. Issues in interpretation

The estimates reported here should be interpreted with caution. There are various issues involved in estimation of tax expenditures, which should be considered while interpreting the cost estimates.

### 1.5.1. Benchmark specification

The major issue is the specification of benchmark, which is often a subject of controversy because of its-subjectivity, and is also widely discussed in the literature on this subject. There is no general agreement on the definition of the benchmark tax system and, on which provisions are considered tax expenditures and which are benchmark provisions.<sup>9</sup>

### 1.5.2. Behavioural responses

The second issue is that 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 behaviour in response to the tax expenditure. In reality, taxpayers' behaviour is likely to change if an incentive is withdrawn. Thus, the estimates do not represent the revenue amount that would be gained if a specific tax expenditure were to be repealed. This omission of behavioural responses in the calculation methodology generates cost estimates that may exceed the revenue gains which would result if a particular provision were eliminated, since in many cases the removal of a tax expenditure measure would cause taxpayers to alter their behaviour to minimize the amount of tax they would have to pay in the new tax environment.

### 1.5.3. 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 than even before the withdrawal of tax expenditure measure. 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.

#### 1.5.4. Individual estimates vs. aggregate tax expenditure

The revenue foregone on account of tax expenditures should be estimated independently for each tax expenditure provision, assuming that all other tax provisions remain unchanged. Aggregating the cost of individual tax expenditures can provide a biased and misleading estimate of the total cost of tax expenditures, as many tax expenditure provisions may interact with one another.

### 1.6. Benchmark Tax Structure

#### 1.6.1. Benchmark for Income Tax

The benchmark for the income tax system, as defined for the purpose of this report, has the following characteristics:

##### 1. Unit of Taxation

The benchmark “unit of taxation” for the income tax is “person”. Definition of “person” made part of the benchmark is the definition given in the ITO-2001, which includes all different forms of persons, e.g. individuals, companies, AOPs, etc.

##### 2. Tax Base

- a. Definition of “taxable income”, made part of the benchmark is the definition given in section 9 of the ITO-2001, including all heads of income, i.e. salary, income from property, income from business, capital gains, and income from other sources.
- b. Taxpayers resident in Pakistan are subject to tax 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.

##### 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. Base year used for the purpose of data used for estimates is as under:
  - TY 2018, where data is captured from income tax returns.
  - TY 2019, where third party data is utilized.
- c. The lag of one year, in the first case, is used because the deadline for filing of tax returns for TY 2019 was still not closed at the time of compilation of data.

However, in few exceptions, this sequence is deviated from where data for base year was not available, but was available for the next or preceding year.

- d. In few estimations involving third party data, where data for tax year was not available, calendar year figures were used for the relevant year as representative of the former.

#### 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. Benchmark tax rates are the TY 2018 statutory tax rates, as majority of the data in the report has been extracted from income tax returns for TY 2018. 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, or as close to the actual slab as possible where data is in aggregated amounts or slab-wise breakdown is not available. Exemptions on export are measured against relevant tax rate of 1%.
- c. Corporate benchmark rate is taken at 29% instead of 30%, in order to keep the estimates more realistic, as corporate tax rate changed from 30% to 29% for TY 2019 onwards.

#### 5. Procedural Clauses

- a. Some procedural clauses given in Part 4 of Schedule 2 that offer exemption from certain withholding provisions for particular industries or class of businesses, as a facilitation procedure or to improve ease of doing business in general, are not considered tax expenditures. The reason for not considering these as tax expenditure is that alternative provisions for taxing these persons at another time or place for the same tax liability are already in place within the structure of income tax law. Moreover, the procedural facilitation in such cases has a sufficient policy rationale, given the particular nature of these industries or persons. Example is steel-melters and composite steel units which are given exemption from withholding provision on supply of goods (section 153(1)(a)), but are to be taxed under section 235B alternatively (along with electricity bill). Another example is non-applicability of withholding provision on profit on investment in Bahbood Savings Certificate (National Savings). This is again only a procedural clause meant for convenience of senior citizens, as tax on this profit is already payable at the time of filing of return. Therefore, such procedural clauses are considered part of the benchmark.
- b. Certain clauses in Part 2 of Schedule 2, where reduced withholding rates for certain industries or class of businesses are given, keeping in view the specific or peculiar nature of their business, have not been considered as tax expenditures. For exam-

ple, industries where net profit margins are minuscule, such as large import houses, dealers and sub-dealers of sugar, cement and edible oil, and exchange companies, etc. These clauses are thus also considered part of the benchmark.

- c. Exemption from section 148 alone (withholding on import stage), does not count as tax expenditure, as exemption from withholding of income tax on import stage does not make the taxpayer entitled to exemption of due tax liability at any subsequent stage. Hence, such clauses in Part 4 of Second Schedule, are also taken as only procedural clauses, and not tax expenditures.

## 6. Other Features of Benchmark

- a. Concessions and exemptions which are not tax expenditure as a principle of taxation, e.g. exemption on income derived from inter-corporate dividend, are also made part of the benchmark.
- b. Concessions and exemptions as a result of international agreements and Pakistan's obligation to international treaties have been made part of the benchmark, and not considered as tax expenditures.
- c. Only expressly legislated concessions and exemptions have been made part of this report, i.e. tax expenditure provisions either expressly given in the main Ordinance or its Schedule 2.
- d. During estimation, where it is observed that a taxpayer or class of taxpayers may be entitled to availing multiple exemptions, their estimation has been put under only one tax expenditure. For instance, public universities are given total exemption from income tax under Part 1 of Second Schedule of ITO-2001. But the public universities are also FTN holders and fall under government organizations. However, their estimates are only measured under relevant clause of Second Schedule, and not under section 49, which deals with exemptions available to government organizations.

### 1.6.2. Benchmark for Sales Tax

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

#### 1. Unit of Taxation

The ST is intended to be borne by final consumers—in general, households.

#### 2. Taxation Period

ST is payable at the time of supply, i.e. when a taxable supply is made or any taxable good is imported. ST is reported through monthly returns, and deposited in accordance with the supplier's required filing frequency. For the purpose of this report, the period of study is FY 2019, i.e. July 2018 to June 2019.

### 3. Tax Base

- a. The benchmark ST base is consumption broadly defined and comprises all taxable goods reported to be consumed in Pakistan. The tax law relates to the levy of tax on the sale, importation, exportation, production, manufacturing or consumption of goods; taxes incurred on the goods exported from Pakistan are refunded. As such, the benchmark for the ST provides that the tax applies on a “destination basis”—that is, at the point of consumption in Pakistan—and that it applies to goods imported into Pakistan, but not to goods exported from Pakistan.
- b. The scope of this report is limited to ST on goods only, as ST on services is a provincial levy and comes under the domain of provinces after the 18th Constitutional amendment in Pakistan. Hence, only tax expenditures of ST on goods are reported in this report.

### 4. Value addition

The benchmark for the ST provides that the tax is imposed using incremental stages of value addition under which tax is imposed at all stages of the production and sales chain. At each stage of production, value addition, or marketing, businesses can claim input tax to recover the ST paid on their business inputs, so that the ST effectively applies only to the value added at each stage. Since the only tax that is not refunded/adjusted is the tax collected on sales to final consumers (output tax), the ST is effectively imposed on final consumption.

### 5. Tax Rate

The benchmark rate structure for the ST is the statutory ST rate that applies in any given year (17%).

#### 1.6.3. Benchmark for Customs duties

- 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 sector based.
- While making calculations, any deviation from statutory rates has been considered as exemption / concession.
- Period of study is FY 2019, i.e. July 2018 to June 2019.
- 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 report.

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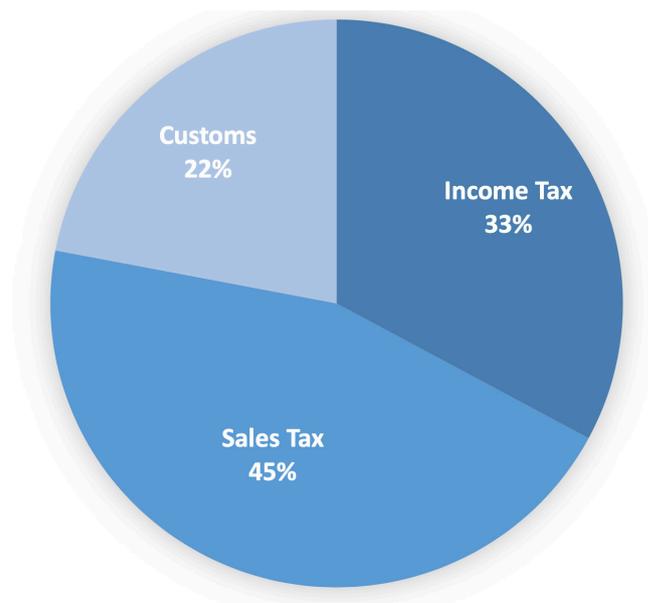
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# TAX EXPENDITURE ESTIMATES

## 02

- 2.1. Income Tax Estimates
- 2.2. Sales Tax Estimates
- 2.3. Customs Estimates

Distribution of Tax Expenditure of Federal Taxes



This chapter presents estimates of the fiscal cost of federal tax expenditures for the year 2020, for Income Tax, Sales Tax, and Customs Duties. The following codes apply where tax expenditure estimates are not quantified:

- “-“ Cost of tax expenditure is zero or rounded to zero
- “n.a.” Estimate is not available due to insufficient data

*Note: The elimination of a tax expenditure would not necessarily yield the full tax revenues shown in the following tables. See Chapter 1 of this report for a discussion of the reasons for this.*

## 2.1. Income Tax Estimates

Tax expenditures are classified according to type of tax measure, i.e. allowances, credits, exemptions, reduced rates etc.

Tax Expenditure Estimates of Income Tax - FY 2020		
	Contents	(Rs. Million)
1	Allowances	36,435
2	Tax Credits	104,498
3	Exemptions from Total Income	212,070
4	Reduction in Tax Rates	128
5	Reduction in Tax Liability	2,986
6	Exemption from Specific Provisions	2,975
7	Others / Miscellaneous	18,934
	<b>Total</b>	<b>378,026</b>

Sr.	Legal Ref	Description (Exemption or Concession)	Intended Beneficiary	Estimate (Rs in mil)
<b>Allowances</b>				
1	23	Initial Allowance	New business entities	30,010
2	23A	First Year Allowance	Industrial undertaking set up in specified rural and under developed areas or engaged in the manufacturing of cellular mobile phones	335
3	60	Deductible allowance for Zakat	Persons paying Zakat	477
4	60A	Deductible allowance for Workers' Welfare Fund	Persons paying Workers' Welfare Fund	2,453
5	60B	Deductible allowance for Workers' Participation Fund	Persons paying Workers' Participation Fund	2,721

6	60C	Deductible allowance for profit on debt	Individuals paying profit or share in rent and share in appreciation for value of house on loan by banks etc	285
7	60D	Deductible allowance for education expenses	Individuals having income of less than Rs. 1.5 million, paying tuition fee	154
<b>Total</b>				<b>36,435</b>

### Tax Credits

1	61	Tax credit for charitable donations	Persons giving charitable donations	2,492
2	62	Tax credit for investment in shares and insurance	Persons (excluding companies) investing in shares, sukus, or life insurance	2,100
3	62A	Tax credit for investment in health insurance	Persons (excluding companies) investing in health insurance	19
4	63	Tax credit for contribution to an Approved Pension Fund.	Eligible persons as defined in sub-section (19A) of section 2 of Ordinance	1,162
5	64B	Tax credit for employment generation by manufacturers	Corporate manufacturing sector	14
6	65B	Tax credit for investment in balancing, modernization and replacement of plant & machinery	Corporate manufacturing sector	65,168
7	65C	Tax credit for enlistment in Stock Exchange	Companies opting for enlistment in a registered stock exchange	357
8	65D	Tax credit for newly established industrial undertakings	Corporate industrial units (including corporate dairy farming)	5,573
9	65E	Tax credit for industrial undertakings established before the first day of July, 2011	Corporate industrial units (including corporate dairy farming)	6,486
10	100C	Tax credit for Non-profit organizations, trusts or welfare institutions	Non-profit organizations, trusts, welfare institutions	21,128
<b>Total</b>				<b>104,498</b>

### Exemptions from Total Income

1	3	Salary of foreign personnel engaged by institutions of the Agha Khan Development Network	Foreign experts working with Agha Khan Development Network, (Pakistan)	117
2	4	Salary received by Pakistani seafarers	Employees (Pakistani seafarers)	48
3	5	Foreign allowances (Government of Pakistan)	Employees (diplomats)	1,167
4	8	Pension received by a citizen of Pakistan from a former employer	Employees (pensioners)	2,781
5	9	Pensions (Government)	Employees (retired government servants & military personnel)	13,680

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6	12	Commutation of Pension	Employees (pensioners)	18,722
7	13	Gratuities	Employees (recipients of gratuity payments)	1,112
8	17	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	n.a.
9	19	Encashment of leave preparatory to retirement	Employees (retiring personnel of Armed Forces or Government servant)	2,776
10	22	Payments from a provident fund to which the Provident Funds Act, 1925 applies.	Employees (recipient of payments from provident funds)	12,703
11	23	The accumulated balance due and becoming payable to an employee participating in a recognized provident fund.	Employees participating in a recognized provident fund.	2,106
12	23A	The accumulated balance upto [50]% received from a pension fund 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	179
13	23B	Monthly installments from an income payment plan invested with a pension fund manager	Pensioners	21
14	23C	Withdrawal of accumulated balance from approved pension fund	Pensioners	240
15	24	Benevolent grants paid from the Benevolent Fund (under Central Employee Benevolent Fund and Group Insurance Act, 1969)	Employees (recipient of benevolent grants)	656
16	25	Payments from an approved superannuation fund made on the death of a beneficiary	Families of deceased enrolled in approved superannuation funds	59
17	26	Sums received by workers from Workers Participation Fund (WPF)	Low-income workers; recipients of payments from WPF	-
18	39	Special allowance or benefit for employees to meet expenses incurred in the performance of the duties	Employees receiving payments to meet expenses in the performance of duties	1,167
19	40	Income of a newspaper employee representing Local Travelling Allowance	Newspaper employees	-
20	53A	Employment related perquisites (food, education, medical treatment and any other perquisites, if provided by employer for free or at subsidized rates)	Employees receiving employment-related perquisites.	106
21	55	House rent allowance (to judges of the Supreme Court of Pakistan or of High Courts)	Judiciary of Superior Courts	32
22	56	Perquisites, benefits and allowances received by a Judge of Supreme Court of Pakistan and Judge of High Court	Judiciary of Superior Courts	283

23	57(1)	Any income from voluntary contributions, house property and investments in securities of the Federal Government derived by the following, namely:- (i) National Investment (Unit) Trust of Pakistan (ii) Mutual Fund set up by the Investment Corporation of Pakistan, (iii) Sheikh Sultan Trust, Karachi	* National Investment (Unit) Trust of Pakistan, * Mutual Funds set up by Investment Corporation of Pakistan * Sheikh Sultan Trust Karachi.	36
24	57(2)	Income other than capital gain on stock and shares of public company, PTC vouchers, modaraba certificates, or any instrument of redeemable capital and derivative products held for less than 12 months derived by any Mutual Fund, investment company, or a collective investment scheme or a REIT Scheme or Private Equity and Venture Capital Fund or the National Investment (Unit) Trust of Pakistan, if not less than ninety per cent of its income of that year is distributed amongst the Unit- holders.	Mutual funds, investment companies, collective investment schemes, REIT schemes, Private Equity & Venture Capital Funds, and National Investment (Unit) Trust of Pakistan	-
25	57(3)	Any income of the following funds and institution, namely:-	-	-
26	57(3)	(i) a provident fund to which the Provident Funds Act, 1925 applies;	Provident Funds	1,770
27	57(3)	(ii) trustees on behalf of a recognized provident fund or an approved superannuation fund or an approved gratuity fund;	Trustees of recognized provident funds, approved superannuation funds, and approved gratuity funds	13,118
28	57(3)	(iii) a benevolent fund or group insurance scheme approved by the Board for the purposes of this clause;	Benevolent funds and group insurance schemes	104
29	57(3)	(iv) Service Fund;	Service Funds;	-
30	57(3)	(iv) Employees Old Age Benefits Institution established under the Employees Old Age Benefit Act, 1976 (XIV of 1976);	Employees Old Age Benefits Institution	89
31	57(3)	(v) any Unit, Station or Regimental Institute; and	Units, Stations or Regimental Institutes	n.a
32	57(3)	(vi) any recognized Regimental Thrift and Savings Fund, the assets of which consist solely of deposits made by members and profits earned by investment thereof;	Regimental Thrift and Savings Funds	n.a
33	57(3)	(vii) a Pension Fund approved by the SECP	Approved Pension Funds	55
34	57(3)	viii) 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	14
35	57(3)	xi. International Irrigation Management Institute.	International Irrigation Management Institute	0
36	57(3)	xii. Punjab Pension Fund established under the Punjab Pension Fund Act, 2007 (I of 2007) and the trust established thereunder.	Punjab Pension Fund	1,248

37	57(3)	xiii. Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002.	Sindh Province Pension Fund	1,162
38	57(3)	xiv. 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	181
39	57(3)	(xv) Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund.	Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund	115
40	57(3)	(xvi) Khyber Pakhtunkhwa General Provident Investment Fund.	Khyber Pakhtunkhwa General Provident Investment Fund	1,693
41	57(3)	(xvii) Khyber Pakhtunkhwa Pension Fund ;	Khyber Pakhtunkhwa Pension Fund	1,105
42	61	Any amount paid as donation to the following institution, foundations, societies, boards, trusts and funds, namely:	Persons making donations to the listed entities	-
43	61	(i) any Sports Board or institution recognised by the Federal Government for the purposes of promoting, controlling or regulating any sport or game	ibid	n.a.
44	61	(ia) The Citizens Foundation	ibid	0.8
45	61	(iii) Fund for Promotion of Science and Technology in Pakistan	ibid	-
46	61	(iv) Fund for Retarded and Handicapped Children	ibid	-
47	61	(v) National Trust Fund for the Disabled	ibid	n.a.
48	61	(vii) Fund for Development of Mazaar of Hazarat Burri Imam	ibid	n.a.
49	61	(viii) Rabita-e-Islami’s Project for printing copies of the Holy Quran	ibid	n.a.
50	61	(ix) Fatimid Foundation, Karachi	ibid	19.23
51	61	(x) Al-Shifa Trust	ibid	-
52	61	(xii) Society for the Promotion of Engineering Sciences and Technology in Pakistan	ibid	-
53	61	(xxiii) Citizens-Police Liaison Committee, Central Reporting Cell, Sindh Governor House, Karachi	ibid	-
54	61	(xxiv) ICIC Foundation	ibid	-
55	61	(xxvi) National Management Foundation	ibid	-
56	61	(xxvii) Endowment Fund of the institutions of the Agha Khan Development Network	ibid	16
57	61	(xxviii) Shaheed Zulfikar Ali Bhutto Memorial Awards Society	ibid	n.a.

58	61	(xxix) Iqbal Memorial Fund	ibid	-
59	61	(xxx) Cancer Research Foundation of Pakistan, Lahore	ibid	3
60	61	(xxxi) Shaukat Khanum Memorial Trust, Lahore	ibid	681
61	61	(xxxii) Christian Memorial Hospital, Sialkot	ibid	0.06
62	61	(xxxiii) National Museums, National Libraries and Monuments or Institutions declared to be National Heritage by the Federal Government	ibid	n.a.
63	61	(xxxiv) Mumtaz Bakhtawar Memorial Trust Hospital, Lahore	ibid	0.43
64	61	(xxxv) Kashmir Fund for Rehabilitation of Kashmir Refugees and Freedom Fighters	ibid	n.a.
65	61	(xxxvi) Institutions of the Agha Khan Development Network (Pakistan)	ibid	975
66	61	(xxxvii) Azad Kashmir President's Mujahid Fund, 1972; National Institute of Cardiovascular Diseases, (Pakistan) Karachi; Businessmen Hospital Trust, Lahore; Premier Trust Hospital, Mardan; Faisal Shaheed Memorial Hospital Trust, Gujranwala; Khair-un-Nisa Hospital Foundation, Lahore; Sind and Balochistan Advocates Benevolent Fund; Rashid Minhas Memorial Hospital Fund.	ibid	97
67	61	(xxxviii) Any relief or welfare fund established by the Federal Government;	ibid	-
68	61	(xxxix) Mohatta Palace Gallery Trust	ibid	4
69	61	(xl) Bagh-e-Quaid-e-Azam project, Karachi	ibid	-
70	61	(xli) Any amount donated for Tameer-e-Karachi Fund	ibid	-
71	61	(xlii) Pakistan Red Crescent Society	ibid	12
72	61	(xlili) Bank of Commerce and Credit International Foundation for Advancement of Science and Technology	ibid	n.a.
73	61	(xliv) Any amount donated to Federal Board of Revenue Foundation.	ibid	-
74	61	(xlv) The Indus Hospital, Karachi	ibid	186
75	61	(xlvi) Pakistan Sweet Homes Angels and Fairies Place	ibid	4
76	61	(xlvii) Al-Shifa Trust Eye Hospital	ibid	23
77	61	(xlviii) Aziz Tabba Foundation	ibid	41
78	61	(xlix) Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT	ibid	13
79	61	(i) Sharif Trust	ibid	3

80	61	(ii) The Kidney Centre Post Graduate Institute	ibid	3
81	61	(lil) Pakistan Disabled Foundation	ibid	1
82	61	(liii) Sardar Trust Eye Hospital, Lahore	ibid	1
83	61	(liv) Supreme Court of Pakistan – Diamer Bhasha & Mohm and Dams	ibid	2,135
84	61	(lv) Layton Rahmatullah Benevolent Trust (LRBT)	ibid	227
85	61	(lvi) Akhuwat	ibid	134
86	64A	Any amount donated to the Prime Minister's Special Fund for victims of terrorism	Persons making donations into the said Fund.	-
87	64B	Any amount donated to the Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP.]	Persons making donations into the said Fund.	-
88	64C	Prime Minister's Flood Relief Fund 2010 and Provincial Chief Ministers' Relief Funds, for victims of flood 2010.	Persons making donations into the said Fund.	-
89	65A	Income for any tax year commencing from the tax year 2003, derived from the Welfare Fund created under rule-26 of the Emigration Rules, 1979 (made under section 16 of the Emigration Ordinance, 1979 (XVIII of 1979), except the income generated by the aforesaid Fund through commercial activities.	Emigrants and their families in Pakistan	-
90	66	Any income derived by following entities:	Specific Entities by name	-
91	66	i. Abdul Sattar Edhi Foundation, Karachi	Abdul Sattar Edhi Foundation, Karachi	689
92	66	ii. Al-Shifa Trust, Rawalpindi	Al-Shifa Trust, Rawalpindi	7
93	66	iii. Bilquis Edhi Foundation, Karachi	Bilquis Edhi Foundation, Karachi	395
94	66	iv. Fatimid Foundation, Karachi	Fatimid Foundation, Karachi	9
95	66	vi. International Islamic Trade Finance Corporation	International Islamic Trade Finance Corporation	-
96	66	vii. Islamic Corporation for Development of Private Sector	Islamic Corporation for Development of Private Sector	-
97	66	viii. National Memorial Bab-e-Pakistan Trust	National Memorial Bab-e-Pakistan Trust	-
98	66	ix. Pakistan Agricultural Research Council, Islamabad	Pakistan Agricultural Research Council, Islamabad	4
99	66	x. Pakistan Engineering Council	Pakistan Engineering Council	184
100	66	xi. The corporatized entities of Pakistan Water and Power Development Authority	The corporatized entities of Pakistan Water and Power Development Authority	-
101	66	xii. The Institution of Engineers, Pakistan, Lahore	The Institution of Engineers, Pakistan, Lahore	11
102	66	(xiia) The Prime Minister's Special Fund for victims of terrorism	The Prime Minister's Special Fund for victims of terrorism	-

103	66	(xiib) Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP	Chief Minister's (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP	-
104	66	xiii. The Institutions of the Agha Khan Development Network (Pakistan)	The Institutions of the Agha Khan Development Network (Pakistan)	510
105	66	xiv. The Liaquat National Hospital Association, Karachi	The Liaquat National Hospital Association, Karachi	224
106	66	xv. The Pakistan Council of Scientific and Industrial Research	The Pakistan Council of Scientific and Industrial Research	135
107	66	xvi. The Pakistan Water and Power Development Authority	The Pakistan Water and Power Development Authority	8,315
108	66	xvii. WAPDA First Sukuk Company Limited	WAPDA First Sukuk Company Limited	-
109	66	(xix) Pension of a former President of Pakistan and his widow under the President Pension Act, 1974	Former Presidents of Pakistan and their widows	-
110	66	(xx) State Bank of Pakistan and State Bank of Pakistan Banking Services Corporation	State Bank of Pakistan and State Bank of Pakistan Banking Services Corporation	50,201
111	66	(xxi) International Finance Corporation	International Finance Corporation	-
112	66	(xxii) Pakistan Domestic Sukuk Company Ltd	Pakistan Domestic Sukuk Company Ltd	-
113	66	(xxiii) The Asian Development Bank	The Asian Development Bank	-
114	66	(xxiv) The ECO Trade and Development Bank	The ECO Trade and Development Bank	495
115	66	(xxv) The Islamic Chamber of Commerce and Industry under the Organization of Islamic Conference (OIC)	The Islamic Chamber of Commerce and Industry under the Organization of Islamic Conference (OIC)	-
116	66	(xxvi) COMSATS	COMSATS	-
117	66	(xxvii) WAPDA on issuance of twenty billion rupees TFC's/SUKUK certificates for consideration of Diamer Bhasha Dam Projects	WAPDA	-
118	66	(xxviii) Federal Board of Revenue Foundation	Federal Board of Revenue Foundation	-
119	66	(xxix) WAPDA Second Sukuk Company Limited	WAPDA Second Sukuk Company Limited	-
120	66	(xxx) The Citizens Foundation	The Citizens Foundation	172
121	66	(xxxi) Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT	Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT	840
122	66	(xxxii) Greenstar Social Marketing Pakistan (Guarantee) Limited	Greenstar Social Marketing Pakistan (Guarantee) Limited	24
123	66	(xxxiii) Pakistan International Sukuk Company Limited	Pakistan International Sukuk Company Limited	n.a.
124	66	(xxxiii) The Indus Hospital, Karachi	The Indus Hospital, Karachi	78

125	66	(xxxiv) Second Pakistan International Sukuk Company Limited	Second Pakistan International Sukuk Company Limited	-
126	66	(xxxv) Third Pakistan International Sukuk Company Limited	Third Pakistan International Sukuk Company Limited	-
127	66	(xxxvi) Asian Infrastructure Investment Bank and persons as provided in Article 51 of Chapter IX of the Articles of Agreement signed and ratified by Pakistan and entered into force on the 25th December, 2015.	Asian Infrastructure Investment Bank	-
128	66	(xxxvii) Gulab Devi Chest Hospital.	Gulab Devi Chest Hospital.	11
129	66	(xxxviii) Pakistan Poverty Alleviation Fund.	Pakistan Poverty Alleviation Fund.	312
130	66	(xxxix) National Academy of Performing Arts.	National Academy of Performing Arts.	22
131	66	(xl) Pakistan Sweet Homes Angels and Fairies Place.	Pakistan Sweet Homes Angels and Fairies Place.	35
132	66	(xli) National Rural Support Programme.	National Rural Support Programme.	510
133	66	(xlii) SAARC Energy Centre.	SAARC Energy Centre.	-
134	66	(xliii) Pakistan Bar Council.	Pakistan Bar Council.	0.4
135	66	(xliv) Pakistan Centre for Philanthropy.	Pakistan Centre for Philanthropy.	0.8
136	66	(xlv) Pakistan Mortgage Refinance Company Limited.	Pakistan Mortgage Refinance Company Limited.	0.9
137	66	(xlvi) Aziz Tabba Foundation.	Aziz Tabba Foundation.	32
138	66	(I) Al-Shifa Trust Eye Hospital.	Al-Shifa Trust Eye Hospital.	n.a.
139	66	(ii) Saylani Welfare International Trust.	Saylani Welfare International Trust.	34
140	66	(iii) Shaukat Khanum Memorial Trust.	Shaukat Khanum Memorial Trust.	141
141	66	(liii) Layton Rahmatullah Benevolent Trust (LRBT).	Layton Rahmatullah Benevolent Trust (LRBT).	47
142	66	(liv) The Kidney Centre Post Graduate Training Institute.	The Kidney Centre Post Graduate Training Institute.	75
143	66	(lv) Pakistan Disabled Foundation.	Pakistan Disabled Foundation.	-
144	66	(lvi) Forman Christian College;	Forman Christian College;	30
145	66	(lvii) Habib University Foundation.	Habib University Foundation.	25
146	66	(lviii) Begum Akhtar Rukhsana Memorial Trust Hospital.	Begum Akhtar Rukhsana Memorial Trust Hospital.	21
147	66	(lix) Al-Khidmat Foundation.	Al-Khidmat Foundation.	18
148	66	(lx) Dawat-e-Islami Trust	Dawat-e-Islami Trust	512
149	66	(lxi) Sardar Trust Eye Hospital, Lahore.	Sardar Trust Eye Hospital, Lahore.	1.2
150	66	(lxii) Supreme Court of Pakistan – Diامر Bhasha & Mohmand Dams – Fund	Supreme Court of Pakistan – Diامر Bhasha & Mohmand Dams – Fund	3

151	66	(lxiii) National Disaster Risk Management Fund.	National Disaster Risk Management Fund.	0.2
152	66	(lxiv) Deposit Protection Corporation	Deposit Protection Corporation (Already accounted for under sub-clause (xx) under consolidated figure for SBP)	-
153	66	(lxv) Sarmaya-e-Pakistan Limited	Sarmaya-e-Pakistan Limited	-
154	66	(lxvi) Akhuwat	(lxvi) Akhuwat	148
155	66	(lxvii) Audit Oversight Board.	Audit Oversight Board.	0.4
156	66	(lxviii) Patient's Aid Foundation.	Patient's Aid Foundation.	13
157	72A	Any income derived by Sukuk holder in relation to Sukuk issued by "The Second Pakistan International Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited, including any gain on disposal of such Sukuk.	Sukuk holders	2,771
158	74	Profit on debt derived by Hub Power Company Limited on or after the first day of July,1991	Hub Power Company Limited	1.66
159	75	Any income of an agency of a foreign Government, a foreign national (company, firm or association of persons), or any other non-resident person approved by the Federal Government for the purposes of this clause, from profit on moneys borrowed under a loan agreement or in respect of foreign currency instrument approved by the Federal Government.	Agencies of foreign Governments, foreign nationals or any other non-resident person approved by the Federal Government	6,557
160	78	Profit on debt on foreign currency accounts	Foreign currency account holders	n.a.
161	79	Profit on debt derived by non-resident Pakistanis on rupee accounts	Citizens of Pakistan residing abroad and remitting foreign exchange	n.a.
162	80	Income derived from a private foreign currency account held with an authorised bank in Pakistan, or certificate of investment issued by investment banks, by a resident individual who is a citizen of Pakistan: (This exemption is not available in respect of any incremental deposits made in the said accounts on or after the 16th day of December, 1999)	Foreign currency account holder resident individual citizens of Pakistan	-
163	90	Profit on debt payable by Pakistani industrial undertakings to financial institutions in foreign countries	Financial institutions in foreign countries lending with approval of Federal Government of Pakistan	n.a.
164	90A	Profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, for a period of five years	Investors / buyers of bonds issued by Pakistan Mortgage Refinance Company	-
165	91	Text-book boards of Provinces	Text-book boards of provinces	531
166	98	Sports Boards (except Pakistan Cricket Board).	Regulators, organizations and boards established by government to encourage major games and sports	59

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167	99	Collective Investment Schemes or a REIT Schemes	Collective Investment Schemes and REIT Schemes that are distributing more than 90% of their incomes to certificate holders / shareholders.	5,228
168	99A	Profits and gains on sale of immovable property to a REIT Scheme	Taxpayers selling immovable property to a Developmental REIT Scheme or a rental REIT Scheme	-
169	100	Modarabas	Modarabas	425
170	101	Venture capital companies & venture capital funds registered under Venture Capital Companies and Funds Management Rules, 2000 and a Private Equity and Venture Capital Funds	Venture capital companies venture capital funds, and Private Equity & Venture Capital Funds.	1
171	102A	Income representing a subsidy granted by the Federal Government	Recipients of subsidies granted by Federal Government	2,729
172	103	Distributions received by a taxpayer from collective investment schemes or mutual funds (which are debt or money market funds and do not invest in shares) out of capital gains	Investors investing in debt or money market mutual funds and collective investment schemes	1
173	104	Income derived by the Libyan Arab Foreign Investment Company being dividend of the Pak-Libya Holding Company.	Libyan Arab Foreign Investment Company	-
174	105	Income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited.	Government of Kingdom of Saudi Arabia	25
175	105A	Income derived by Kuwait Foreign Trading Contracting and Investment Company or Kuwait Investment Authority being dividend of the Pak Kuwait Investment Company in Pakistan	Kuwait Foreign Trading Contracting & Investment Company, and Kuwait Investment Authority	38
176	105B	Income received by a taxpayer from a corporate agricultural enterprise, distributed as dividend out of its income from agriculture.	Taxpayers receiving dividend income from corporate agricultural enterprises	43
177	110B	Any gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange, for acquisition of shares and trading or clearing rights acquired by such member in new corporatized stock exchange in the course of corporatization of an existing stock exchange.	Members of Stock Exchange	-
178	110C	Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market, during the period from the 1st day of July, 2018 till the 30th day of June, 2023.	Persons deriving gain from bonds issued by Pakistan Mortgage Refinance Company	-
179	114	Income under the head "capital gains" derived by industrial undertakings set up in a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980	Industrial undertakings set up in "Zones" within the meaning of Export Processing Zones Authority Ordinance	n.a.
180	126	Public sector universities	Public sector universities	4,242

181	126A	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 for a period of twenty-three years, with effect from the sixth day of February, 2007.	Listed companies	3
182	126AA	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	-
183	126AB	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	-
184	126AC	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	-
185	126AD	Income derived by China Overseas Ports Holding Company Limited being dividend received from China Overseas Ports Holding Company Pakistan (Private) Limited, Gawadar International Terminal Limited, Gawadar Marine Services Limited and Gawadar Free Zone Company Limited	China Overseas Ports Holding Company Limited	-
186	126B	Profit and gains derived by Khalifa Coastal Refinery	Khalifa Coastal Refinery	-
187	126BA	Refineries	Oil refineries	443
188	126C	Industrial undertakings set up in Larkano Industrial Estate	Industrial undertakings set up in Larkano Industrial Estate	-
189	126D	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	-
190	126E	Income derived by a zone enterprise as defined in the Special Economic Zones Act, 2012 and developer of zone for a period of ten years	Zone enterprise as defined in the Special Economic Zones Act, 2012, and developers of zones.	198
191	126G	1. Income of Astro Plastics (Pvt) Limited derived from their project Biaxially Oriented Polyethylene Terephthalate (BOPET) Project; and 2. Income of Novatex Limited derived from their project Biaxially Oriented Polyethylene Terephthalate (BOPET) Project.	Astro Plastics (Pvt) Limited, M/s. Novatex Limited	-
192	126H	Income from fruit processing or preservation units set up in Balochistan Province, Malakand Division, Gilgit Baltistan and FATA	Fruit processing or preservation units set up in Balochistan Province, Malakand Division, Gilgit Baltistan and ex-FATA	-

193	126I	Industrial undertakings engaged in the manufacture of plant, machinery, equipment and items with dedicated use for generation of renewable energy	Manufacturers of plant, machinery & equipment for use in generation of renewable energy sources.	11
194	126J	Profits and gains derived by a taxpayer, from an industrial undertaking engaged in operating warehousing or cold chain facilities for storage of agriculture produce	Industrial undertakings engaged in operating warehousing or cold chain facilities for storage of agriculture produce	n.a.
195	126K	Profits and gains derived by industrial undertakings set up for establishing and operating a halal meat production unit	Halal meat production units	21
196	126L	Industrial undertakings set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan	Industrial undertakings set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan between 1st day of July, 2015 and 30th day of June, 2018	9
197	126M	Profits and gains derived by a taxpayer from a transmission line project set up in Pakistan	Companies deriving income from transmission line projects in Pakistan	7
198	126N	Profits and gains derived by a taxpayer from an industrial undertaking, duly certified by the Pakistan Telecommunication Authority, engaged in the manufacturing of cellular mobile phones	Local cellular mobile phone manufacturers	12
199	126O	Profits and gains of a company from a green field industrial undertaking incorporated on or after the first day of July, 2019	Green field industrial undertakings	-
200	131	Royalty, commission or fees earned from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right	Innovators and technical experts	2
201	132	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.	Electric power generation projects	26,888
202	132A	Profit and gains derived by Bosicor Oil Pakistan Limited	Bosicor Oil Pakistan Limited (refinery)	-
203	132B	Coal mining projects in Sindh, supplying coal exclusively to power generation projects.	Coal mining projects in Sindh	-
204	133	Income from exports of computer software or IT services or IT enabled services	Exporters of computer software, IT services or IT enabled services	1,239
205	135A	Income derived by non-residents from investment in OGDCL exchangeable bonds issued by the Federal Government.	Non-residents deriving income from investment in OGDCL exchangeable bonds issued by the Federal Government.	-
206	136	Income of a special purpose vehicle as defined in the Asset Backed Securitization Rules, 1999	Special purpose vehicles as defined in the Asset Backed Securitization Rules, 1999	-
207	139	Medical treatment or hospitalization for employees	Employees receiving free medical care from employers.	1,051

208	141	Profit and gains derived by LNG Terminal Operators and Terminal Owners	LNG Terminal Operators and Terminal Owners	732
209	142	Income from social security contributions derived by the four provincial Social Security institutions	Provincial social security institutions	5,017
210	143	Start-ups	Startups as defined in clause (62A) of section 2 of the ITO-2001	635
211	145A, 146	Income of individuals domiciled or companies and associations of persons resident in the erstwhile Tribal Areas	Individuals domiciled or companies and associations of persons resident in the ex-Tribal Areas	4,454
212	16, 39A, 51, 52	Others	Others	1,192
<b>Total</b>				<b>212,070</b>

### Reduction in Tax Rates

1	3	The tax in respect of income from services rendered outside Pakistan and construction contracts executed outside Pakistan shall be 50% of the rates as specified in Division III of Part III of the First Schedule	Service providers and contractors	-
2	3B	The income of Pakistan Cricket Board derived from sources outside Pakistan shall be taxed at a rate of four per cent of the gross receipts from such sources	Pakistan Cricket Board	-
3	18	In the case of a modaraba the rate of income tax shall be 25% of total income excluding such part of total income to which Division III of Part I of the First Schedule or section 153 or section 154 applies.	Modarabas	-
4	18A	The rate of tax shall be reduced to 20% for a company setting up an industrial undertaking between the first day of July, 2014 to the thirtieth day of June, 2017, for a period of five years beginning from the month in which the industrial undertaking is set up or commercial production is commenced whichever is later	Companies setting up industrial undertakings between 2014 and 2017	-
5	18B	The rate of tax shall be reduced by 2% in case of a company whose shares are traded on stock exchange if it fulfills prescribed shari'ah compliant criteria approved by State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the Board, and derives income from manufacturing activities only	Shari'ah compliant companies whose shares are traded on stock exchange	6
6	27	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)	99

7	28A	The rate of tax under section 148 on import of hybrid cars shall be reduced as below:— Upto 1200 cc - 100% 1201 to 1800 cc - 50% 1801 to 2500 cc - 25%	Consumers of Hybrid Cars	23
8	28C	The rates of tax as specified in Division II of Part-IV of the First Schedule shall be five percent in the case of a person running online marketplace as defined in clause (38B) of section 2.	E-commerce sector	-
<b>Total</b>				<b>128</b>

### Reduction in Tax Liability

1	1(1)	Any amount received as flying allowance by flight engineers, navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority, Junior Commissioned Officers or other ranks of Pakistan Armed Forces; and submarine allowance by the officers of the Pakistan Navy, shall be taxed @ 2.5% as a separate block of income	Employees (persons receiving flying allowance)	133
2	1(1AA)	Total allowances received by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%, provided that the reduction under this clause shall be available to so much of the allowances as exceeds an amount equal to the basic pay	Employees (pilots of Pakistani Airlines)	430
3	1(2)	Tax concession for full time teacher or a researcher	Employees (full time teacher or a researcher)	2,421
4	4	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	1
5	7	The amount of tax payable by foreign film-makers from making films in Pakistan shall be reduced by fifty percent on income from film-making in Pakistan.	Foreign film-makers	-
6	8	The amount of tax payable by resident companies deriving income from film-making shall be reduced by seventy percent on income from film-making.	Film making companies based in Pakistan	-
7	9	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	n.a.
<b>Total</b>				<b>2,986</b>

## Exemption from Specific Provisions

1	5	The provisions of section 111 regarding un-explained income or assets shall not apply in respect of foreign exchange deposited in a private Foreign Currency account, excluding such accounts where incremental deposits were made on or after the 16th day of December, 1999	Foreign currency account holders	-
(11A) The provisions of section 113, regarding minimum tax, shall not apply to:				
2	11A	(iii) Pakistan Red Crescent Society	Pakistan Red Crescent Society	4
3	11A	(xiv) Corporate and Industrial Restructuring Corporation (CIRC)	Corporate and Industrial Restructuring Corporation (CIRC)	0.2
4	11A	(xxxi) National Disaster Risk Management Fund.	National Disaster Risk Management Fund.	-
<i>Note: Other entities under clause 11A which count as tax expenditure have already been covered in Part 1 of Second Schedule (above).</i>				
5	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).	M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and M/s China Communication Construction Company (M/s CCCC).	836
6	60D	The provisions of section 148 shall not apply on import of firefighting equipments by industrial undertakings set up in the special economic zones established by the Federal Government.	Industrial undertakings set up in the special economic zones	23
7	63	M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore] shall be deemed to have been approved by the Commissioner for the purpose of sub-section (36) of section 2 notwithstanding the provisions of clause (c) of sub-section (36) of section 2..	M/s Dawat-e-Hadiya, Karachi and Lahore University of Management sciences, Lahore	270
8	71	The provisions of this Ordinance shall not be applicable to the M/s TAISEI Corporation under the agreement between National Highway Authority, GOP	M/s TAISEI Corporation	84
9	77	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	-
10	78	Coal Mining and Coal based Power Generation Projects in Sindh:- (i) the dividend income of the shareholders of such a project shall be exempt from provisions of section 150. (ii) the payments made on account of sale or supply of goods or providing or rendering of services during project construction and operations, shall be exempt from the provisions of section 152(2A) and section 153."	Shareholders of coal mining and coal based power generation projects in Sindh	-

		The provisions of section 148 shall not apply to-		
		(i) Tillage and seed bed preparation equipment as specified below		
11	91	(ii) Seeding or planting equipment	Farming sector	528
		(iii) Irrigation, drainage and agro-chemical application equipment		
		(iv) Harvesting, threshing and storage equipment		
		(v) Post-harvest handling and processing & miscellaneous machinery		
12	102	The provisions of section 231B (1A) shall not apply to light commercial vehicles leased under the Prime Minister's Youth Business Loan Scheme.	Beneficiaries of PM's Youth Business Loan Scheme	-
<b>Total</b>				<b>2,975</b>

<b>Others / Miscellaneous</b>				
1	41	Agricultural income	Agriculture sector	*
2	40	Federal Government, Provincial Government, and Local Government income.	Government organizations	18,934
<b>Total</b>				<b>18,934</b>
<b>Grand Total – Income Tax</b>				<b>378,026</b>

\* Note 1: It is estimated that Rs. 69.5 billion is a tax gap under section 41 of the Ordinance on account of provinces having the mandate to levy tax on agricultural incomes. For details, please see Appendix 1.

## 2.2. Sales Tax Estimates

<b>Tax Expenditure Estimates of Sales Tax - FY 2020</b>		
<b>Contents</b>		<b>(Rs. Million)</b>
1	Zero Rating under 5th Schedule to Sales Tax Act 1990	13,671
2	Exemption on Imports	255,843
3	Exemption on Local Supplies	54,871
4	Reduced Rates Under 8th Schedule (2%)	74,008
5	Reduced Rates Under 8th Schedule (5%)	8,677
6	Reduced Rates Under 8th Schedule (10%)	35,452
7	Other Reduced Rates	53,138
8	Sales Tax on Cellular Mobile Phones under 9th Schedule	23,154
<b>Total</b>		<b>518,814</b>

Sr.	Legal Ref	Description (Exemption or Concession)	Intended Beneficiary	Estimate (Rs in mil)
<b>Zero Rating under 5th Schedule to Sales Tax Act 1990</b>				
1	Section 4 (Zero Rating) - 5th Schedule	27-b-Crude Oil From Petroleum And Bituminous Miner	Manufacturing (Plant and Machinery), General Masses (POL Products)	38,169
2	Section 4 (Zero Rating) - 5th Schedule	04-a-Milk Cream And Butter Dairy Products	Manufacturing (Industrial Inputs), General Masses (Food Products)	4,346
3	Section 4 (Zero Rating) - 5th Schedule	27-e-Petroleum Gases & Other Gaseous Hydrocarbons	Manufacturing (POL Products), General Masses (POL Products)	4,105
4	Section 4 (Zero Rating) - 5th Schedule	27-c-Petroleum Refined Oil & Related Products	Diplomats and Diplomatic Mission, Manufacturing (POL products), General Masses (POL Products)	2,304
5	Section 4 (Zero Rating) - 5th Schedule	10-b-Cereals And Grains Other Than Rice	Manufacturing (Industrial Inputs), General Masses (Food Products)	1,845
6	Section 4 (Zero Rating) - 5th Schedule	84-e-Special Industry Machinery Textile, Food,Pape	Manufacturing (Plant and Machinery)	1,531
7	Section 4 (Zero Rating) - 5th Schedule	96-a-Misc. Manufactured Articles brush- es, buttons,	Manufacturing (Industrial Imputes), General Masses (Household Products)	1,220
8	Section 4 (Zero Rating) - 5th Schedule	32-b-Tanning Or Dyeing Extracts, Dyes, Pigments, l	Manufacturing (Industrial Inputs), General Masses (Household Products)	468
9	Section 4 (Zero Rating) - 5th Schedule	89-b-Ships, Boats, & Floating Structures	Diplomats and Diplomatic Mission, Manufacturing (Plant and Machinery)	271
10	Section 4 (Zero Rating) - 5th Schedule	72-a-Iron & Steel; Ferroalloys; Bars, Including W	Manufacturing (Plant and Machinery)	269
11	Section 4 (Zero Rating) - 5th Schedule	48-b-Articles Of Paper Pulp Filter Paper, Wallpaper	Manufacturing (Industrial Inputs), General Masses (Food Products)	266
12	Section 4 (Zero Rating) - 5th Schedule	17-c-Sugar Confectionary	Manufacturing (Industrial Inputs), General Masses (Food Products)	257
13	Section 4 (Zero Rating) - 5th Schedule	98-34-BUSINESS SUPPORT SERVICES	Diplomats and Diplomatic Mission, Manufacturing, Gen- eral Masses	233
14	Section 4 (Zero Rating) - 5th Schedule	01-a-Live Animals	Manufacturing (Industrial Inputs), General Masses (Food Products)	218

15	Section 4 (Zero Rating) - 5th Schedule	85-g-Electronic Components And Acces- sories	Manufacturing (Industrial inputs), General Masses (Household Products)	205
16	Section 4 (Zero Rating) - 5th Schedule	30-a-Pharmaceutical Products	Manufacturing (Industrial inputs), General Masses (Household Products)	176
17	Section 4 (Zero Rating) - 5th Schedule	48-a-Paper & Paperboard, Rolls , Sheets	Manufacturing (Industrial inputs), General Masses (Household Products)	173
18	Section 4 (Zero Rating) - 5th Schedule	27-g-Electrical Energy	Diplomats and Diplomatic Mission, Manufacturing (In- dustrial Inputs)	165
19	Section 4 (Zero Rating) - 5th Schedule	88-a-Aircraft, Spacecraft, Missiles & Parts Thereof	Diplomats and Diplomatic Mission, Manufacturing (In- dustrial Inputs)	139
20	Section 4 (Zero Rating) - 5th Schedule	98-15-MANAGEMENT CONSULTANTS SOFTWARE	Diplomats and Diplomatic Mission, Manufacturing (In- dustrial Inputs)	118
21	Section 4 (Zero Rating) - 5th Schedule	98-18-SECURITY SERVICES	Diplomats and Diplomatic Mission, Manufacturing (In- dustrial Inputs)	108
22	Section 4 (Zero Rating) - 5th Schedule	87-d-Other Vehicles / Carriages / Trail- ers; Vehicle	Diplomats and Diplomatic Mission, Manufacturing (In- dustrial Inputs)	99
23	Section 4 (Zero Rating) - 5th Schedule	98-23-TRANSPORT	Diplomats and Diplomatic Mission, Manufacturing, Gen- eral Masses	98
24	Section 4 (Zero Rating) - 5th Schedule	36-a-Explosives, Pyrotechnic Products	Manufacturing (Industrial Inputs)	89
25	Section 4 (Zero Rating) - 5th Schedule	90-b-Laboratory Apparatus And Analytical, Optical,	Manufacturing (Industrial Inputs)	82
26	Section 4 (Zero Rating) - 5th Schedule	52-a-Cotton, Cotton Waste	Manufacturing (Industrial Inputs)	77
27	Section 4 (Zero Rating) - 5th Schedule	38-a-Miscellaneous Chemical Products	Manufacturing (Industrial Inputs)	69
28	Section 4 (Zero Rating) - 5th Schedule	39-a-Polymers, Polyesters In Primary Form Etc	Manufacturing (Industrial Inputs)	66
29	Section 4 (Zero Rating) - 5th Schedule	62-a-Articles Of Apparel & Clothing Accessories-No	Diplomats and Diplomatic Mission, Manufacturing (Industrial Inputs), General Masses (Household Products)	62
30	Section 4 (Zero Rating) - 5th Schedule	85-h-Miscellaneous Electrical Machinery, Equipment	Diplomats and Diplomatic Mission, Manufacturing (Industrial Inputs), General Masses (Household Products)	59

31	Section 4 (Zero Rating) - 5th Schedule	39-b-Plastics Packaging Materials Incl Boxes, Bags	Diplomats and Diplomatic Mission, Manufacturing (Industrial Inputs), General Masses (Household Products)	52
32	Section 4 (Zero Rating) - 5th Schedule	84-g-Computer And Office Equipment	Diplomats and Diplomatic Mission, Manufacturing (Industrial Inputs), General Masses (Household Products)	50
33	Section 4 (Zero Rating) - 5th Schedule	52-c-Cotton Fabric	Manufacturing (Industrial Inputs)	49
34	Section 4 (Zero Rating) - 5th Schedule	98-04-CONSTRUCTION	Diplomats and Diplomatic Mission, Manufacturing (Industrial Inputs), General Masses (Household Products)	47
35	Section 4 (Zero Rating) - 5th Schedule	15-b-Vegetable Oil, Fats & Waxes Etc	Diplomats and Diplomatic Mission, Manufacturing (Industrial Inputs), General Masses (Household Products)	37
36	Section 4 (Zero Rating) - 5th Schedule	84-f-General Industrial Machinery And Equipment	Diplomats and Diplomatic Mission, Manufacturing (Industrial Inputs), General Masses (Household Products)	37
37	Section 4 (Zero Rating) - 5th Schedule	87-c-Motorcycles	Diplomats and Diplomatic Mission, General Masses (Household Products)	36
38	Section 4 (Zero Rating) - 5th Schedule	19-a-Preparation Of Cereals, Flour, Starch Or Milk	Manufacturing (Industrial inputs), General Masses (Household Products)	33
39	Section 4 (Zero Rating) - 5th Schedule	25-b-Cement Clinker; Cement	Manufacturing (Industrial inputs), General Masses (Household Products)	30
40	Section 4 (Zero Rating) - 5th Schedule	23-b-Poultry And Animal Feed; Meals Of Sunflower S	Manufacturing (Industrial inputs), General Masses (Household Products)	30
41	Section 4 (Zero Rating) - 5th Schedule	84-b-Agricultural Farm And Garden Machinery And Equip	Manufacturing (Industrial inputs), General Masses (Household Products)	29
42	Section 4 (Zero Rating) - 5th Schedule	29-a-Organic Chemicals	Manufacturing (Industrial inputs), General Masses (Household Products)	29
43	Section 4 (Zero Rating) - 5th Schedule	84-a-Engines Turbines And Turbines	Manufacturing (Industrial inputs), General Masses (Household Products)	27
44	Section 4 (Zero Rating) - 5th Schedule	12-b-Oil Seeds, Misc. Grains, Medicinal Plants, St	Manufacturing (Industrial inputs), General Masses (Household Products)	27
45	Section 4 (Zero Rating) - 5th Schedule	49-a-Printed Books, Newspapers, Pic- tures, Manuscripts	Diplomats and Diplomatic Mission	24

46	Section 4 (Zero Rating) - 5th Schedule	58-a-Special Woven Fabrics, Tufted Textiles, Lace	Manufacturing (Industrial inputs), General Masses (Household Products)	23
47	Section 4 (Zero Rating) - 5th Schedule	90-c-Surgical Instruments	Manufacturing (Industrial inputs), General Masses (Household Products)	23
48	Section 4 (Zero Rating) - 5th Schedule	27-d-Lubricating Oils And Greases	Manufacturing (Industrial inputs), General Masses (Household Products)	21
49	Section 4 (Zero Rating) - 5th Schedule	52-b-Cotton Yarn / Thread	Manufacturing (Industrial inputs), General Masses (Household Products)	21
50	Section 4 (Zero Rating) - 5th Schedule	98-22-MAINTENANCE AND REPAIR	Diplomats and Diplomatic Mission	20
51	Section 4 (Zero Rating) - 5th Schedule	90-d-Medical, And Dental Instruments And Supplies	Manufacturing (Industrial inputs), General Masses (Household Products)	19
52	Section 4 (Zero Rating) - 5th Schedule	24-b-Cigarettes, Cigars Etc., Of Tobacco or Substitutes	Manufacturing (Industrial inputs), General Masses (Household Products)	17
53	Section 4 (Zero Rating) - 5th Schedule	02-a-Meat & Edible Meat Offal	Manufacturing (Industrial inputs), General Masses (Household Products)	16
54	Section 4 (Zero Rating) - 5th Schedule	57-a-Carpets & Other Textile Floor Coverings	Manufacturing (Industrial inputs), General Masses (Household Products)	16
55	Section 4 (Zero Rating) - 5th Schedule	87-b-Public Transport Vehicles; Motor Vehicles	Manufacturing (Industrial inputs), General Masses (Household Products)	15
56	Section 4 (Zero Rating) - 5th Schedule	85-d-Electric Lighting And Wiring Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	15
57	Section 4 (Zero Rating) - 5th Schedule	40-a-Rubbers & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	15
58	Section 4 (Zero Rating) - 5th Schedule	25-a-Salt, Sculpture, Earth & Stone, Lime	Manufacturing (Industrial inputs), General Masses (Household Products)	14
59	Section 4 (Zero Rating) - 5th Schedule	39-d-Other Articles Of Plastics Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	11
60	Section 4 (Zero Rating) - 5th Schedule	09-b-Coffee, Coffee Substitutes; Mate, Spices & Ot	Manufacturing (Industrial inputs), General Masses (Household Products)	10
61	Section 4 (Zero Rating) - 5th Schedule	90-a-Search, Detection, Navigation, Aeronautical,	Manufacturing (Industrial inputs), General Masses (Household Products)	10

62	Section 4 (Zero Rating) - 5th Schedule	28-a-Inorganic Chemicals, Organic / Inorganic Comp	Manufacturing (Industrial inputs), General Masses (Household Products)	9
63	Section 4 (Zero Rating) - 5th Schedule	28-a-Inorganic Chemicals, Organic / Inorganic Comp	Manufacturing (Industrial inputs), General Masses (Household Products)	9
64	Section 4 (Zero Rating) - 5th Schedule	82-a-Tools, Spoons & Forks Of Base Metal	Diplomats and Diplomatic Mission	9
65	Section 4 (Zero Rating) - 5th Schedule	41-a-Raw Hides & Skins & Leather	Manufacturing (Industrial inputs), General Masses (Household Products)	8
66	Section 4 (Zero Rating) - 5th Schedule	07-a-Edible Vegetables	Manufacturing (Industrial inputs), General Masses (Household Products)	7
67	Section 4 (Zero Rating) - 5th Schedule	73-a-Articles Of Iron Or Steel	Manufacturing (Industrial inputs), General Masses (Household Products)	7
68	Section 4 (Zero Rating) - 5th Schedule	32-a-Paints, Varnishes, Lacquers, Enam- els, And All	Manufacturing (Industrial inputs), General Masses (Household Products)	7
69	Section 4 (Zero Rating) - 5th Schedule	85-f-Communications Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	7
70	Section 4 (Zero Rating) - 5th Schedule	63-a-Made-Up Textile Articles Nesoi, Needlecraft	Manufacturing (Industrial inputs), General Masses (Household Products)	6
71	Section 4 (Zero Rating) - 5th Schedule	84-i-Miscellaneous Industrial And Com- mercial Equip	Manufacturing (Industrial inputs), General Masses (Household Products)	6
72	Section 4 (Zero Rating) - 5th Schedule	20-b-Fruit And / Or Vegetable Juices	Manufacturing (Industrial inputs), General Masses (Household Products)	6
73	Section 4 (Zero Rating) - 5th Schedule	68-a-Articles Of Stone, Plaster, Cement, Asbestos,	Manufacturing (Industrial inputs), General Masses (Household Products)	5
74	Section 4 (Zero Rating) - 5th Schedule	98-33-LABOUR AND MENPOWER SERVICES	Diplomats and Diplomatic Mission	5
75	Section 4 (Zero Rating) - 5th Schedule	10-a-Rice	Manufacturing (Industrial inputs), General Masses (Household Products)	5
76	Section 4 (Zero Rating) - 5th Schedule	83-a-Miscellaneous Articles Of Base Metal	Manufacturing (Industrial inputs), General Masses (Household Products)	5
77	Section 4 (Zero Rating) - 5th Schedule	42-a-Articles Of Leather	Manufacturing (Industrial inputs), General Masses (Household Products)	5

78	Section 4 (Zero Rating) - 5th Schedule	22-c-Aerated Waters	Diplomats and Diplomatic Mission	5
79	Section 4 (Zero Rating) - 5th Schedule	11-a-Milling Industry Products	Manufacturing (Industrial inputs), General Masses (Household Products)	4
80	Section 4 (Zero Rating) - 5th Schedule	22-a-Natural Water Including Mineral Water; Ice &	Manufacturing (Industrial inputs), General Masses (Household Products)	3
81	Section 4 (Zero Rating) - 5th Schedule	94-a-Furniture, Bedding, Cushions, Lamps & Lightings	Manufacturing (Industrial inputs), General Masses (Household Products)	3
82	Section 4 (Zero Rating) - 5th Schedule	08-a-Edible Fruits & Nuts, Peel Of Cit- rus/Melons	Manufacturing (Industrial inputs), General Masses (Household Products)	3
83	Section 4 (Zero Rating) - 5th Schedule	31-f-OTHER FERTILIZERS	Manufacturing (Industrial inputs), General Masses (Household Products)	2
84	Section 4 (Zero Rating) - 5th Schedule	59-a-Impregnated, Coated, Covered, Or Laminated Te	Manufacturing (Industrial inputs), General Masses (Household Products)	2
85	Section 4 (Zero Rating) - 5th Schedule	09-a-Tea	Manufacturing (Industrial inputs), General Masses (Household Products)	2
86	Section 4 (Zero Rating) - 5th Schedule	34-a-Soaps, Waxes, Scouring Products, Candles, Mod	Manufacturing (Industrial inputs), General Masses (Household Products)	2
87	Section 4 (Zero Rating) - 5th Schedule	21-a-Extracts Of Coffee, Tea Etc, Yeasts, Sauces,	Manufacturing (Industrial inputs), General Masses (Household Products)	2
88	Section 4 (Zero Rating) - 5th Schedule	50-a-Silk, Including Yarns & Woven Fabrics Thereof	Diplomats and Diplomatic Mission	2
89	Section 4 (Zero Rating) - 5th Schedule	35-a-Albuminoidal Sub, Starches, Glues, Enzymes	Manufacturing (Industrial inputs), General Masses (Household Products)	2
90	Section 4 (Zero Rating) - 5th Schedule	85-a-Electric Transmission And Distribu- tion Equipm	Manufacturing (Industrial inputs), General Masses (Household Products)	2
91	Section 4 (Zero Rating) - 5th Schedule	69-a-Ceramic Products	Manufacturing (Industrial inputs), General Masses (Household Products)	2
92	Section 4 (Zero Rating) - 5th Schedule	98-28-TECHNICAL	Diplomats and Diplomatic Mission	2
93	Section 4 (Zero Rating) - 5th Schedule	84-c-Construction, Mining, And Materi- als Handling	Manufacturing (Industrial inputs), General Masses (Household Products)	2

94	Section 4 (Zero Rating) - 5th Schedule	93-a-Arms & Ammunition, Parts & Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	2
95	Section 4 (Zero Rating) - 5th Schedule	85-c-Household Electric Appliances	Manufacturing (Industrial inputs), General Masses (Household Products)	2
96	Section 4 (Zero Rating) - 5th Schedule	85-c-Household Electric Appliances	Manufacturing (Industrial inputs), General Masses (Household Products)	2
97	Section 4 (Zero Rating) - 5th Schedule	61-a-Articles Of Apparel & Clothing Accessories-Kn	Manufacturing (Industrial inputs), General Masses (Household Products)	1
98	Section 4 (Zero Rating) - 5th Schedule	14-b-Vegetable Plaiting Materials	Manufacturing (Industrial inputs), General Masses (Household Products)	1
99	Section 4 (Zero Rating) - 5th Schedule	76-a-Aluminum & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	1
100	Section 4 (Zero Rating) - 5th Schedule	74-b-Copper Wires & Cables	Manufacturing (Industrial inputs), General Masses (Household Products)	1
101	Section 4 (Zero Rating) - 5th Schedule	70-a-Glass & Glassware	Manufacturing (Industrial inputs), General Masses (Household Products)	1
102	Section 4 (Zero Rating) - 5th Schedule	79-a-Zinc & Articles Thereof	Manufacturing (Industrial inputs)	1
103	Section 4 (Zero Rating) - 5th Schedule	98-25-MEDICAL LABORATORIES	Manufacturing (Industrial inputs), General Masses (Household Products)	1
104	Section 4 (Zero Rating) - 5th Schedule	71-a-Pearls, Stones, Precious Metals, Imitation	Manufacturing (Industrial inputs), General Masses (Household Products)	1
105	Section 4 (Zero Rating) - 5th Schedule	39-c-Plastics Pipe, Pipe Fitting, Baths, Washbasin	Manufacturing (Industrial inputs), General Masses (Household Products)	1
106	Section 4 (Zero Rating) - 5th Schedule	85-b-Electrical Industrial Apparatus	Diplomats and Diplomatic Mission	1
107	Section 4 (Zero Rating) - 5th Schedule	33-a-Oils & Resinoids, Perfumery, Cos- metic Or Toil	Manufacturing (Industrial inputs), General Masses (Household Products)	-
108	Section 4 (Zero Rating) - 5th Schedule	95-a-Toys, Games, Related Equipment, Parts & Access	Manufacturing (Industrial inputs), General Masses (Household Products)	-
109	Section 4 (Zero Rating) - 5th Schedule	84-d-Metalworking Machinery And Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	-

110	Section 4 (Zero Rating) - 5th Schedule	55-c-Fabric Of Man-Made Fibers	Manufacturing (Industrial inputs), General Masses (Household Products)	-
111	Section 4 (Zero Rating) - 5th Schedule	98-09-PRINTING SERVICES	Diplomats and Diplomatic Mission, Manufacturing (Industrial inputs)	-
112	Section 4 (Zero Rating) - 5th Schedule	98-36-CLEARING AND FORWARDING AGENT SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	-
113	Section 4 (Zero Rating) - 5th Schedule	44-a-Wood & Articles Of Wood, Wood Charcoal	Manufacturing (Industrial inputs), General Masses (Household Products)	-
114	Section 4 (Zero Rating) - 5th Schedule	98-20-WORKSHOPS	Diplomats and Diplomatic Mission, Manufacturing (Industrial inputs)	-
115	Section 4 (Zero Rating) - 5th Schedule	80-a-Tin & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	-
116	Section 4 (Zero Rating) - 5th Schedule	74-a-Copper & Articles Thereof Excluding Wires & C	Manufacturing (Industrial inputs)	-
117	Section 4 (Zero Rating) - 5th Schedule	27-f-Petroleum Jelly, Coke , Bitumn & Similar Misc	Manufacturing (Industrial inputs)	-
118	Section 4 (Zero Rating) - 5th Schedule	84-h-Refrigeration And Service Industry Machinery	Manufacturing (Industrial inputs), General Masses (Household Products)	-
119	Section 4 (Zero Rating) - 5th Schedule	55-a-Man-Made Staple Fibers / Tows	Manufacturing (Industrial inputs), General Masses (Household Products)	-
120	Section 4 (Zero Rating) - 5th Schedule	97-a-Works Of Art; Collectors' Pieces, Antiques	Diplomats and Diplomatic Mission	-
121	Section 4 (Zero Rating) - 5th Schedule	54-a-Man-Made Filaments, Inc. Yarns & Woven Etc.	Manufacturing (Industrial inputs), General Masses (Household Products)	-
122	Section 4 (Zero Rating) - 5th Schedule	39-e-Foam Product	Manufacturing (Industrial inputs), General Masses (Household Products)	-
123	Section 4 (Zero Rating) - 5th Schedule	98-02-ADVERTISEMENT	Diplomats and Diplomatic Mission	-
124	Section 4 (Zero Rating) - 5th Schedule	23-a-Residues From Food Industries, Oilcake	Manufacturing (Industrial inputs), General Masses (Household Products)	-
125	Section 4 (Zero Rating) - 5th Schedule	06-a-Live Trees And Other Plants	Manufacturing (Industrial inputs), General Masses (Household Products)	-

126	Section 4 (Zero Rating) - 5th Schedule	20-a-Preparations Of Vegetables, Fruits, Nuts, Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	-
127	Section 4 (Zero Rating) - 5th Schedule	98-08-COURIER SERVICES	Diplomats and Diplomatic Mission	-
128	Section 4 (Zero Rating) - 5th Schedule	56-a-Wadding, Felt & Nonwovens, Spe- cial Yarns	Manufacturing (Industrial inputs), General Masses (Household Products)	-
129	Section 4 (Zero Rating) - 5th Schedule	27-a-Coal , Lignite, Coal Gas, Oils ,Tars And Coal	Manufacturing (Industrial inputs), General Masses (Household Products)	-
130	Section 4 (Zero Rating) - 5th Schedule	60-a-Knitted Or Crocheted Fabrics	Manufacturing (Industrial inputs)	-
131	Section 4 (Zero Rating) - 5th Schedule	98-01-HOTELS	Diplomats and Diplomatic Mission	-
132	Section 4 (Zero Rating) - 5th Schedule	37-a-Photographic Or Cinematographic Goods	Manufacturing (Industrial inputs), General Masses (Household Products)	-
133	Section 4 (Zero Rating) - 5th Schedule	98-21-HEALTH CLUBS	Manufacturing (Industrial inputs), General Masses (Household Products)	-
134	Section 4 (Zero Rating) - 5th Schedule	90-e-Photographic Cinematographic Equipment And Su	Manufacturing (Industrial inputs), General Masses (Household Products)	-
135	Section 4 (Zero Rating) - 5th Schedule	53-a-Vegetable Textile Fibers Nesoi, Yarns & Woven	Manufacturing (Industrial inputs), General Masses (Household Products)	-
136	Section 4 (Zero Rating) - 5th Schedule	98-24-HOSPITAL	Manufacturing (Industrial inputs), General Masses (Household Products)	-
137	Section 4 (Zero Rating) - 5th Schedule	65-a-Headgear & Other Parts	Manufacturing (Industrial inputs), General Masses (Household Products)	-
138	Section 4 (Zero Rating) - 5th Schedule	98-14-ARCHITECT TOWN PLANNERS	Manufacturing (Industrial inputs), Diplomats and Diplo- matic Missions	-
139	Section 4 (Zero Rating) - 5th Schedule	95-b-Sports Goods	Manufacturing (Industrial inputs), Diplomats and Diplo- matic Missions	-
140	Section 4 (Zero Rating) - 5th Schedule	98-27-TELECOM COMPANIES	Manufacturing (Industrial inputs), General Masses (Household Products)	-
141	Section 4 (Zero Rating) - 5th Schedule	81-a-Base Metals Nesoi, Cermets, Arti- cles Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	-

142	Section 4 (Zero Rating) - 5th Schedule	21-c-Beverage Concentrate, Other Misc Edible Prepa	Manufacturing (Industrial inputs), General Masses (Household Products)	-
143	Section 4 (Zero Rating) - 5th Schedule	98-17-TESTING NON MEDICAL	Manufacturing (Industrial inputs), General Masses (Household Products)	-
144	Section 4 (Zero Rating) - 5th Schedule	31-d-NPK	Manufacturing (Industrial inputs), Diplomats and Diplo- matic Missions	-
145	Section 4 (Zero Rating) - 5th Schedule	03-a-Fish & Crustaceans	Manufacturing (Industrial inputs), General Masses (Household Products)	-
146	Section 4 (Zero Rating) - 5th Schedule	85-e-Household Audio And Video Equip- ment, And Audi	Manufacturing (Industrial inputs), General Masses (Household Products)	-
147	Section 4 (Zero Rating) - 5th Schedule	04-b-Eggs, Honey, & Ed. Products Of Animal Origin	Manufacturing (Industrial inputs), General Masses (Household Products)	-
148	Section 4 (Zero Rating) - 5th Schedule	31-b-DAP	General Masses (Agricultural Inputs)	-
Total				58,258
Less adjustment *				(44,587)
<b>Total after adjustment</b>				<b>13,671</b>

\* Note-I (adjustment in estimation):

In case of zero-rated items, the adjustment includes leaving out tax expenditure estimation on some items, which if were not zero-rated, the full input tax would have been claimed, such as crude oil, machinery for E&P sector, and material related to exports. The tax expenditure to the extent of these items is thus deducted from the total estimation of Part 1 (zero rated items). Item-wise cost is below:

Sr.	Schedule	Description	Sales Value	Adj. (17%)
1	5th Schedule	Supplies of raw materials components and goods for further manufacture of goods in the Export Processing Zones (Serial no. 5)	2,951	502
2	5th Schedule	Supplies of locally manufactured plant and machinery to petroleum and gas sector Exploration and Production companies, their contractors and sub-contractors, specified by the Federal Government, subject to conditions and restrictions (Serial no. 6)	9,220	1,567

3	5th Schedule	Supplies made to exporters under the Duty and Tax Remission Rules, 2001 (Serial no. 7)	220	37
4	5th Schedule	Petroleum Crude Oil (PCT heading 2709.0000) (Serial no. 10)	249,886	42,481
<b>Total amount to be adjusted</b>				<b>44,587</b>

### Exemption on Imports

1	Section 13 - 6th Schedule Table-I	30-a-Pharmaceutical Products	Foreign Governments (Grant in Aids/Diplomat and Diplomatic Mission), General Masses (Hospitals, Food Items)	65,279
2	Section 13 - 6th Schedule Table-I	52-a-Cotton, Cotton Waste	Manufacturing (Industrial inputs), General Masses (Household Products)	54,410
3	Section 13 - 6th Schedule Table-I	15-b-Vegetable Oil, Fats & Waxes Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	43,265
4	Section 13 - 6th Schedule Table-I	04-a-Milk Cream And Butter Dairy Products	Manufacturing (Industrial inputs), General Masses (Household Products)	40,436
5	Section 13 - 6th Schedule Table-I	23-b-Poultry And Animal Feed; Meals Of Sunflower	Manufacturing (Industrial inputs), General Masses (Household Products)	28,065
6	Section 13 - 6th Schedule Table-I	38-a-Miscellaneous Chemical Products	Manufacturing (Industrial inputs), General Masses (Household Products)	16,396
7	Section 13 - 6th Schedule Table-I	10-b-Cereals And Grains Other Than Rice	Manufacturing (Industrial inputs), General Masses (Household Products)	8,255
8	Section 13 - 6th Schedule Table-I	12-b-Oil Seeds, Misc. Grains, Medicinal Plants,	Manufacturing (Industrial inputs), General Masses (Household Products)	7,743
9	Section 13 - 6th Schedule Table-I	07-a-Edible Vegetables	Manufacturing (Industrial inputs), General Masses (Household Products)	5,638
10	Section 13 - 6th Schedule Table-I	85-h-Miscellaneous Electrical Machinery, Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	5,212
11	Section 13 - 6th Schedule Table-I	84-g-Computer And Office Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	4,946
12	Section 13 - 6th Schedule Table-I	27-g-Electrical Energy	Manufacturing (Industrial inputs), General Masses (Household Products)	4,847

13	Section 13 - 6th Schedule Table-I	02-a-Meat & Edible Meat Offal	Manufacturing (Industrial inputs), General Masses (Household Products)	3,830
14	Section 13 - 6th Schedule Table-I	49-a-Printed Books, Newspapers, Pictures, Manuscripts	Manufacturing (Industrial inputs), General Masses (Household Products)	3,663
15	Section 13 - 6th Schedule Table-I	90-d-Medical, And Dental Instruments And Supplies	Manufacturing (Industrial inputs), General Masses (Household Products)	3,600
16	Section 13 - 6th Schedule Table-I	01-a-Live Animals	Manufacturing (Industrial inputs), General Masses (Household Products)	3,319
17	Section 13 - 6th Schedule Table-I	10-a-Rice	Manufacturing (Industrial inputs), General Masses (Household Products)	3,268
18	Section 13 - 6th Schedule Table-I	85-a-Electric Transmission And Distribution Equipm	Manufacturing (Industrial inputs), General Masses (Household Products)	2,649
19	Section 13 - 6th Schedule Table-I	19-a-Preparation Of Cereals, Flour, Starch Or Milk	Manufacturing (Industrial inputs), General Masses (Household Products)	2,371
20	Section 13 - 6th Schedule Table-I	90-b-Laboratory Apparatus And Analytical, Optical,	Manufacturing (Industrial inputs), General Masses (Household Products)	2,113
21	Section 13 - 6th Schedule Table-I	11-a-Milling Industry Products	Manufacturing (Industrial inputs), General Masses (Household Products)	1,904
22	Section 13 - 6th Schedule Table-I	90-c-Surgical Instruments	Manufacturing (Industrial inputs), General Masses (Household Products)	1,503
23	Section 13 - 6th Schedule Table-I	29-a-Organic Chemicals	Manufacturing (Industrial inputs), General Masses (Household Products)	1,349
24	Section 13 - 6th Schedule Table-I	85-d-Electric Lighting And Wiring Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	1,149
25	Section 13 - 6th Schedule Table-I	27-e-Petroleum Gases & Other Gaseous Hydrocarbons	Manufacturing (Industrial inputs), General Masses (Household Products)	1,120
26	Section 13 - 6th Schedule Table-I	08-a-Edible Fruits & Nuts, Peel Of Citrus/Melons	Manufacturing (Industrial inputs), General Masses (Household Products)	1,030
27	Section 13 - 6th Schedule Table-I	85-c-Household Electric Appliances	Manufacturing (Industrial inputs), General Masses (Household Products)	906
28	Section 13 - 6th Schedule Table-I	85-g-Electronic Components And Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	838

29	Section 13 - 6th Schedule Table-I	03-a-Fish & Crustaceans	Manufacturing (Industrial inputs), General Masses (Household Products)	836
30	Section 13 - 6th Schedule Table-I	16-a-Edible Preparation Of Meat, Fish, Crustaceans	Manufacturing (Industrial inputs), General Masses (Household Products)	830
31	Section 13 - 6th Schedule Table-I	37-a-Photographic Or Cinematographic Goods	Manufacturing (Industrial inputs), General Masses (Household Products)	799
32	Section 13 - 6th Schedule Table-I	96-a-Misc. Manufactured Articles brush- es, buttons,	Manufacturing (Industrial inputs), General Masses (Household Products)	769
33	Section 13 - 6th Schedule Table-I	36-b-Matches	General Masses (Household Products)	756
34	Section 13 - 6th Schedule Table-I	04-b-Eggs, Honey, & Ed. Products Of Animal Origin	Manufacturing (Industrial inputs), General Masses (Household Products)	744
35	Section 13 - 6th Schedule Table-I	48-b-Articles Of Paper Pulp Filter Paper, Wallpaper	Manufacturing (Industrial inputs), General Masses (Household Products)	674
36	Section 13 - 6th Schedule Table-I	23-a-Residues From Food Industries, Oilcake	Manufacturing (Industrial inputs), General Masses (Household Products)	659
37	Section 13 - 6th Schedule Table-I	21-c-Beverage Concentrate, Other Misc Edible	Manufacturing (Industrial inputs), General Masses (Household Products)	571
38	Section 13 - 6th Schedule Table-I	84-a-Engines Turbines And Turbines	Manufacturing (Industrial inputs), General Masses (Household Products)	570
39	Section 13 - 6th Schedule Table-I	94-a-Furniture, Bedding, Cushions, Lamps & Lightings	Manufacturing (Industrial inputs), General Masses (Household Products)	566
40	Section 13 - 6th Schedule Table-I	84-b-Agricultural Farm And Garden Machinery And Equip	Manufacturing (Industrial inputs), General Masses (Household Products)	556
41	Section 13 - 6th Schedule Table-I	25-a-Salt, Sculpture, Earth & Stone, Lime	Manufacturing (Industrial inputs), General Masses (Household Products)	519
42	Section 13 - 6th Schedule Table-I	09-b-Coffee, Coffee Substitutes; Mate, Spices	Manufacturing (Industrial inputs), General Masses (Household Products)	513
43	Section 13 - 6th Schedule Table-I	17-c-Sugar Confectionary	Manufacturing (Industrial inputs), General Masses (Household Products)	471
44	Section 13 - 6th Schedule Table-I	20-a-Preparations Of Vegetables, Fruits, Nuts, Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	377

45	Section 13 - 6th Schedule Table-I	28-a-Inorganic Chemicals, Organic / Inorganic Comp	Manufacturing (Industrial inputs), General Masses (Household Products)	333
46	Section 13 - 6th Schedule Table-I	14-b-Vegetable Plaiting Materials	Manufacturing (Industrial inputs), General Masses (Household Products)	304
47	Section 13 - 6th Schedule Table-I	98-04-CONSTRUCTION	Manufacturing (Industrial inputs), General Masses (Household Products)	298
48	Section 13 - 6th Schedule Table-I	39-d-Other Articles Of Plastics Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	298
49	Section 13 - 6th Schedule Table-I	48-a-Paper & Paperboard, Rolls , Sheets	Manufacturing (Industrial inputs), General Masses (Household Products)	275
50	Section 13 - 6th Schedule Table-I	84-i-Miscellaneous Industrial And Com- mercial Equip	Manufacturing (Industrial inputs), General Masses (Household Products)	244
51	Section 13 - 6th Schedule Table-I	17-a-Sugars	Manufacturing (Industrial inputs), General Masses (Household Products)	220
52	Section 13 - 6th Schedule Table-I	52-c-Cotton Fabric	Manufacturing (Industrial inputs), General Masses (Household Products)	191
53	Section 13 - 6th Schedule Table-I	22-a-Natural Water Including Mineral Water; Ice	Manufacturing (Industrial inputs), General Masses (Household Products)	145
54	Section 13 - 6th Schedule Table-I	71-a-Pearls, Stones, Precious Metals, Imitation	Manufacturing (Industrial inputs), General Masses (Household Products)	145
55	Section 13 - 6th Schedule Table-I	20-b-Fruit And / Or Vegetable Juices	Manufacturing (Industrial inputs), General Masses (Household Products)	136
56	Section 13 - 6th Schedule Table-I	31-f-OTHER FERTILIZERS	Manufacturing (Industrial inputs), General Masses (Household Products)	128
57	Section 13 - 6th Schedule Table-I	40-a-Rubbers & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	122
58	Section 13 - 6th Schedule Table-I	06-a-Live Trees And Other Plants	Manufacturing (Industrial inputs), General Masses (Household Products)	110
59	Section 13 - 6th Schedule Table-I	87-d-Other Vehicles / Carriages / Trail- ers; Vehicle	Manufacturing (Industrial inputs), General Masses (Household Products)	107
60	Section 13 - 6th Schedule Table-I	35-a-Albuminoidal Sub, Starches, Glues, Enzymes	Manufacturing (Industrial inputs), General Masses (Household Products)	78

61	Section 13 - 6th Schedule Table-I	15-a-Animal Oil, Fats & Waxes Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	76
62	Section 13 - 6th Schedule Table-I	73-a-Articles Of Iron Or Steel	Manufacturing (Industrial inputs), General Masses (Household Products)	70
63	Section 13 - 6th Schedule Table-I	98-23-TRANSPORT	Manufacturing (Industrial inputs), General Masses (Household Products)	65
64	Section 13 - 6th Schedule Table-I	98-02-ADVERTISEMENT	Manufacturing (Industrial inputs), General Masses (Household Products)	64
65	Section 13 - 6th Schedule Table-I	27-d-Lubricating Oils And Greases	Manufacturing (Industrial inputs), General Masses (Household Products)	61
66	Section 13 - 6th Schedule Table-I	39-b-Plastics Packaging Materials Incl Boxes, Bags	Manufacturing (Industrial inputs), General Masses (Household Products)	58
67	Section 13 - 6th Schedule Table-I	32-b-Tanning Or Dyeing Extracts, Dyes, Pigments,	Manufacturing (Industrial inputs), General Masses (Household Products)	56
68	Section 13 - 6th Schedule Table-I	84-f-General Industrial Machinery And Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	55
69	Section 13 - 6th Schedule Table-I	25-b-Cement Clinker; Cement	Manufacturing (Industrial inputs), General Masses (Household Products)	54
70	Section 13 - 6th Schedule Table-I	05-a-Products Of Animal Origin Inedible	Manufacturing (Industrial inputs), General Masses (Household Products)	54
71	Section 13 - 6th Schedule Table-I	84-c-Construction, Mining, And Materials Handling	Manufacturing (Industrial inputs), General Masses (Household Products)	53
72	Section 13 - 6th Schedule Table-I	24-a-Tobacco, Raw Or Processed; Tobacco Refuse;	Manufacturing (Industrial inputs), General Masses (Household Products)	53
73	Section 13 - 6th Schedule Table-I	52-b-Cotton Yarn / Thread	Manufacturing (Industrial inputs), General Masses (Household Products)	51
74	Section 13 - 6th Schedule Table-I	21-a-Extracts Of Coffee, Tea Etc, Yeasts, Sauces	Manufacturing (Industrial inputs), General Masses (Household Products)	51
75	Section 13 - 6th Schedule Table-I	85-f-Communications Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	47
76	Section 13 - 6th Schedule Table-I	68-a-Articles Of Stone, Plaster, Cement, Asbestos,	Manufacturing (Industrial inputs), General Masses (Household Products)	46

77	Section 13 - 6th Schedule Table-I	33-a-Oils & Resinoids, Perfumery, Cos- metic Or Toil	Manufacturing (Industrial inputs), General Masses (Household Products)	43
78	Section 13 - 6th Schedule Table-I	85-b-Electrical Industrial Apparatus	Manufacturing (Industrial inputs), General Masses (Household Products)	42
79	Section 13 - 6th Schedule Table-I	81-a-Base Metals Nesoi, Cermets, Arti- cles Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	39
80	Section 13 - 6th Schedule Table-I	34-a-Soaps, Waxes, Scouring Products, Candles,	Manufacturing (Industrial inputs), General Masses (Household Products)	37
81	Section 13 - 6th Schedule Table-I	50-a-Silk, Including Yarns & Woven Fabrics Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	32
82	Section 13 - 6th Schedule Table-I	27-c-Petroleum Refined Oil & Related Products	Manufacturing (Industrial inputs), General Masses (Household Products)	32
83	Section 13 - 6th Schedule Table-I	27-a-Coal , Lignite, Coal Gas, Oils ,Tars And Coal	Manufacturing (Industrial inputs), General Masses (Household Products)	31
84	Section 13 - 6th Schedule Table-I	90-e-Photographic Cinematographic Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	30
85	Section 13 - 6th Schedule Table-I	90-a-Search, Detection, Navigation, Aeronautical	Manufacturing (Industrial inputs), General Masses (Household Products)	28
86	Section 13 - 6th Schedule Table-I	87-b-Public Transport Vehicles; Motor Vehicles	Manufacturing (Industrial inputs), General Masses (Household Products)	28
87	Section 13 - 6th Schedule Table-I	39-c-Plastics Pipe, Pipe Fitting, Baths, Washbasin	Manufacturing (Industrial inputs), General Masses (Household Products)	28
88	Section 13 - 6th Schedule Table-I	09-a-Tea	Manufacturing (Industrial inputs), General Masses (Household Products)	28
89	Section 13 - 6th Schedule Table-I	24-b-Cigarettes, Cigars Etc., Of Tobacco Or substitutes	Manufacturing (Industrial inputs)	28
90	Section 13 - 6th Schedule Table-I	98-22-MAINTENANCE AND REPAIR	Manufacturing (Industrial inputs)	25
91	Section 13 - 6th Schedule Table-I	18-a-Cocoa And Cocoa Preparations, Chocolate	Manufacturing (Industrial inputs), General Masses (Household Products)	24
92	Section 13 - 6th Schedule Table-I	32-a-Paints, Varnishes, Lacquers, Enam- els	Manufacturing (Industrial inputs), General Masses (Household Products)	21

93	Section 13 - 6th Schedule Table-I	42-a-Articles Of Leather	Manufacturing (Industrial inputs), General Masses (Household Products)	20
94	Section 13 - 6th Schedule Table-I	63-a-Made-Up Textile Articles Nesoi, Needlecraft	Manufacturing (Industrial inputs), General Masses (Household Products)	20
95	Section 13 - 6th Schedule Table-I	97-a-Works Of Art; Collectors' Pieces, Antiques	Manufacturing (Industrial inputs), General Masses (Household Products)	18
96	Section 13 - 6th Schedule Table-I	98-20-WORKSHOPS	Manufacturing (Industrial inputs), General Masses (Household Products)	18
97	Section 13 - 6th Schedule Table-I	39-a-Polymers, Polyesters In Primary Form Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	17
98	Section 13 - 6th Schedule Table-I	98-33-LABOUR AND MENPOWER SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	16
99	Section 13 - 6th Schedule Table-I	84-e-Special Industry Machinery Textile, Food, Papers	Manufacturing (Industrial inputs), General Masses (Household Products)	15
100	Section 13 - 6th Schedule Table-I	84-h-Refrigeration And Service Industry Machinery	Manufacturing (Industrial inputs), General Masses (Household Products)	15
101	Section 13 - 6th Schedule Table-I	98-18-SECURITY SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	13
102	Section 13 - 6th Schedule Table-I	55-c-Fabric Of Man-Made Fibers	Manufacturing (Industrial inputs), General Masses (Household Products)	12
103	Section 13 - 6th Schedule Table-I	98-34-BUSINESS SUPPORT SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	12
104	Section 13 - 6th Schedule Table-I	62-a-Articles Of Apparel & Clothing Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	10
105	Section 13 - 6th Schedule Table-I	98-25-MEDICAL LABORATORIES	Manufacturing (Industrial inputs), General Masses (Household Products)	9
106	Section 13 - 6th Schedule Table-I	72-a-Iron & Steel; Ferroalloys; Bars	Manufacturing (Industrial inputs), General Masses (Household Products)	9
107	Section 13 - 6th Schedule Table-I	95-a-Toys, Games, Related Equipment, Parts & Acces	Manufacturing (Industrial inputs), General Masses (Household Products)	9
108	Section 13 - 6th Schedule Table-I	41-a-Raw Hides & Skins & Leather	Manufacturing (Industrial inputs), General Masses (Household Products)	9

109	Section 13 - 6th Schedule Table-I	76-a-Aluminum & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	9
110	Section 13 - 6th Schedule Table-I	85-e-Household Audio And Video Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	8
111	Section 13 - 6th Schedule Table-I	55-b-Yarn / Thread Of Man-Made Fibers	Manufacturing (Industrial inputs), General Masses (Household Products)	8
112	Section 13 - 6th Schedule Table-I	69-a-Ceramic Products	Manufacturing (Industrial inputs), General Masses (Household Products)	8
113	Section 13 - 6th Schedule Table-I	44-a-Wood & Articles Of Wood, Wood Charcoal	Manufacturing (Industrial inputs), General Masses (Household Products)	8
114	Section 13 - 6th Schedule Table-I	70-a-Glass & Glassware	Manufacturing (Industrial inputs), General Masses (Household Products)	7
115	Section 13 - 6th Schedule Table-I	84-d-Metalworking Machinery And Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	7
116	Section 13 - 6th Schedule Table-I	98-27-TELECOM COMPANIES	Manufacturing (Industrial inputs)	7
117	Section 13 - 6th Schedule Table-I	95-b-Sports Goods	Manufacturing (Industrial inputs), General Masses (Household Products)	6
118	Section 13 - 6th Schedule Table-I	31-b-DAP	Manufacturing (Industrial inputs), General Masses (Household Products)	6
119	Section 13 - 6th Schedule Table-I	87-c-Motorcycles	Manufacturing (Industrial inputs), General Masses (Household Products)	6
120	Section 13 - 6th Schedule Table-I	55-a-Man-Made Staple Fibers / Tows	Manufacturing (Industrial inputs), General Masses (Household Products)	6
121	Section 13 - 6th Schedule Table-I	74-b-Copper Wires & Cables	Manufacturing (Industrial inputs), General Masses (Household Products)	6
122	Section 13 - 6th Schedule Table-I	22-d-Alcoholic Beverages, Spirits, Vinegar	Manufacturing (Industrial inputs), General Masses (Household Products)	4.8
123	Section 13 - 6th Schedule Table-I	78-a-Lead & Articles Thereof Excluding Reclaimed	Manufacturing (Industrial inputs), General Masses (Household Products)	4.2
124	Section 13 - 6th Schedule Table-I	98-24-HOSPITAL	General Masses (Medical Equipments)	3.8

125	Section 13 - 6th Schedule Table-I	88-a-Aircraft, Spacecraft, Missiles & Parts Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	3.2
126	Section 13 - 6th Schedule Table-I	74-a-Copper & Articles Thereof Exclud- ing Wires	Manufacturing (Industrial inputs), General Masses (Household Products)	3.1
127	Section 13 - 6th Schedule Table-I	47-a-Pulp Of Wood, Waste & Scrap Of Paper	Manufacturing (Industrial inputs)	3.1
128	Section 13 - 6th Schedule Table-I	98-28-TECHNICAL	Manufacturing (Industrial inputs), General Masses (Household Products)	2.8
129	Section 13 - 6th Schedule Table-I	98-01-HOTELS	Manufacturing (Industrial inputs)	2.6
130	Section 13 - 6th Schedule Table-I	98-26-FINANCIAL BANKING AND INSUARANCE SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	2.5
131	Section 13 - 6th Schedule Table-I	57-a-Carpets & Other Textile Floor Coverings	Manufacturing (Industrial inputs), General Masses (Household Products)	2.4
132	Section 13 - 6th Schedule Table-I	53-a-Vegetable Textile Fibers Nesoi, Yarns & Woven	Manufacturing (Industrial inputs), General Masses (Household Products)	2.3
133	Section 13 - 6th Schedule Table-I	64-a-Footwear, Gaiters, & The Like	Manufacturing (Industrial inputs), General Masses (Household Products)	2.2
134	Section 13 - 6th Schedule Table-I	60-a-Knitted Or Crocheted Fabrics	Manufacturing (Industrial inputs), General Masses (Household Products)	2.2
135	Section 13 - 6th Schedule Table-I	82-a-Tools, Spoons & Forks Of Base Metal	Manufacturing (Industrial inputs), General Masses (Household Products)	2.0
136	Section 13 - 6th Schedule Table-I	79-a-Zinc & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	1.9
137	Section 13 - 6th Schedule Table-I	83-a-Miscellaneous Articles Of Base Metal	Manufacturing (Industrial inputs), General Masses (Household Products)	1.8
138	Section 13 - 6th Schedule Table-I	26-a-Ores, Slag & Ash	Manufacturing (Industrial inputs), General Masses (Household Products)	1.8
139	Section 13 - 6th Schedule Table-I	58-a-Special Woven Fabrics, Tufted Textiles, Lace	Manufacturing (Industrial inputs), General Masses (Household Products)	1.6
140	Section 13 - 6th Schedule Table-I	31-e-SSP	Manufacturing (Industrial inputs)	1.5

141	Section 13 - 6th Schedule Table-I	61-a-Articles Of Apparel & Clothing Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	1.4
142	Section 13 - 6th Schedule Table-I	67-a-Prepared Feathers, Human Hair & Articles	Manufacturing (Industrial inputs), General Masses (Household Products)	1.4
143	Section 13 - 6th Schedule Table-I	27-f-Petroleum Jelly, Coke , Bitumn & Similar Misc	Manufacturing (Industrial inputs), General Masses (Household Products)	1.4
144	Section 13 - 6th Schedule Table-I	80-a-Tin & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	1.4
145	Section 13 - 6th Schedule Table-I	39-e-Foam Product	Manufacturing (Industrial inputs), General Masses (Household Products)	1.3
146	Section 13 - 6th Schedule Table-I	56-a-Wadding, Felt & Nonwovens, Spe- cial Yarns, Twi	Manufacturing (Industrial inputs), General Masses (Household Products)	1.1
147	Section 13 - 6th Schedule Table-I	22-c-Aerated Waters	Manufacturing (Industrial inputs), General Masses (Household Products)	0.9
148	Section 13 - 6th Schedule Table-I	87-a-Tractors	Manufacturing (Industrial inputs), General Masses (Household Products)	0.9
149	Section 13 - 6th Schedule Table-I	22-b-Waters Sweetened Etc, Non-Alco- holic Beverages	Manufacturing (Industrial inputs), General Masses (Household Products)	0.6
150	Section 13 - 6th Schedule Table-I	36-a-Explosives, Pyrotechnic Products	Manufacturing (Industrial inputs), General Masses (Household Products)	0.6
151	Section 13 - 6th Schedule Table-I	91-a-Clocks & Watches & Parts Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	0.6
152	Section 13 - 6th Schedule Table-I	21-b-Ice Cream	Manufacturing (Industrial inputs), General Masses (Household Products)	0.4
153	Section 13 - 6th Schedule Table-I	98-06-SHIPPING AND FORWARDING	Manufacturing (Industrial inputs), General Masses (Household Products)	0.4
154	Section 13 - 6th Schedule Table-I	98-03-AIR LINE (TRAVEL BY AIR)	Manufacturing (Industrial inputs), General Masses (Household Products)	0.3
155	Section 13 - 6th Schedule Table-I	98-15-MANAGEMENT CONSULTANTS SOFTWARE	Manufacturing (Industrial inputs)	0.2
156	Section 13 - 6th Schedule Table-I	98-05-CUSTOM AGENT , TOUR OPER- ATORS	Manufacturing (Industrial inputs), General Masses (Household Products)	0.2

157	Section 13 - 6th Schedule Table-I	98-11-LAUNDRY	Manufacturing (Industrial inputs), General Masses (Household Products)	0.2
158	Section 13 - 6th Schedule Table-I	54-a-Man-Made Filaments, Inc. Yarns & Woven Etc.	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
159	Section 13 - 6th Schedule Table-I	98-09-PRINTING SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
160	Section 13 - 6th Schedule Table-I	59-a-Impregnated, Coated, Covered, Or Laminated	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
161	Section 13 - 6th Schedule Table-I	45-a-Cork & Articles Of Cork	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
162	Section 13 - 6th Schedule Table-I	65-a-Headgear & Other Parts	Manufacturing (Industrial inputs), General Masses (Household Products)	-
163	Section 13 - 6th Schedule Table-I	51-a-Wool & Fine Or Coarse Animal Hair, Inc. Yarns	Manufacturing (Industrial inputs), General Masses (Household Products)	-
164	Section 13 - 6th Schedule Table-I	86-a-Railway Or Tramway Locomotives, Railroad Equi	Manufacturing (Industrial inputs), General Masses (Household Products)	-
165	Section 13 - 6th Schedule Table-I	46-a-Manufactures Of Straw, Esparto, Or Other Plai	Manufacturing (Industrial inputs), General Masses (Household Products)	-
166	Section 13 - 6th Schedule Table-I	89-b-Ships, Boats, & Floating Structures	Manufacturing (Industrial inputs), General Masses (Household Products)	-
167	Section 13 - 6th Schedule Table-I	31-c-Nitrophosphate	Manufacturing (Industrial inputs), General Masses (Household Products)	-
168	Section 13 - 6th Schedule Table-I	17-b-Molasses	Manufacturing (Industrial inputs), General Masses (Household Products)	-
169	Section 13 - 6th Schedule Table-I	98-33-AIR FREIGHT AND SERVICES CHARGES	Manufacturing (Industrial inputs), General Masses (Household Products)	-
170	Section 13 - 6th Schedule Table-I	92-a-Musical Instruments, Parts & Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	-
171	Section 13 - 6th Schedule Table-I	13-a-Lac; Gums, Resins Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	-
172	Section 13 - 6th Schedule Table-I	98-17-TESTING NON MEDICAL	Manufacturing (Industrial inputs), General Masses (Household Products)	-

173	Section 13 - 6th Schedule Table-I	98-08-COURIER SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	-
174	Section 13 - 6th Schedule Table-I	98-21-HEALTH CLUBS	Manufacturing (Industrial inputs), General Masses (Household Products)	-
Total				334,230
Less adjustment (Exemption on Local Supplies) *				(78,387)
<b>Total after adjustment</b>				<b>255,843</b>

### Exemption on Local Supplies

1	Section 13 - 6th Sched, Table-II	52-a-Cotton, Cotton Waste	Manufacturing (Industrial inputs), General Masses (Household Products)	24,963
2	Section 13 - 6th Sched, Table-II	23-b-Poultry And Animal Feed; Meals Of Sunflower	Manufacturing (Industrial inputs), General Masses (Household Products)	15,991
3	Section 13 - 6th Sched, Table-II	15-b-Vegetable Oil, Fats & Waxes Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	1,827
4	Section 13 - 6th Sched, Table-II	85-a-Electric Transmission And Distribution Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	1,456
5	Section 13 - 6th Sched, Table-II	30-a-Pharmaceutical Products	Manufacturing (Industrial inputs), General Masses (Household Products)	1,285
6	Section 13 - 6th Sched, Table-II	10-b-Cereals And Grains Other Than Rice	Manufacturing (Industrial inputs), General Masses (Household Products)	1,060
7	Section 13 - 6th Sched, Table-II	04-a-Milk Cream And Butter Dairy Products	Manufacturing (Industrial inputs), General Masses (Household Products)	1,035
8	Section 13 - 6th Sched, Table-II	19-a-Preparation Of Cereals, Flour, Starch Or Milk	Manufacturing (Industrial inputs), General Masses (Household Products)	1,020
9	Section 13 - 6th Sched, Table-II	10-a-Rice	Manufacturing (Industrial inputs), General Masses (Household Products)	958
10	Section 13 - 6th Sched, Table-II	85-d-Electric Lighting And Wiring Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	562
11	Section 13 - 6th Sched, Table-II	36-b-Matches	Manufacturing (Industrial inputs), General Masses (Household Products)	528

12	Section 13 - 6th Sched, Table-II	85-h-Miscellaneous Electrical Machinery, Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	510
13	Section 13 - 6th Sched, Table-II	12-b-Oil Seeds, Misc. Grains, Medicinal Plants	Manufacturing (Industrial inputs), General Masses (Household Products)	412
14	Section 13 - 6th Sched, Table-II	84-a-Engines Turbines And Turbines	Manufacturing (Industrial inputs), General Masses (Household Products)	391
15	Section 13 - 6th Sched, Table-II	23-a-Residues From Food Industries, Oilcake	Manufacturing (Industrial inputs), General Masses (Household Products)	380
16	Section 13 - 6th Sched, Table-II	21-c-Beverage Concentrate, Other Misc Edible	Manufacturing (Industrial inputs), General Masses (Household Products)	235
17	Section 13 - 6th Sched, Table-II	84-g-Computer And Office Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	208
18	Section 13 - 6th Sched, Table-II	20-a-Preparations Of Vegetables, Fruits, Nuts, Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	194
19	Section 13 - 6th Sched, Table-II	08-a-Edible Fruits & Nuts, Peel Of Citrus/Melons	Manufacturing (Industrial inputs), General Masses (Household Products)	135
20	Section 13 - 6th Sched, Table-II	07-a-Edible Vegetables	Manufacturing (Industrial inputs), General Masses (Household Products)	131
21	Section 13 - 6th Sched, Table-II	01-a-Live Animals	Manufacturing (Industrial inputs), General Masses (Household Products)	129
22	Section 13 - 6th Sched, Table-II	04-b-Eggs, Honey, & Ed. Products Of Animal Origin	Manufacturing (Industrial inputs), General Masses (Household Products)	122
23	Section 13 - 6th Sched, Table-II	52-c-Cotton Fabric	Manufacturing (Industrial inputs), General Masses (Household Products)	112
24	Section 13 - 6th Sched, Table-II	17-c-Sugar Confectionary	Manufacturing (Industrial inputs), General Masses (Household Products)	101
25	Section 13 - 6th Sched, Table-II	14-b-Vegetable Plaiting Materials	Manufacturing (Industrial inputs), General Masses (Household Products)	86
26	Section 13 - 6th Sched, Table-II	84-b-Agricultural Farm And Garden Machinery	Manufacturing (Industrial inputs), General Masses (Household Products)	82
27	Section 13 - 6th Sched, Table-II	11-a-Milling Industry Products	Manufacturing (Industrial inputs), General Masses (Household Products)	81

28	Section 13 - 6th Sched, Table-II	27-g-Electrical Energy	Manufacturing (Industrial inputs), General Masses (Household Products)	76
29	Section 13 - 6th Sched, Table-II	03-a-Fish & Crustaceans	Manufacturing (Industrial inputs), General Masses (Household Products)	52
30	Section 13 - 6th Sched, Table-II	84-i-Miscellaneous Industrial And Com- mercial Equipments	Manufacturing (Industrial inputs), General Masses (Household Products)	46
31	Section 13 - 6th Sched, Table-II	29-a-Organic Chemicals	Manufacturing (Industrial inputs), General Masses (Household Products)	42
32	Section 13 - 6th Sched, Table-II	85-g-Electronic Components And Acces- sories	Manufacturing (Industrial inputs), General Masses (Household Products)	37
33	Section 13 - 6th Sched, Table-II	94-a-Furniture, Bedding, Cushions, Lamps & Lightings	Manufacturing (Industrial inputs), General Masses (Household Products)	34
34	Section 13 - 6th Sched, Table-II	52-b-Cotton Yarn / Thread	Manufacturing (Industrial inputs), General Masses (Household Products)	34
35	Section 13 - 6th Sched, Table-II	38-a-Miscellaneous Chemical Products	Manufacturing (Industrial inputs), General Masses (Household Products)	33
36	Section 13 - 6th Sched, Table-II	24-a-Tobacco, Raw Or Processed; Tobac- co Refuse	Manufacturing (Industrial inputs), General Masses (Household Products)	32
37	Section 13 - 6th Sched, Table-II	06-a-Live Trees And Other Plants	Manufacturing (Industrial inputs), General Masses (Household Products)	25
38	Section 13 - 6th Sched, Table-II	85-c-Household Electric Appliances	Manufacturing (Industrial inputs), General Masses (Household Products)	24
39	Section 13 - 6th Sched, Table-II	81-a-Base Metals Nesoi, Cermets, Arti- cles Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	23
40	Section 13 - 6th Sched, Table-II	09-b-Coffee, Coffee Substitutes; Mate, Spices &	Manufacturing (Industrial inputs), General Masses (Household Products)	21
41	Section 13 - 6th Sched, Table-II	35-a-Albuminoidal Sub, Starches, Glues, Enzymes	Manufacturing (Industrial inputs), General Masses (Household Products)	19
42	Section 13 - 6th Sched, Table-II	27-c-Petroleum Refined Oil & Related Products	Manufacturing (Industrial inputs), General Masses (Household Products)	19
43	Section 13 - 6th Sched, Table-II	25-a-Salt, Sculpture, Earth & Stone, Lime	Manufacturing (Industrial inputs), General Masses (Household Products)	17

44	Section 13 - 6th Sched, Table-II	73-a-Articles Of Iron Or Steel	Manufacturing (Industrial inputs), General Masses (Household Products)	17
45	Section 13 - 6th Sched, Table-II	87-d-Other Vehicles / Carriages / Trail- ers; Vehicles	Manufacturing (Industrial inputs), General Masses (Household Products)	16
46	Section 13 - 6th Sched, Table-II	98-02-ADVERTISEMENT	Manufacturing (Industrial inputs), General Masses (Household Products)	16
47	Section 13 - 6th Sched, Table-II	24-b-Cigarettes, Cigars Etc., Of Tobacco Or substitutes	Manufacturing (Industrial inputs), General Masses (Household Products)	15
48	Section 13 - 6th Sched, Table-II	22-a-Natural Water Including Mineral Water;	Manufacturing (Industrial inputs), General Masses (Household Products)	14
49	Section 13 - 6th Sched, Table-II	87-b-Public Transport Vehicles; Motor Vehicles For	Manufacturing (Industrial inputs), General Masses (Household Products)	14
50	Section 13 - 6th Sched, Table-II	84-c-Construction, Mining, And Materi- als Handling	Manufacturing (Industrial inputs), General Masses (Household Products)	14
51	Section 13 - 6th Sched, Table-II	02-a-Meat & Edible Meat Offal	Manufacturing (Industrial inputs), General Masses (Household Products)	14
52	Section 13 - 6th Sched, Table-II	90-b-Laboratory Apparatus And Analyt- ical, Optical	Manufacturing (Industrial inputs), General Masses (Household Products)	11
53	Section 13 - 6th Sched, Table-II	25-b-Cement Clinker; Cement	Manufacturing (Industrial inputs), General Masses (Household Products)	11
54	Section 13 - 6th Sched, Table-II	98-20-WORKSHOPS	Manufacturing (Industrial inputs), General Masses (Household Products)	11
55	Section 13 - 6th Sched, Table-II	15-a-Animal Oil, Fats & Waxes Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	10
56	Section 13 - 6th Sched, Table-II	27-a-Coal , Lignite, Coal Gas, Oils ,Tars And Coal	Manufacturing (Industrial inputs), General Masses (Household Products)	10
57	Section 13 - 6th Sched, Table-II	28-a-Inorganic Chemicals, Organic / Inorganic Comp	Manufacturing (Industrial inputs), General Masses (Household Products)	10
58	Section 13 - 6th Sched, Table-II	84-e-Special Industry Machinery Textile, Food, Papers	Manufacturing (Industrial inputs), General Masses (Household Products)	10
59	Section 13 - 6th Sched, Table-II	90-c-Surgical Instruments	Manufacturing (Industrial inputs), General Masses (Household Products)	9

60	Section 13 - 6th Sched, Table-II	40-a-Rubbers & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	9
61	Section 13 - 6th Sched, Table-II	68-a-Articles Of Stone, Plaster, Cement, Asbestos	Manufacturing (Industrial inputs), General Masses (Household Products)	8
62	Section 13 - 6th Sched, Table-II	98-04-CONSTRUCTION	Manufacturing (Industrial inputs), General Masses (Household Products)	8
63	Section 13 - 6th Sched, Table-II	16-a-Edible Preparation Of Meat, Fish, Crustaceans	Manufacturing (Industrial inputs), General Masses (Household Products)	8
64	Section 13 - 6th Sched, Table-II	55-c-Fabric Of Man-Made Fibers	Manufacturing (Industrial inputs), General Masses (Household Products)	8
65	Section 13 - 6th Sched, Table-II	85-b-Electrical Industrial Apparatus	Manufacturing (Industrial inputs), General Masses (Household Products)	7
66	Section 13 - 6th Sched, Table-II	90-d-Medical, And Dental Instruments And Supplies	Manufacturing (Industrial inputs), General Masses (Household Products)	7
67	Section 13 - 6th Sched, Table-II	49-a-Printed Books, Newspapers, Pictures, Manuscript	Manufacturing (Industrial inputs), General Masses (Household Products)	7
68	Section 13 - 6th Sched, Table-II	20-b-Fruit And / Or Vegetable Juices	Manufacturing (Industrial inputs), General Masses (Household Products)	6
69	Section 13 - 6th Sched, Table-II	17-a-Sugars	Manufacturing (Industrial inputs), General Masses (Household Products)	6
70	Section 13 - 6th Sched, Table-II	50-a-Silk, Including Yarns & Woven Fabrics Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	5
71	Section 13 - 6th Sched, Table-II	62-a-Articles Of Apparel & Clothing Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	5
72	Section 13 - 6th Sched, Table-II	72-a-Iron & Steel; Ferroalloys; Bars, Including	Manufacturing (Industrial inputs), General Masses (Household Products)	4
73	Section 13 - 6th Sched, Table-II	98-22-MAINTENANCE AND REPAIR	Manufacturing (Industrial inputs), General Masses (Household Products)	4
74	Section 13 - 6th Sched, Table-II	55-a-Man-Made Staple Fibers / Tows	Manufacturing (Industrial inputs), General Masses (Household Products)	4
75	Section 13 - 6th Sched, Table-II	41-a-Raw Hides & Skins & Leather	Manufacturing (Industrial inputs), General Masses (Household Products)	3

76	Section 13 - 6th Sched, Table-II	48-a-Paper & Paperboard, Rolls , Sheets	Manufacturing (Industrial inputs), General Masses (Household Products)	3
77	Section 13 - 6th Sched, Table-II	85-e-Household Audio And Video Equip- ment, And Audi	Manufacturing (Industrial inputs), General Masses (Household Products)	3
78	Section 13 - 6th Sched, Table-II	39-c-Plastics Pipe, Pipe Fitting, Baths, Washbasin	Manufacturing (Industrial inputs), General Masses (Household Products)	3
79	Section 13 - 6th Sched, Table-II	31-f-OTHER FERTILIZERS	Manufacturing (Industrial inputs), General Masses (Household Products)	2
80	Section 13 - 6th Sched, Table-II	44-a-Wood & Articles Of Wood, Wood Charcoal	Manufacturing (Industrial inputs), General Masses (Household Products)	2
81	Section 13 - 6th Sched, Table-II	31-b-DAP	Manufacturing (Industrial inputs), General Masses (Household Products)	2
82	Section 13 - 6th Sched, Table-II	39-b-Plastics Packaging Materials Incl Boxes, Bags	Manufacturing (Industrial inputs), General Masses (Household Products)	2
83	Section 13 - 6th Sched, Table-II	98-26-FINANCIAL BANKING AND INSUARANCE SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	2
84	Section 13 - 6th Sched, Table-II	74-a-Copper & Articles Thereof Exclud- ing Wires	Manufacturing (Industrial inputs), General Masses (Household Products)	2
85	Section 13 - 6th Sched, Table-II	98-23-TRANSPORT	Manufacturing (Industrial inputs), General Masses (Household Products)	2
86	Section 13 - 6th Sched, Table-II	47-a-Pulp Of Wood, Waste & Scrap Of Paper	Manufacturing (Industrial inputs), General Masses (Household Products)	2
87	Section 13 - 6th Sched, Table-II	18-a-Cocoa And Cocoa Preparations, Chocolate	Manufacturing (Industrial inputs), General Masses (Household Products)	1.5
88	Section 13 - 6th Sched, Table-II	90-a-Search, Detection, Navigation, Aeronautical,	Manufacturing (Industrial inputs), General Masses (Household Products)	1.4
89	Section 13 - 6th Sched, Table-II	84-f-General Industrial Machinery And Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	1.4
90	Section 13 - 6th Sched, Table-II	05-a-Products Of Animal Origin Inedible	Manufacturing (Industrial inputs), General Masses (Household Products)	1.3
91	Section 13 - 6th Sched, Table-II	84-d-Metalworking Machinery And Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	1.1

92	Section 13 - 6th Sched, Table-II	26-a-Ores, Slag & Ash	Manufacturing (Industrial inputs), General Masses (Household Products)	1.1
93	Section 13 - 6th Sched, Table-II	69-a-Ceramic Products	Manufacturing (Industrial inputs), General Masses (Household Products)	1.1
94	Section 13 - 6th Sched, Table-II	55-b-Yarn / Thread Of Man-Made Fibers	Manufacturing (Industrial inputs), General Masses (Household Products)	1.0
95	Section 13 - 6th Sched, Table-II	98-28-TECHNICAL	Manufacturing (Industrial inputs), General Masses (Household Products)	0.8
96	Section 13 - 6th Sched, Table-II	96-a-Misc. Manufactured Articles brush- es, buttons,	Manufacturing (Industrial inputs), General Masses (Household Products)	0.7
97	Section 13 - 6th Sched, Table-II	78-a-Lead & Articles Thereof Excluding Reclaimed L	Manufacturing (Industrial inputs), General Masses (Household Products)	0.7
98	Section 13 - 6th Sched, Table-II	87-a-Tractors	Manufacturing (Industrial inputs), General Masses (Household Products)	0.6
99	Section 13 - 6th Sched, Table-II	27-d-Lubricating Oils And Greases	Manufacturing (Industrial inputs), General Masses (Household Products)	0.6
100	Section 13 - 6th Sched, Table-II	33-a-Oils & Resinoids, Perfumery, Cos- metic Or Toil	Manufacturing (Industrial inputs), General Masses (Household Products)	0.5
101	Section 13 - 6th Sched, Table-II	39-d-Other Articles Of Plastics Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	0.5
102	Section 13 - 6th Sched, Table-II	98-34-BUSINESS SUPPORT SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	0.5
103	Section 13 - 6th Sched, Table-II	98-27-TELECOM COMPANIES	Manufacturing (Industrial inputs), General Masses (Household Products)	0.5
104	Section 13 - 6th Sched, Table-II	36-a-Explosives, Pyrotechnic Products	Manufacturing (Industrial inputs), General Masses (Household Products)	0.3
105	Section 13 - 6th Sched, Table-II	85-f-Communications Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	0.3
106	Section 13 - 6th Sched, Table-II	27-e-Petroleum Gases & Other Gaseous Hydrocarbons	Manufacturing (Industrial inputs), General Masses (Household Products)	0.3
107	Section 13 - 6th Sched, Table-II	63-a-Made-Up Textile Articles Nesoi, Needlecraft	Manufacturing (Industrial inputs), General Masses (Household Products)	0.3

108	Section 13 - 6th Sched, Table-II	48-b-Articles Of Paper Pulp Filter Paper, Wallpaper	Manufacturing (Industrial inputs), General Masses (Household Products)	0.3
109	Section 13 - 6th Sched, Table-II	09-a-Tea	Manufacturing (Industrial inputs), General Masses (Household Products)	0.2
110	Section 13 - 6th Sched, Table-II	98-33-LABOUR AND MENPOWER SERVICES	Manufacturing (Industrial inputs), General Masses (Household Products)	0.2
111	Section 13 - 6th Sched, Table-II	87-c-Motorcycles	Manufacturing (Industrial inputs), General Masses (Household Products)	0.2
112	Section 13 - 6th Sched, Table-II	58-a-Special Woven Fabrics, Tufted Textiles, Lace	Manufacturing (Industrial inputs), General Masses (Household Products)	0.2
113	Section 13 - 6th Sched, Table-II	21-a-Extracts Of Coffee, Tea Etc, Yeasts, Sauces	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
114	Section 13 - 6th Sched, Table-II	83-a-Miscellaneous Articles Of Base Metal	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
115	Section 13 - 6th Sched, Table-II	71-a-Pearls, Stones, Precious Metals, Imitation	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
116	Section 13 - 6th Sched, Table-II	79-a-Zinc & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
117	Section 13 - 6th Sched, Table-II	37-a-Photographic Or Cinematographic Goods	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
118	Section 13 - 6th Sched, Table-II	84-h-Refrigeration And Service Industry Machinery	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
119	Section 13 - 6th Sched, Table-II	67-a-Prepared Feathers, Human Hair & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
120	Section 13 - 6th Sched, Table-II	76-a-Aluminum & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
121	Section 13 - 6th Sched, Table-II	60-a-Knitted Or Crocheted Fabrics	Manufacturing (Industrial inputs), General Masses (Household Products)	0.1
122	Section 13 - 6th Sched, Table-II	53-a-Vegetable Textile Fibers Neso, Yarns & Woven	Manufacturing (Industrial inputs), General Masses (Household Products)	-
123	Section 13 - 6th Sched, Table-II	57-a-Carpets & Other Textile Floor Coverings	Manufacturing (Industrial inputs), General Masses (Household Products)	-

124	Section 13 - 6th Sched, Table-II	21-b-Ice Cream	Manufacturing (Industrial inputs), General Masses (Household Products)	-
125	Section 13 - 6th Sched, Table-II	54-a-Man-Made Filaments, Inc. Yarns & Woven Etc.	Manufacturing (Industrial inputs), General Masses (Household Products)	-
126	Section 13 - 6th Sched, Table-II	95-a-Toys, Games, Related Equipment, Parts & Acces	Manufacturing (Industrial inputs), General Masses (Household Products)	-
127	Section 13 - 6th Sched, Table-II	22-d-Alcoholic Beverages, Spirits, Vinegar	Manufacturing (Industrial inputs), General Masses (Household Products)	-
128	Section 13 - 6th Sched, Table-II	80-a-Tin & Articles Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	-
129	Section 13 - 6th Sched, Table-II	22-b-Waters Sweetened Etc, Non-Alcoholic Beverages	Manufacturing (Industrial inputs), General Masses (Household Products)	-
130	Section 13 - 6th Sched, Table-II	56-a-Wadding, Felt & Nonwovens, Special Yarns	Manufacturing (Industrial inputs), General Masses (Household Products)	-
131	Section 13 - 6th Sched, Table-II	88-a-Aircraft, Spacecraft, Missiles & Parts Thereof	Manufacturing (Industrial inputs), General Masses (Household Products)	-
132	Section 13 - 6th Sched, Table-II	46-a-Manufactures Of Straw, Esparto,	Manufacturing (Industrial inputs), General Masses (Household Products)	-
133	Section 13 - 6th Sched, Table-II	32-a-Paints, Varnishes, Lacquers, Enamels, And All	Manufacturing (Industrial inputs), General Masses (Household Products)	-
134	Section 13 - 6th Sched, Table-II	32-b-Tanning Or Dyeing Extracts, Dyes, Pigments,	Manufacturing (Industrial inputs), General Masses (Household Products)	-
135	Section 13 - 6th Sched, Table-II	82-a-Tools, Spoons & Forks Of Base Metal	Manufacturing (Industrial inputs), General Masses (Household Products)	-
136	Section 13 - 6th Sched, Table-II	61-a-Articles Of Apparel & Clothing Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	-
137	Section 13 - 6th Sched, Table-II	98-24-HOSPITAL	Manufacturing (Industrial inputs), General Masses (Household Products)	-
138	Section 13 - 6th Sched, Table-II	92-a-Musical Instruments, Parts & Accessories	Manufacturing (Industrial inputs), General Masses (Household Products)	-
140	Section 13 - 6th Sched, Table-II	34-a-Soaps, Waxes, Scouring Products, Candles,	Manufacturing (Industrial inputs), General Masses (Household Products)	-

141	Section 13 - 6th Sched, Table-II	90-e-Photographic Cinematographic Equipment	Manufacturing (Industrial inputs), General Masses (Household Products)	-
142	Section 13 - 6th Sched, Table-II	98-17-TESTING NON MEDICAL	Manufacturing (Industrial inputs), General Masses (Household Products)	-
143	Section 13 - 6th Sched, Table-II	13-a-Lac; Gums, Resins Etc	Manufacturing (Industrial inputs), General Masses (Household Products)	-
<b>Total (* 30% value addition already accounted for)</b>				<b>54,871</b>

### Reduced Rate under 8th Schedule of 2 %

1	Clause (aa) of sub-section (2) of Sec. 3	Fertilizers (all types)	Agriculture Sector	74,008
<b>Total</b>				<b>74,008</b>

### Reduced Rate under 8th Schedule of 5 %

1	Clause (aa) of sub-section (2) of Sec. 3	Agricultural tractors	Agriculture Machinery	3,553
2	Clause (aa) of sub-section (2) of Sec. 3	Natural gas	Agriculture and , Industrial Sector	2,865
3	Clause (aa) of sub-section (2) of Sec. 3	Reclaimed lead	Industrial Inputs (Business and Industry)	988
4	Clause (aa) of sub-section (2) of Sec. 3	Secondhand and worn clothing or foot- wear	Common Masses	360
5	Clause (aa) of sub-section (2) of Sec. 3	Set top boxes for gaining access to internet	IT Industry and Common Masses	295
6	Clause (aa) of sub-section (2) of Sec. 3	Irrigation, drainage and agro-chemical application equipment:	Agriculture Machinery (Com- mon Masses )	177
7	Clause (aa) of sub-section (2) of Sec. 3	Others (misc)	Others (misc)	119
8	Clause (aa) of sub-section (2) of Sec. 3	Waste paper	Industrial Inputs (Business and Industry)	111
9	Clause (aa) of sub-section (2) of Sec. 3	Harvesting, threshing and storage equipment	Agriculture Machinery (Com- mon Masses)	50

10	Clause (aa) of sub-section (2) of Sec. 3	Machinery for poultry sector (7% reduced rate)	Poultry Industry	48
11	Clause (aa) of sub-section (2) of Sec. 3	Oil cake and other solid residues, whether or not ground or in the form of pellets	Agriculture Sector (Common Masses)	38
12	Clause (aa) of sub-section (2) of Sec. 3	Tillage and seed bed preparation equipment:	Agriculture Machinery (Common Masses)	37
13	Clause (aa) of sub-section (2) of Sec. 3	Seeding or planting equipment	Agriculture Machinery (Common Masses)	15
14	Clause (aa) of sub-section (2) of Sec. 3	Oilseeds meant for sowing.	Agriculture Sector (Common Masses)	7
15	Clause (aa) of sub-section (2) of Sec. 3	Raw cotton and ginned cotton	Agriculture Sector (Industrial Input)	7
16	Clause (aa) of sub-section (2) of Sec. 3	Incinerators of disposal of waste management, motorized sweepers and snow ploughs	Machinery for Waste Management (Common Masses)	5
17	Clause (aa) of sub-section (2) of Sec. 3	Re-importation of foreign origin goods which were temporarily exported out of Pakistan	Temporary Imports (Business & Foreigners)	1
18	Clause (aa) of sub-section (2) of Sec. 3	Post-harvest handling and processing & miscellaneous machinery	Agriculture Machinery (Common Masses)	0.8
19	Clause (aa) of sub-section (2) of Sec. 3	Plant, machinery, 2 [and equipment] used in production of biodiesel	Industrial Machinery (Business and Industry)	0.1
<b>Total</b>				<b>8,677</b>

### Reduced Rate under 8th Schedule of 10 %

1	Clause (aa) of sub-section (2) of Sec. 3	White crystalline sugar (8% reduced rate)	Common Masses Household items	24,141
2	Clause (aa) of sub-section (2) of Sec. 3	Soya bean meal	Industrial Input	6,777
3	Clause (aa) of sub-section (2) of Sec. 3	Ingredients of poultry feed, cattle feed, except soya bean meal of PCT heading 2304.0000 and oilcake of cotton-seed falling under PCT heading 2306.1000	Agriculture Sector (Common Masses)	2,578
4	Clause (aa) of sub-section (2) of Sec. 3	Yogurt	Food Item (Common Masses)	506

5	Clause (aa) of sub-section (2) of Sec. 3	Flavoured milk	Food Item (Common Masses)	452
6	Clause (aa) of sub-section (2) of Sec. 3	LPG	Industry and Common Masses	431
7	Clause (aa) of sub-section (2) of Sec. 3	Cheese	Food Item (Common Masses)	147
8	Clause (aa) of sub-section (2) of Sec. 3	Cream	Food Item (Common Masses)	136
9	Clause (aa) of sub-section (2) of Sec. 3	Milk and cream, concentrated or containing added sugar or other sweetening matter	Food Item (Common Masses)	85
10	Clause (aa) of sub-section (2) of Sec. 3	Plant and machinery not manufactured locally and having no compatible local substitutes	Industry and Business	76
11	Clause (aa) of sub-section (2) of Sec. 3	Butter	Food Item (Common Masses)	61
12	Clause (aa) of sub-section (2) of Sec. 3	Soya bean seed	Agriculture Sector (Common Masses)	48
13	Clause (aa) of sub-section (2) of Sec. 3	Desi ghee	Food Item (Common Masses)	15
14	Clause (aa) of sub-section (2) of Sec. 3	Whey	Food Item (Common Masses)	0.6
15	Clause (aa) of sub-section (2) of Sec. 3	Multimedia projectors	Film Industry	-
<b>Total</b>				<b>35,452</b>

### Other Reduced Rates

1	Clause (aa) of sub-section (2) of Sec. 3	LNG/RLNG (12% reduced rate)	Industry and Common Masses	4,063
2	Clause (aa) of sub-section (2) of Sec. 3	Others (misc)	Others (misc)	40
3	Clause (aa) of sub-section (2) of Sec. 3	Locally produced coal	Business ( Bricks Killen)	17
4	Clause (aa) of sub-section (2) of Sec. 3	Rapeseed, sunflower seed and canola seed (16% reduced rate)	Agriculture Sector (Common Masses)	-

5	Sub-section (9A) of section 3	Sale of POS Clients (retail outlets)	Retail outlets which are integrated with Board's computerized system	49,018
<b>Total</b>				<b>53,138</b>

### Sales Tax on Cellular Mobile Phones under 9th Schedule

1	Sub-section (3B) of section 3	Cellular mobile phones (not exceeding US\$ 30)	Mobile phone importers / consumers	2,424
2	Sub-section (3B) of section 3	Cellular mobile phones (exceeding US\$ 30 but not exceeding US\$ 100)	Mobile phone importers / consumers	10,032
3	Sub-section (3B) of section 3	Cellular mobile phones (exceeding US\$ 100 but not exceeding US\$ 200)	Mobile phone importers / consumers	5,764
4	Sub-section (3B) of section 3	Cellular mobile phones (exceeding US\$ 200 but not exceeding US\$ 350)	Mobile phone importers / consumers	1,239
5	Sub-section (3B) of section 3	Cellular mobile phones (exceeding US\$ 350 but not exceeding US\$ 500)	Mobile phone importers / consumers	56
6	Sub-section (3B) of section 3	Cellular mobile phones (Exceeding US\$ 500)	Mobile phone importers / consumers	731
7	Sub-section (3B) of section 3	Cellular mobile phones (PTA - DIRBS)	Mobile phone importers / consumers	2,908
Total				23,154
<b>Grand Total - Sales Tax</b>				<b>518,814</b>

## 2.2.1. Explanatory note on sales tax estimates

### A. Types of concessions

In sales tax act, concessions are granted broadly by three ways, i.e. zero rating, exemptions, and reduced rates.

#### 1. Zero rating

Under Section 4 of the Act, goods exported, or the goods specified in the Fifth Schedule; 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); such other goods, as the Federal Government may specify by notification in the official Gazette, whenever circumstances exist to take immediate action for the purposes of national security, natural disaster, national food securi-

ty in emergency situations and implementation of bilateral and multilateral agreements are charged to tax at the rate of zero per cent.

## 2. Exemptions

Under section 13 of the Sales Tax Act 1990, supply of goods or import of goods specified in the Sixth Schedule are, subject to such conditions as may be specified by the Federal Government, are exempt from tax under the Act.

The Federal Government is empowered to issue exemptions whenever circumstances exist 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 on any supplies made or imports, of any goods or class of goods from the whole or any part of the tax chargeable under the Act, subject to the conditions and limitations specified therein.

## 3. Reduced rates

Under section 3(2)(b), 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, subject to such conditions and restrictions as it may impose, by notification in the official Gazette.

## B. Nature of exemptions and concessions

In sales tax act, concessions are granted broadly by three ways, i.e. zero rating, exemptions, and reduced rates.

### 1. Product-based concessions

In some cases, product based concession is granted under sales tax act, for example, in case of food and grocery items, certain products are exempt or have reduced rate of sales tax. It may get tricky because these exemptions can then have rules within rules. Prepared foods, such as a ready-to-eat may be exempted or have reduced rate whereas the same items if sold under brand name may not have the concession.

### 2. Use-based concessions

Under the Act certain products that are intended to be used for in-house consumption, for use of a specific organization are given tax concession. Typically, this is where the end consumers are not liable to be taxed, or intended to be given tax concession.

### 3. Buyer-based concessions

Diplomats, diplomatic missions, diplomatic organizations, non-profit organizations or government agencies often are not required to pay sales tax. This concession in the form of zero rating or exemption is extended to state agencies.

#### 4. Economic activity-based concessions

Certain tax concessions under the act are granted for a specific economic activity. Like export promotions or certain activities in export processing zones. A unique case in Pakistan is the case of exemptions in erstwhile Federally Administered Tribal Areas (FATA), where exemptions are granted for mainstreaming of the geographic areas.

### C. Suggestion for further improvement of Sales Tax estimates

In sales tax act, concessions are granted broadly by three ways, i.e. zero rating, exemptions, and reduced rates.

- The sales tax return of any registered person may not be considered as true and valid return, without mentioning exempt supply, if any. This will help in computing the exemption incidence when exempt supplies are made by various registered persons in supply chain.
- Industry-ratios and/or standardized minimum value addition formulas may be issued, with the consultation of major industries, to have more accurate and rational estimates, and so that exact extent of value addition in each industry can be estimated.

### 2.3. Customs Estimates

#### Tax Expenditure Estimates of Customs Duties - FY 2020

Contents	(Rs. Million)
1 Chapter-99 Exemptions	10,649
2 FTA & PTA Exemptions	45,020
3 5th Schedule Exemptions & Concessions	87,859
4 General Concessions: Automobile sector, E&P Companies, CPEC, etc.	95,420
5 Exemption of Additional Customs Duty	4,773
6 Exemption of Regulatory Duty	9,390
<b>Total</b>	<b>253,111</b>

Sr.	Legal Ref	Description (Exemption or Concession)	Intended Beneficiary	Estimate (Rs in mill)
<b>Chapter-99 Exemptions</b>				
1	Chapter-99 Exemptions - PCT Code: 9901.0000	Goods imported by various agencies of the United Nations	Agencies under the United Nations	282
2	Chapter-99 Exemptions - PCT Code: 9902.0000	Goods imported by Diplomats/Embassies/ Consulates	Diplomats/Embassies/ Consulates under the Diplomatic and Consular Privileges Act, 1972	496
3	Chapter-99 Exemptions - PCT Code: 9903.0000	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 organizations or any person authorized by the contracting parties, under grant-in- aid agreements (including those agreements which cover off budget foreign contributions or funds brought by registered INGO's without any financial liabilities to the Government of Pakistan)	1,759
4	Chapter-99 Exemptions - PCT Code: 9904.0000	Vehicles in CKD condition, imported by recognized local manufacturer for supply to diplomat, diplomatic mission, privileged person	Diplomats, diplomatic missions, privileged persons	20
5	Chapter-99 Exemptions - PCT Code: 9905.0000	Imports by Dignitaries of UAE, Qatar & Bahrain	Dignitaries of UAE, Qatar and Bahrain	21
6	Chapter-99 Exemptions - PCT Code: 9906.0000	Goods imported under the President/ Prime Minister/ Governors/ 's Salary, Allowances and Privileges Act, 1975	The President and the Prime Minister of Pakistan. The Governors and the Acting Governors of the Provinces	1
7	Chapter-99 Exemptions - PCT Code: 9908.0000	Goods received as gift or donation from a foreign government or organization by the Federal or Provincial Government or any public sector organization or Goods received as gift by Pakistani organizations from Church World Services or the Catholic Relief Services	Federal, the provincial or any public sector organization	4
8	Chapter-99 Exemptions - PCT Code: 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	General	1
9	Chapter-99 Exemptions - PCT Code: 9910.0000	Samples of no commercial value imported by manufacturers	Manufacturers	3
10	Chapter-99 Exemptions - PCT Code: 9911.0000	Relief goods donated for free distribution among the victims of natural disaster or other catastrophe OR Plant, machinery and equipment imported by way of donation for installation in the earthquake hit districts	Victims of natural disasters and earthquakes	165

11	Chapter-99 Exemptions - PCT Code: 9912.0000	Imports by Edhi Foundation	Edhi Foundation, recipients of philanthropic aid from Edhi Foundation	378
12	Chapter-99 Exemptions - PCT Code: 9913.0000	Gifts or donations received by a charitable non-profit making hospital or institution	Charitable non-profit making hospital or institution	2,662
13	Chapter-99 Exemptions - PCT Code: 9914.0000	Imports by Charitable Institutions and Hospitals	Charitable Institutions and Hospitals	2,105
14	Chapter-99 Exemptions - PCT Code: 9915.0000	Goods imported by or donated to non-profit making educational and research institutions	Educational and research institutions	356
15	Chapter-99 Exemptions - PCT Code: 9916.0000	Goods supplied free of cost as replacement of identical goods previously imported	General	183
16	Chapter-99 Exemptions - PCT Code: 9922.0000	Ship spares, stores and equipment imported for use in ships registered in Pakistan	Shipping companies, ship owners	14
17	Chapter-99 Exemptions - PCT Code: 9924.0000	Eye cornea	Healthcare consumers	1
18	Chapter-99 Exemptions - PCT Code: 9925.0000	Artificial kidneys, hemodialysis machines, hemodialyzers, A.V. fistula needles, hemodialysis fluids & powder, blood tubing tines for dialysis, reverse osmosis plants for dialysis, double lumen catheter for dialysis, catheters for renal failure patients, peritoneal dialysis solution and cardiac catheters. colostomy bags and appliances identifiable for Ostomy use	Healthcare consumers	391
19	Chapter-99 Exemptions - PCT Code: 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.	Consumers of contraceptives	133
20	Chapter-99 Exemptions - PCT Code: 9930.0000	Any goods, including vehicles, specified in the First schedule to the Customs Act, 1969 (IV of 1969) imported by Federal/Provincial/ Local Government Departments, Municipal bodies and Development authorities subject to the condition that the goods are 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.	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	236

21	Chapter-99 Exemptions - PCT Code: 9931.0000	Ground handling equipments, 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.	Domestic airlines or other service companies	74
22	Chapter-99 Exemptions - PCT Code: 9937.0000	Items relating to disabled persons, like Wheel chairs, Artificial human part, Items used for rehabilitation of blind persons etc.	Disabled persons	223
23	Chapter-99 Exemptions - PCT Code: 9938.0000	Disposables, as are not manufactured locally, for Cardiology/cardiac surgery, Neurovascular, Electrophysiology, Endosurgery, Endoscopy, Oncology, Urology, Gynecology;	Healthcare consumers	912
24	Chapter-99 Exemptions - PCT Code: 9939.0000	Diagnostic kits for HIV and Hepatitis	Healthcare consumers	227
25	Chapter-99 Exemptions - PCT Code: 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,	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,	-
<b>Total</b>				<b>10,648.63</b>

### FTA & PTA Exemptions

1	558(I)/2004 Table I - Section 19	FTA: General exemption on import from ECO	FTA: General exemption on import from ECO	-
2	558(I)/2004 Table II - Section 19	FTA: General exemption on import from SAARC	FTA: General exemption on import from SAARC	231
3	1296(I)/2005 Table-I - Section 19	FTA: Pak-China Early Harvest Program (prescribes FTA CD Rate)	FTA: Pak-China Early Harvest Program (prescribes FTA CD Rate)	2
4	1296(I)/2005 Table-II - Section 19	FTA: Pak-China Early Harvest Program (prescribes %age of concession in CD Rate)	FTA: Pak-China Early Harvest Program (prescribes %age of concession in CD Rate)	-
5	1274(I)/2006 Table-I - Section 19	FTA: General exemption on import from SAARC countries under SAFTA Agreement	FTA: General exemption on import from SAARC countries under SAFTA Agreement	1,602

6	1274(I)/2006 Table-II - Section 19	FTA: General exemption on import from SAARC countries under SAFTA Agreement	FTA: General exemption on import from SAARC countries under SAFTA Agreement	15
7	SRO 659(I)/2007 Table-I - Section 19	FTA: General exemption on import from China under Pak-China FTA	FTA: General exemption on import from China under Pak-China FTA	26,856
8	SRO 659(I)/2007 Table-II - Section 19	FTA: General exemption on import from China under Pak-China FTA	FTA: General exemption on import from China under Pak-China FTA	6,911
9	SRO1151(I)/2007 Table-Section 19	PTA: General exemption on import from Mauritius under PTA	PTA: General exemption on import from Mauritius under PTA	5
10	SRO1261(I)/2007 Table-Section 19	PTA: General exemption on import from Malaysia under PTA	PTA: General exemption on import from Malaysia under PTA	2,517
11	SRO1261(I)/2007 TableII-Section 19	PTA: General exemption on import from Malaysia under PTA	PTA: General exemption on import from Malaysia under PTA	922
12	SRO741(I)/2013 -Section 19	PTA: General exemption on import from Indonesia under Pak-Indonesia PTA	PTA: General exemption on import from Indonesia under Pak-Indonesia PTA	3,647
13	SRO280(I)/2014 d-Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	480
14	SRO280(I)/2014 -Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	-
15	SRO280(I)/2014 Table-I - Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	1,773
16	SRO280(I)/2014 TABLE-III - Section 19	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	FTA: General exemption on import from Sri Lanka under Pak-Sri Lanka FTA	58
<b>Total</b>				<b>45,020</b>

### 5th Schedule Exemptions

1	5th Schedule (Customs Duty) Part-I	Imports of Plant, Machinery, Equipment and Apparatus, including Capital Goods for various industries/sectors	Industry - General	20,758
2	5th Schedule (Customs Duty)- Part II Table-A	Import of Active Pharmaceutical Ingredients by pharma sector	Pharmaceutical industry	1,302

3	5th Schedule (Customs Duty)- Part II Table-B	Excepients/Chemicals by pharmaceutical sector	Pharmaceutical industry	452
4	5th Schedule (Customs Duty)- Part II Table-C	Drugs (mostly Life Saving) by pharmaceutical sector	Pharmaceutical industry, General	6,482
5	5th Schedule (Customs Duty)- Part II Table-D	Packing Materials/Raw Materials for Packing by pharmaceutical sector	Pharmaceutical industry	707
6	5th Schedule (Customs Duty)- Part II Table-E	Diagnostic Kits/Equipments by pharmaceutical sector	Pharmaceutical industry	2,121
7	5th Schedule (Customs Duty)- Part III	Poultry and Textile Sectors	Poultry and Textile Sectors	25,865
8	5th Schedule (Customs Duty)- Part IV	Machinery and Equipment for Textile Sector	Machinery and Equipment for Textile Sector	3,127
9	5th Schedule (Customs Duty)- Part V	Automotive Manufacturing Sector (Auto Policy)	Automotive Manufacturing Sector (Auto Policy)	832
10	5th Schedule (Customs Duty)- Part VI	Aviation Sector (Aviation Policy)	Aviation Sector (Aviation Policy)	713
11	5th Schedule (Customs Duty) Part-VII	Essential edible items like pulses, potato etc, Oil and Oil products, Inputs of export sectors etc.	Essential edible items like pulses, potato etc, Oil and Oil products, Inputs of export sectors etc.	25,026
12	5th Schedule (Customs Duty)- Part VIII	Miscellaneous.	Miscellaneous.	474
<b>Total</b>				<b>87,859</b>

### General Concessions: Automobile sector, E&P Companies, CPEC, etc.

1	268(I)/2015 - Section 19	Mining equipment & machinery imported by Thar Coal Field	Thar Coal Field	521
2	565(I)/2006 - Section 19	Raw material of survey based Local industries: Stationary/ Electrical Capacitors/ Pesticides / Distilled Faty Acids / CRC & GI coils / Fans/ Transformers / Electric Motors manufacturers	Survey based Local industries: Stationary/ Electrical Capacitors/ Pesticides / Distilled Fatty Acids / CRC & GI coils / Fans/ Transformers / Electric Motors manufacturers	14,950
3	SRO 499(I)/2013 - Section 19	Auto Sector: General exemption of import of Hybrid Electric Vehicles	Auto Sector, consumers of automobiles	504

4	SRO678(I)/2004 - Section 19	Exploration and Production (E&P) Companies	Exploration and Production (E&P) Companies	5,326
5	107(I)/2019 and SRO 48(I)/2018 - Section 19	Import of Cotton	Textile Sector (Local Yarn Producers)	2,717
6	SRO 642(I)/2016 - Section 19	Imports by M/s CSECEL for Karachi-Peshawar Motorway	M/s CSECEL	1,885
7	SRO 644(I)/2018 - Section 19	General: Concession of CD on import of electric motor vehicles	General	8
8	SRO40(I)/2017 - Section 19	Lahore Orange Metro Train Project	Contractors of Lahore Orange Metro Train Project	708
9	SRO655(I)/2006 - Section 19	Automotive sector	Vendors of Automotive sector	29,219
10	SRO656(I)/2006 - Section 19	OEMs of Automotive Sector	OEMs of Automotive Sector	39,582
<b>Total</b>				<b>95,420</b>

### Exemption of Additional Customs Duty

1	SRO 630(I)/2018 - Section 18(5)	Exemption of Addl. Customs Duty for imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc.	Exemption of Addl. Customs Duty for imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc..	3,036
2	108(I)/2019 - Section 18(5)	Exemption of Addl. Customs Duty on PCT 52.01 and 52.03	Exemption of Addl. Customs Duty on PCT 52.01 and 52.03	1,737
<b>Total</b>				<b>4,773</b>

Exemption of Regulatory Duty			
1	SRO 640(I)/2018 - Section 18(3)	Exemption of RD under Para 2 of the SRO for imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc..	Imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc. 527
2	SRO 1265(I)/2018 - Section 18(3)	Exemption of RD under Para 2 of the SRO for imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc.	Imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc. 6,467
3	SRO 640(I)/2018 - Section 18(3)	Exemption of RD under Para 2 of the SRO for imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc.	Imports under SRO 678-2004, Fifth Schedule, Chapter-99, SRO 492-2009, 565-2006, import of Vehicles by new entrants, etc. 2,396
Total			9,390.33
<b>Total</b>			<b>253,144</b>

Export Related Exemptions			
1	SRO450(I)/2001	Section 219	DTRE/ Temporary Imports/ IOCO/ Manufacturing Bonds 5,994
2	SRO41(I)/2009	Section 19	Special Industrial and Eco- nomic Zones 334
3	SRO 39(I)/2017 Table	Section 19	Textile Sector (under PM package) 2,575
4	9919 -	Chapter-99 Exemptions	Temporary Import 820
5	9920 -	Chapter-99 Exemptions	Temporary Import 0
6	9917.0000 -	Chapter-99 Exemptions	EPZ and SEZs 869
7	9918.0000 -	Chapter-99 Exemptions	Re-importation 32
<b>Total</b>			<b>10,624</b>

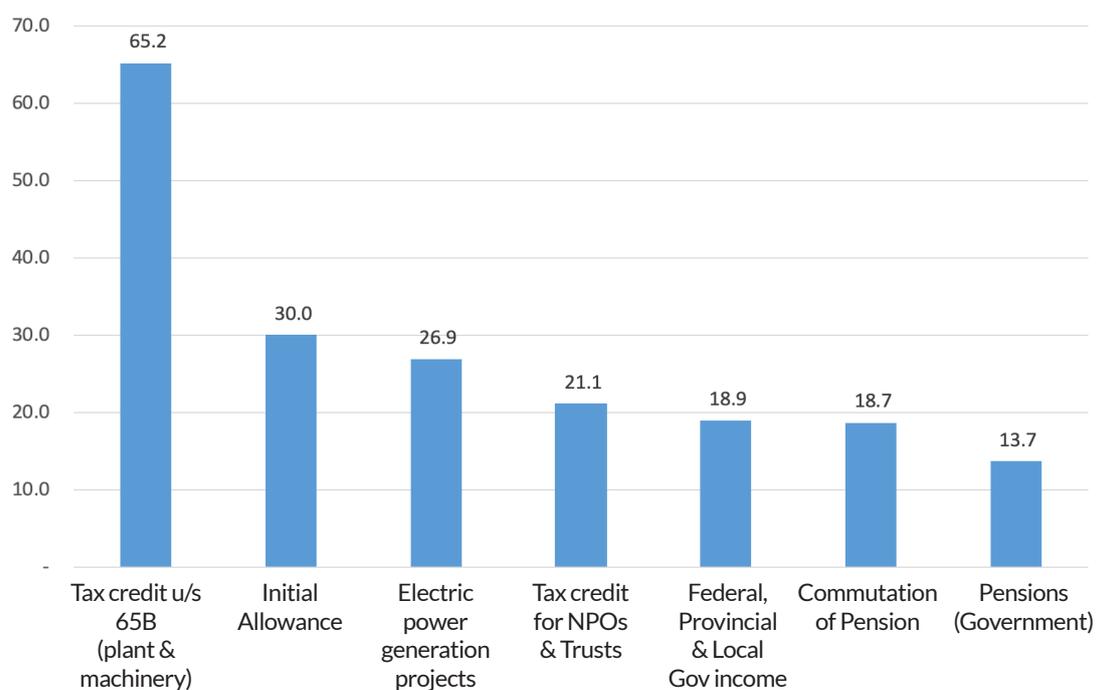
\* These Export related exemptions are not considered exemptions as such because if paid, the same have to be reimbursed in the form of duty drawback.

# DETAILS OF INCOME TAX EXPENDITURES

## 03

- 3.1. Subject-wise breakdown
- 3.2. Clause-wise details

Top Tax Expenditures in Income Tax - Rs. in billions



### 3.1. Subject-wise breakdown

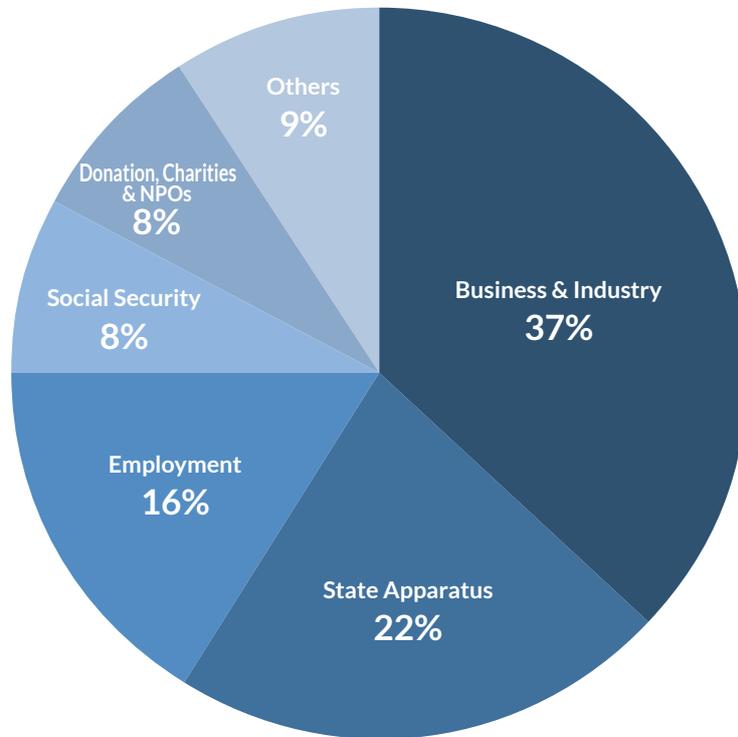
Tax expenditures can be classified based on their subject matter. This classification is provided solely for presentational purposes and is not intended to reflect underlying policy considerations. The following subjects have been identified:

- A. State Apparatus
- B. Social Security
- C. Employment
- D. Donations, Charities and Non-Profit Organizations
- E. Science, Technology, & Innovation
- F. Education, Health, Sports, & Culture
- G. Business & Industry – Agribusiness
- H. Business & Industry – Energy and Mining
- I. Business & Industry – General
- J. Financial Sector
- K. Savings & Investment
- L. International (non-residents)
- M. Other

Dividing all income tax exemptions and concessions into above subjects gives the following distribution in terms of proportion and share of each subject:

Code	Subject	Estimates (Rs in millions)	Percentage
I	Business & Industry – General	108,190	28.6%
A	State Apparatus	83,644	22.1%
C	Employment	59,305	15.7%
B	Social Security	31,813	8.4%
D	Donations, Charities and Non-Profit Organizations	30,883	8.2%
H	Business & Industry – Energy and Mining	29,312	7.8%
L	International (non-residents)	10,808	2.9%
F	Education, Health, Sports, & Culture	7,430	2.0%
J	Financial Sector	5,723	1.5%
M	Other	4,479	1.2%
K	Savings & Investment	3,827	1.0%
E	Science, Technology, & Innovation	2,020	0.5%
G	Business & Industry – Agribusiness	592	0.2%
	<b>Total</b>	<b>378,026</b>	<b>100%</b>

Exemptions and concessions given to Business & Industry together (agribusiness, energy & mining, and general) make up 37% of the total tax expenditure of income tax. Distribution of tax expenditure into subjects is as under:



Sr.	Legal Ref	Description (Exemption or Concession)	Estimate (Rs in millions)
<b>State Apparatus</b>			
1.	66	(xx) State Bank of Pakistan and State Bank of Pakistan Banking Services Corporation	50,201
2.	49	Federal Government, Provincial Government, and Local Government income.	18,934
3.	66	xvi. The Pakistan Water and Power Development Authority	8,315
4.	102A	Income representing a subsidy granted by the Federal Government	2,729
5.	61	(liv) Supreme Court of Pakistan – Diamer Bhasha & Mohm and Dams	2,135
6.	66	(xli) National Rural Support Programme.	510
7.	66	(xxxviii) Pakistan Poverty Alleviation Fund.	312
8.	56	Perquisites, benefits and allowances received by a Judge of Supreme Court of Pakistan and Judge of High Court	283
9.	66	x. Pakistan Engineering Council	184

## DETAILS OF INCOME TAX EXPENDITURES

10.	55	House rent allowance (to judges of the Supreme Court of Pakistan or of High Courts)	32
11.	66	ix. Pakistan Agricultural Research Council, Islamabad	4
12.	66	(Ixii) Supreme Court of Pakistan – Diamer Bhasha & Mohmand Dams – Fund	3
13.	51	Free of rent residence for President of Pakistan, the Provincial Governors and the Chiefs of Staff, Pakistan Armed Forces	2
14.	66	(xliv) Pakistan Centre for Philanthropy.	1
15.	66	(Ixi) National Disaster Risk Management Fund.	0
16.	11A	(xxxi) National Disaster Risk Management Fund.	0
<b>Total</b>			<b>83,644</b>

### Social Security

1.	57(3)	(ii) trustees on behalf of a recognized provident fund or an approved superannuation fund or an approved gratuity fund;	13,118
2.	142	Income from social security contributions derived by the four provincial Social Security institutions	5,017
3.	60B	Deductible allowance for Workers' Participation Fund	2,721
4.	60A	Deductible allowance for Workers' Welfare Fund	2,453
5.	57(3)	(i) a provident fund to which the Provident Funds Act, 1925 applies;	1,770
6.	57(3)	(xvi) Khyber Pakhtunkhwa General Provident Investment Fund.	1,693
7.	57(3)	xii. Punjab Pension Fund established under the Punjab Pension Fund Act, 2007 (I of 2007) and the trust established thereunder.	1,248
8.	57(3)	xiii. Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002.	1,162
9.	57(3)	(xvii) Khyber Pakhtunkhwa Pension Fund ;	1,105
10.	24	Benevolent grants paid from the Benevolent Fund (under Central Employee Benevolent Fund and Group Insurance Act, 1969)	656
11.	57(3)	xiv. Punjab General Provident Investment Fund established under the Punjab General Provident Investment Fund Act, 2009 (V of 2009) and the trust established thereunder."	181
12.	23A	The accumulated balance upto [50]% received from a pension fund at the time of eligible person's- (a) retirement; or (b) disability rendering him unable to work; or (c) death by his nominated survivors.	179
13.	57(3)	(xv) Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund.	115

14.	57(3)	(iii) a benevolent fund or group insurance scheme approved by the Board for the purposes of this clause;	104
15.	57(3)	(iv) Employees Old Age Benefits Institution established under the Employees Old Age Benefit Act, 1976 (XIV of 1976);	89
16.	16	Income derived by the families and dependents of the Shaheeds	84
17.	25	Payments from an approved superannuation fund made on the death of a beneficiary	59
18.	66	(xl) Pakistan Sweet Homes Angels and Fairies Place.	35
19.	66	(xxxii) Greenstar Social Marketing Pakistan (Guarantee) Limited	24
20.	57(3)	(v) any Unit, Station or Regimental Institute; and	n.a
21.	57(3)	(vi) any recognized Regimental Thrift and Savings Fund, the assets of which consist solely of deposits made by members and profits earned by investment thereof;	n.a.
<b>Total</b>			<b>31,813</b>

### Employment

1.	12	Commutation of Pension	18,722
2.	9	Pensions (Government)	13,680
3.	22	Payments from a provident fund to which the Provident Funds Act, 1925 applies.	12,703
4.	8	Pension received by a citizen of Pakistan from a former employer	2,781
5.	19	Encashment of leave preparatory to retirement	2,776
6.	23	The accumulated balance due and becoming payable to an employee participating in a recognized provident fund.	2,106
7.	5	Foreign allowances (Government of Pakistan)	1,167
8.	39	Special allowance or benefit for employees to meet expenses incurred in the performance of the duties	1,167
9.	13	Gratuities	1,112
10.	39A	Special allowances	1,106
11.	139	Medical treatment or hospitalization for employees	1,051
12.	1(1AA)	Allowances received by pilots of any Pakistani airlines shall be taxed at a rate of 7.5%,	430
13.	1(1)	Flying and submarine allowance (to be taxed @ 2.5% as a separate block of income)	133
14.	3	Salary of foreign personnel engaged by institutions of the Agha Khan Development Network	117

## DETAILS OF INCOME TAX EXPENDITURES

15.	53A	Employment related perquisites (food, education, medical treatment and any other perquisites, if provided by employer for free or at subsidized rates)	106
16.	27	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.	99
17.	4	Salary received by Pakistani seafarers	48
<b>Total</b>			<b>59,305</b>

### Donations, Charities and Non-Profit Organizations

1.	100C	Tax credit for Non-profit organizations, trusts or welfare institutions	21,128
2.	61	Tax credit for charitable donations	2,492
3.	61	Any amount paid as donation to the listed institution, foundations, societies, boards, trusts and funds.	2,444
4.	66	(xxxi) Sindh Institute of Urology and Transplantation, SIUT Trust and Society for the Welfare of SIUT	840
5.	66	i. Abdul Sattar Edhi Foundation, Karachi	689
6.	66	(lx) Dawat-e-Islami Trust	512
7.	66	xiii. The Institutions of the Agha Khan Development Network (Pakistan)	510
8.	60	Deductible allowance for Zakat	477
9.	66	iii. Bilquis Edhi Foundation, Karachi	395
10.	63	M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore (NPO status will be deemed to be approved for these organizations)	270
11.	66	xiv. The Liaquat National Hospital Association, Karachi	224
12.	66	(xxx) The Citizens Foundation	172
13.	66	(lxvi) Akhuwat	148
14.	66	(lii) Shaukat Khanum Memorial Trust.	141
15.	66	(xxxiii) The Indus Hospital, Karachi	78
16.	66	(liv) The Kidney Centre Post Graduate Training Institute.	75
17.	66	(liii) Layton Rahmatullah Benevolent Trust (LRBT).	47
18.	57(1)	Income from voluntary contributions, house property and investments in securities of the Federal Government derived by the following, namely:- (i) National Investment (Unit) Trust of Pakistan (ii) Mutual Fund set up by the Investment Corporation of Pakistan, (iii) Sheikh Sultan Trust, Karachi.	36

19.	66	(li) Saylani Welfare International Trust.	34
20.	66	(xlv) Aziz Tabba Foundation.	32
21.	66	(lvi) Forman Christian College;	30
22.	66	(lvii) Habib University Foundation.	25
23.	66	(lviii) Begum Akhtar Rukhsana Memorial Trust Hospital.	21
24.	66	(lix) Al-Khidmat Foundation.	18
25.	66	(lxviii) Patient's Aid Foundation.	13
26.	66	(xxxvii) Gulab Devi Chest Hospital.	11
27.	66	iv. Fatimid Foundation, Karachi	9
28.	66	ii. Al-Shifa Trust, Rawalpindi	7
29.	11A	(iii) Pakistan Red Crescent Society	4
30.	66	(lxi) Sardar Trust Eye Hospital, Lahore.	1
31.	66	(xliii) Pakistan Bar Council.	0
32.	66	(lxvii) Audit Oversight Board.	0
<b>Total</b>			<b>30,883</b>

### Science, Technology, & Innovation

1.	133	Income from exports of computer software or IT services or IT enabled services	1,239
2.	143	Start-ups	635
3.	66	xv. The Pakistan Council of Scientific and Industrial Research	135
4.	66	xii. The Institution of Engineers, Pakistan, Lahore	11
5.	131	Royalty, commission or fees earned from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right	2
<b>Total</b>			<b>2,020</b>

### Education, Health, Sports, & Culture

1.	126	Public sector universities	4,242
2.	1(2)	Tax concession for full time teacher or a researcher	2,421
3.	91	Text-book boards of Provinces	531
4.	60D	Deductible allowance for education expenses	154
5.	98	Sports Boards (except Pakistan Cricket Board).	59

6.	66	(xxxix) National Academy of Performing Arts.	22
<b>Total</b>			<b>7,430</b>

### Business & Industry – Agribusiness

1.	91	The provisions of section 148 shall not apply to- (i) Tillage and seed bed preparation equipment as specified below (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	528
2.	105B	Income received by a taxpayer from a corporate agricultural enterprise, distributed as dividend out of its income from agriculture.	43
3.	126K	Profits and gains derived by industrial undertakings set up for establishing and operating a halal meat production unit	21
<b>Total</b>			<b>592</b>

### Business & Industry – Energy and Mining

1.	132	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.	26,888
2.	77	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	1,229
3.	141	Profit and gains derived by LNG Terminal Operators and Terminal Owners	732
4.	126BA	Refineries	443
5.	126I	Industrial undertakings engaged in the manufacture of plant, machinery, equipment and items with dedicated use for generation of renewable energy	11
6.	126M	Profits and gains derived by a taxpayer from a transmission line project set up in Pakistan	7
7.	74	Profit on debt derived by Hub Power Company Limited on or after the first day of July,1991	2
<b>Total</b>			<b>29,312</b>

### Business & Industry – General

1.	65B	Tax credit for investment in balancing, modernization and replacement of plant & machinery	65,168
2.	23	Initial Allowance	30,010
3.	65E	Tax credit for industrial undertakings established before the first day of July, 2011	6,486

4.	65D	Tax credit for newly established industrial undertakings	5,573
5.	65C	Tax credit for enlistment in Stock Exchange	357
6.	23A	First Year Allowance	335
7.	126E	Income derived by a zone enterprise as defined in the Special Economic Zones Act, 2012 and developer of zone for a period of ten years	198
8.	60D	The provisions of section 148 shall not apply on import of firefighting equipments by industrial undertakings set up in the special economic zones established by the Federal Government.	23
9.	64B	Tax credit for employment generation by manufacturers	14
10.	126N	Profits and gains derived by a taxpayer from an industrial undertaking, duly certified by the Pakistan Telecommunication Authority, engaged in the manufacturing of cellular mobile phones	12
11.	126L	Industrial undertakings set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan	9
12.	18B	The rate of tax shall be reduced by 2% in case of a company whose shares are traded on stock exchange if it fulfills prescribed shari'ah compliant criteria approved by State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the Board, and derives income from manufacturing activities only	6
<b>Total</b>			<b>108,190</b>

### Financial Sector

1.	99	Collective Investment Schemes or a REIT Schemes	5,228
2.	100	Modarabas	425
3.	57(3)	(vii) a Pension Fund approved by the SECP	55
4.	57(3)	(viii) 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;	14
5.	101	Venture capital companies and venture capital funds registered under Venture Capital Companies and Funds Management Rules, 2000 and a Private Equity and Venture Capital Funds	1
6.	18	In the case of a modaraba the rate of income tax shall be 25% of total income excluding such part of total income to which Division III of Part I of the First Schedule or section 153 or section 154 applies.	0
<b>Total</b>			<b>5,723</b>

Savings & Investment			
1.	62	Tax credit for investment in shares and insurance	2,100
2.	63	Tax credit for contribution to an Approved Pension Fund.	1,162
3.	60C	Deductible allowance for profit on debt	285
4.	23C	Withdrawal of accumulated balance from approved pension fund	240
5.	23B	Monthly installments from an income payment plan invested with a pension fund manager	21
6.	62A	Tax credit for investment in health insurance	19
7.	66	(xlv) Pakistan Mortgage Refinance Company Limited.	1
8.	103	Distributions received by a taxpayer from collective investment schemes or mutual funds (which are debt or money market funds and do not invest in shares) out of capital gains	1
<b>Total</b>			<b>3,827</b>

International			
1.	75	Any income of an agency of a foreign Government, a foreign national (company, firm or association of persons), or any other non-resident person approved by the Federal Government for the purposes of this clause, from profit on moneys borrowed under a loan agreement or in respect of foreign currency instrument approved by the Federal Government.	6,557
2.	72A	Any income derived by Sukuk holder in relation to Sukuk issued by "The Second Pakistan International Sukuk Company Limited" and the Third Pakistan International Sukuk Company Limited, including any gain on disposal of such Sukuk.	2,771
3.	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)	836
4.	66	(xxiv) The ECO Trade and Development Bank	495
5.	71	The provisions of this Ordinance shall not be applicable to the M/s TAISEI Corporation under the agreement between National Highway Authority, GOP	84
6.	105A	Income derived by Kuwait Foreign Trading Contracting and Investment Company or Kuwait Investment Authority being dividend of the Pak Kuwait Investment Company in Pakistan	38
7.	105	Any income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited.	25

8.	126A	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 for a period of twenty-three years, with effect from the sixth day of February, 2007.	3
<b>Total</b>			<b>10,808</b>

### Other

1.	145A, 146	Income of individuals domiciled or companies and associations of persons resident in the erstwhile Tribal Areas	4,454
2.	28A	The rate of tax under section 148 on import of hybrid cars shall be reduced as below:– Upto 1200 cc - 100% 1201 to 1800 cc - 50% 1801 to 2500 cc - 25%	23
3.	4	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.	1
<b>Total</b>			<b>4,479</b>

## 3.2. Clause-wise details of Income Tax Expenditures

### Allowances

#### 1 Initial allowance

Description:	A taxpayer who places a new “eligible depreciable asset” in business for the first time in a tax year is allowed an initial allowance as per rate specified in Third Schedule;
Cost Estimate (Rs. in million):	30,009.76
Tax expenditure type:	Allowance
Subject:	Business & Industry – General
Beneficiary:	New business entities
Legal reference:	Section 23 of Income Tax Ordinance 2001
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Add back
No. of beneficiaries:	9,102

## 2 First year allowance

Description:	Industrial undertakings set up in specified rural and under developed areas or engaged in the manufacturing of cellular mobile phones;
Cost Estimate (Rs. in million):	334.70
Tax expenditure type:	Allowance
Subject:	Business & Industry – General
Beneficiary:	New business entities
Legal reference:	Section 23A of Income Tax Ordinance 2001
Commencement year:	2008
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Difference between initial allowance and first year allowance (25% and 90% respectively) worked out and tax expenditure calculated on that. Three entities claiming first year allowance were already accounted for under Clause 132 of part 1 of second schedule, hence not accounted for under this clause.
No. of beneficiaries:	20

## 3 Deductible allowance for Zakat

Description:	Taxpayers are entitled to a deductible allowance for the amount of any Zakat paid by them under the Zakat and Ushr Ordinance, 1980;
Cost Estimate (Rs. in million):	476.90
Tax expenditure type:	Allowance
Subject:	Donations, Charities and Non-Profit Organizations
Beneficiary:	Persons paying Zakat
Legal reference:	Section 60 of Income Tax Ordinance 2001
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Add back
No. of beneficiaries:	24,018

## 4 Deductible allowance for Workers' Welfare Fund

Description:	Taxpayers are entitled to a deductible allowance for the amount of any Workers' Welfare Fund paid by them under Workers' Welfare Fund Ordinance, 1971;
Cost Estimate (Rs. in million):	2,453.13
Tax expenditure type:	Allowance

Subject:	Social Security
Beneficiary:	Persons paying WWF
Legal reference:	Section 60A of Income Tax Ordinance 2001
Commencement year:	2003
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Add back
No. of beneficiaries:	8,823

## 5 Deductible allowance for Workers' Participation Fund

Description:	Taxpayers are entitled to a deductible allowance for the amount of any Workers' Participation Fund paid by them in accordance with the provisions of the Companies Profit (Workers' Participation) Act, 1968;
Cost Estimate (Rs. in million):	2,721.47
Tax expenditure type:	Allowance
Subject:	Social Security
Beneficiary:	Persons paying WPF
Legal reference:	Section 60B of Income Tax Ordinance 2001
Commencement year:	2004
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Add back
No. of beneficiaries:	430

## 6 Deductible allowance for profit on debt

Description:	Individual are entitled to a deductible allowance for the amount of any profit or share in rent and share in appreciation for value of house paid by the individual in a tax year on a loan by a scheduled bank or non-banking finance institution where the individual utilizes the loan for the construction of a new house or the acquisition of a house;
Cost Estimate (Rs. in million):	285.29
Tax expenditure type:	Allowance
Subject:	Savings & Investment
Beneficiary:	Individuals paying profit or share in rent and share in appreciation for value of house on loan by banks etc.
Legal reference:	Section 60C of Income Tax Ordinance 2001
Commencement year:	2015
Validity period:	Permanent
Source of data:	Income tax returns

Estimation method:	Add back
No. of beneficiaries:	5,032

## 7 Deductible allowance for education expenses

Description:	Individual are entitled to a deductible allowance in respect of tuition fee paid by them provided that the taxable income of the individual is less than one and a half million rupees;
Cost Estimate (Rs. in million):	154.03
Tax expenditure type:	Allowance
Subject:	Education, Health, Sports, & Culture
Beneficiary:	Individuals having income of less than Rs. 1.5 million, paying tuition fee
Legal reference:	Section 60D of Income Tax Ordinance 2001
Commencement year:	2016
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Add back
No. of beneficiaries:	7,254

## Tax Credits

### 1 Tax credit for charitable donations

Description:	A person is entitled to a tax credit in respect of any sum paid, or any property given as charitable donation;
Cost Estimate (Rs. in million):	2,492.28
Tax expenditure type:	Tax Credit
Subject:	Donations, Charities and Non-Profit Organizations
Beneficiary:	Persons giving charitable donations
Legal reference:	Section 61 of Income Tax Ordinance 2001
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	18,105

## 2 Tax credit for investment in shares and insurance

Description:	Resident persons (other than companies) are entitled to a tax credit in respect of investment made in: <ul style="list-style-type: none"> <li>- acquiring new shares offered to the public by a public company listed on a stock exchange in Pakistan</li> <li>- acquiring sukuk offered to the public by a public company listed and traded on stock exchange in Pakistan</li> <li>- any life insurance premium paid on a policy to a life insurance company registered by the Securities and Exchange Commission of Pakistan;</li> </ul>
Cost Estimate (Rs. in million):	2,099.79
Tax expenditure type:	Tax credit
Subject:	Savings & Investment
Beneficiary:	Persons (excluding companies) investing in shares, sukuk, or life insurance
Legal reference:	Section 62 of Income Tax Ordinance 2001
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	53,488

## 3 Tax credit for investment in health insurance

Description:	Resident persons (other than companies) are entitled to a tax credit in respect of any health insurance premium or contribution paid to any registered insurance company;
Cost Estimate (Rs. in million):	18.50
Tax expenditure type:	Tax Credit
Subject:	Savings & Investment
Beneficiary:	Persons (excluding companies) investing in health insurance
Legal reference:	Section 62A of Income Tax Ordinance 2001
Commencement year:	2016
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	21,614

## 4 Tax credit for contribution to an Approved Pension Fund

Description:	Eligible persons as defined in sub-section (19A) of section 2 deriving salary or business income are entitled to a tax credit in respect of any contribution or premium paid by them in approved pension funds under the Voluntary Pension System Rules, 2005;
Cost Estimate (Rs. in million):	1,161.76

Tax expenditure type:	Tax Credit
Subject:	Savings & Investment
Beneficiary:	Eligible persons as defined in sub-section (19A) of section 2 of Ordinance
Legal reference:	Section 63 of Income Tax Ordinance 2001
Commencement year:	2005
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	16,757

## 5 Tax credit for employment generation by manufacturers

Description:	Companies who set up a new manufacturing unit between the 1st day of July, 2015 and the 30th day of June, 2019, and employing more than fifty employees in a tax year, are entitled to a tax credit for a period of ten years;
Cost Estimate (Rs. in million):	14.01
Tax expenditure type:	Tax Credit
Subject:	Business & Industry – General
Beneficiary:	Manufacturing sector (companies only)
Legal reference:	Section 64B of Income Tax Ordinance 2001
Commencement year:	2015
Validity period:	10 Years
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	59

## 6 Tax credit for investment

Description:	Companies investing in the purchase of plant and machinery, for the purposes of extension, expansion, balancing, modernization and replacement of the plant and machinery, already installed in an industrial undertaking and owned by them, are entitled to tax credit equal to ten per cent of the amount so invested against the tax payable;
Cost Estimate (Rs. in million):	65,167.93
Tax expenditure type:	Tax Credit
Subject:	Business & Industry – General
Beneficiary:	Corporate manufacturing sector
Legal reference:	Section 65B of Income Tax Ordinance 2001
Commencement year:	2010
Validity period:	2019

Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	1,135

## 7 Tax credit for enlistment in Stock Exchange

Description:	Companies who opt for enlistment in any registered stock exchange in Pakistan, a tax credit equal to twenty percent of the tax payable is allowed for the tax year in which the said company is enlisted and for the following three tax years;
Cost Estimate (Rs. in million):	356.67
Tax expenditure type:	Tax Credit
Subject:	Business & Industry – General
Beneficiary:	Companies opting for enlistment in a registered stock exchange
Legal reference:	Section 65C of Income Tax Ordinance 2001
Commencement year:	2010
Validity period:	4 years
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	28

## 8 Tax credit for newly established industrial undertakings

Description:	Companies formed for establishing and operating a new industrial undertaking, including corporate dairy farming, who set up a new industrial undertaking are entitled to a tax credit for a period of five years;
Cost Estimate (Rs. in million):	5,572.90
Tax expenditure type:	Tax Credit
Subject:	Business & Industry – General
Beneficiary:	Corporate industrial units (including corporate dairy farming)
Legal reference:	Section 65D of Income Tax Ordinance 2001
Commencement year:	2011
Validity period:	5 years
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	299

**9 Tax credit for industrial undertakings established before the first day of July, 2011**

Description:	Companies setup before the first day of July 2011, who invest any amount, with at least seventy percent new equity raised through issuance of new shares, in the purchase and installation of plant and machinery for an industrial undertaking, including corporate dairy farming, for the purposes of expansion of the plant and machinery already installed therein, or undertaking a new project, are entitled to a tax credit for a period of five years;
Cost Estimate (Rs. in million):	6,485.83
Tax expenditure type:	Tax Credit
Subject:	Business & Industry – General
Beneficiary:	Corporate industrial units (including corporate dairy farming)
Legal reference:	Section 65E of Income Tax Ordinance 2001
Commencement year:	2011
Validity period:	5 years
Source of data:	Income tax returns
Estimation method:	Tax credit claimed is equal to tax expenditure
No. of beneficiaries:	76

**10 Tax credit for Non-profit organizations, trusts or welfare institutions**

Description:	The income of non-profit organizations, trusts or welfare institutions are allowed a tax credit equal to one hundred per cent of the tax payable subject to certain conditions;
Cost Estimate (Rs. in million):	21,127.83
Tax expenditure type:	Tax Credit
Subject:	Donations, Charities and Non-Profit Organizations
Beneficiary:	Non-profit organizations, trusts, welfare institutions
Legal reference:	Section 100C of Income Tax Ordinance 2001
Commencement year:	2014
Validity period:	Permanent
Source of data:	Income tax returns

Tax credit claimed is equal to tax expenditure.

**Estimation method:** Note: Many not-for-profit organizations incorrectly reflected tax credit in their income tax return under this section. In these cases, income was declared as “exempt” under the exempt field of return instead of claiming credit in the right field designated for this tax credit. Hence, tax expenditure from these cases was not being reflected in the aggregate data culled from the income tax returns.

To account for this anomaly, some of the cases were manually detected and their tax expenditure was added to the total tax expenditure figure for this clause. However, scrutiny of all such cases and manual addition was not possible in all cases. It is expected that actual figure of tax credit under section 100C may be 7-10% higher than what is reported here.

No. of beneficiaries:	1581+
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## Exemptions From Total Income

### 1 Salary received by foreign personnel of Agha Khan Development Network (Pakistan)

Description:	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);
Cost Estimate (Rs. in million):	117.40
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Foreign experts working with Agha Khan Development Network, (Pakistan)
Legal reference:	Clause 3 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Agha Khan Development Network, (Pakistan)
Estimation method:	Estimation is based on third party data. Tax expenditure is calculated at 20% of the total tax-exempt salaries reported by Agha Khan Development Network, (Pakistan).
No. of beneficiaries:	n.a.

### 2 Salary received by Pakistani seafarers

Description:	Salary received by a Pakistani seafarer, working on Pakistan flag vessels for one hundred and eighty three days or more during the year or a Pakistani seafarer working on a foreign vessel provided that such income is remitted to Pakistan;
Cost Estimate (Rs. in million):	48.05
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees (Pakistani seafarers)
Legal reference:	Clause 3 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Pakistan National Shipping Corporation
Estimation method:	Estimation is based on third party data. Tax expenditure is calculated at 10% of the total amount of tax-exempt salaries reported by PNSC.
No. of beneficiaries:	287

### 3 Foreign allowances

Description:	Any allowance or perquisite paid or allowed as such outside Pakistan by the Government to a citizen of Pakistan for rendering service outside Pakistan;
Cost Estimate (Rs. in million):	1,166.87
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees (Pakistani diplomats posted abroad)
Legal reference:	Clause 5 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Ministry of Foreign Affairs
Estimation method:	Estimation is based on third party data. Tax expenditure is calculated at 20% of the total amount of tax-exempt allowances.
No. of beneficiaries:	n.a.

### 4 Pension received by a citizen of Pakistan from a former employer

Description:	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);
Cost Estimate (Rs. in million):	2,780.94
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Retired employees (other than government employees)
Legal reference:	Clause 8 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	EOBI, pension funds registered with FBR
Estimation method	<p><u>Component 1:</u> Total pensions disbursed by EOBI in TY 2019: Rs. 31,693,761,245. Tax expenditure is calculated at 5%.</p> <p><u>Component 2:</u> There are 117 private pension and superannuation funds registered with FBR. These mainly belong to private sector companies. Total payment of pensions made by these funds in TY 2019: Rs. 11,962,481,788. Tax expenditure is calculated at 10%.</p> <p><u>Note 1:</u> Data was collected through a survey which included all 117 registered funds. About 50% of them responded till the compilation of this report. Hence, total figure was reached by taking average payment based on data received from the responses, and multiplying it to 117.</p> <p><u>Note 2:</u> For clarity, it may be noted that these are pension funds other than those registered by SECP under the Voluntary Pension System Rules. The latter do not fall under this clause.</p>
No. of beneficiaries:	n.a.

## 5 Pensions received by Government servants

Description:	Pensions received by employees of Federal Government, Provincial Government, or Armed Forces, or their families and dependents;
Cost Estimate (Rs. in million):	13,680.19
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Retired government employees (civil and military)
Legal reference:	Clause 9 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Accountants Generals (Provincial, Federal, Railway, Pakistan Post, Military)
Estimation method:	Estimation is based on third party data. Details regarding estimation on government pensions is are given in Appendix-2 of this report.
No. of beneficiaries:	n.a.

## 6 Commutation of Pension

Description:	Any payment in the nature of commutation of pension received from Government or under any pension scheme approved by the Board;
Cost Estimate (Rs. in million):	18,721.86
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Retired employees (government and private)
Legal reference:	Clause 12 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Accountants Generals; Private pension funds registered with FBR

This has two components, government commutations and private commutations. Estimation is based on third party data.

**Component 1:**  
Total value of commutation (government) for TY 2019: Rs. 166,544,884,799. Tax expenditure is calculated at 10%. AG-wise details of commutation payments are given in Appendix-2.

**Component 2:**  
There are 117 private pension and superannuation funds registered with FBR. These mainly belong to private sector companies. Total payment of commutations made by these funds in TY 2019: Rs. 20,673,759,420. Tax expenditure is calculated at 10%.

**Note:** Data was collected through a survey which included all 117 registered funds. About 50% of them responded til the compilation of this report. Hence, total figure was reached by taking average payment based on data received from the responses, and multiplying it to 117.

No. of beneficiaries:	n.a.
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## 7 Gratuities

Description:	Any income representing any payment received by way of gratuity by employees of Government, or from any gratuity fund approved by the Commissioner in accordance with the rules in Part III of the Sixth Schedule of the ITO-2001;
Cost Estimate (Rs. in million):	1,112.01
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees (government and private)
Legal reference:	Clause 13 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Accountants Generals; Gratuity funds registered with FBR
Estimation method:	<p>This clause has two components, gratuity payments received by government employees and private sector employees.</p> <p><b>Component 1:</b> There are a total of 451 Gratuity Funds registered with FBR. A random sample of 31 cases was selected and their audited accounts were inspected. Average payments made by Gratuity Funds, after normalizing the sample result, is multiplied with 451, and tax expenditure is calculated at the rate of 10%. Tax expenditure for this component is: Rs. 758,486,929.</p> <p><b>Component 2:</b> Total gratuity payments in government (civil &amp; military): Rs. 3,535,201,218. Tax expenditure is calculated at 10%.</p>
No. of beneficiaries:	n.a.

## 8 Encashment of leave preparatory to retirement

Description:	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;
Cost Estimate (Rs. in million):	2,776.26
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Retiring employees of government
Legal reference:	Clause 19 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Accountants Generals
Estimation method:	Total value of payments made by AGs under this clause (TY 2019): Rs. 27,762,563,520. Tax expenditure is calculated at 10%.

No. of beneficiaries:	n.a.
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## 9 Payments from a provident fund under Provident Funds Act, 1925

Description:	Any payment from a provident fund to which the Provident Funds Act, 1925 (XIX of 1925) applies;
Cost Estimate (Rs. in million):	12,703.01
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees
Legal reference:	Clause 22 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Provincial and federal budget documents available online; figures reported by MAG; audited accounts of third parties listed in the schedule of Provident Fund Act 1925

Provident Fund 1925 applies to employees of government, and those employed by private sector or semi-government corporations which are listed in the schedule of the Provident Fund Act 1925. These are around 30 organizations (some of which have ceased to exist). This clause therefore has two components, one for government servants, and one for employees of listed organizations as per schedule of Act of 1925.

### Component 1 (government):

As per financial statements of AGs available online, payments made by provincial and federal governments under provident fund head, are as under:

- AG Sindh: Rs. 10,944,000,000
  - AG Punjab: Rs. 19,274,000,000
  - AGPR: Rs. 38,527,000,000
  - AG KP: Rs. 18,461,000,000
  - AG Balochistan: Rs. 2,506,000,000
  - Payment reported by MAG separately: Rs. 32,443,913,915
- Total: Rs. 122,155,913,915 (Tax expenditure is calculated at 10%).

### Component 2 (listed orgs):

Payments from 28 provident funds of listed organizations: Rs. 4,874,211,106. (Tax expenditure is calculated at 10%);

No. of beneficiaries:	n.a.
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## 10 Accumulated balance from a recognized provident fund

Description:	The accumulated balance due and becoming payable to an employee participating in a recognized provident fund;
Cost Estimate (Rs. in million):	2,105.81
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees participating in a recognized provident fund.
Legal reference:	Clause 23 of Part 1 of Second Schedule (ITO-2001)

Commencement year:	2001
Validity period:	Permanent
Source of data:	Audited accounts of provident funds registered with FBR
Estimation method:	Random sampling; there are a total of 1205 Provident Funds registered with FBR. A random sample of 40 Provident Funds out of these was taken, and their audited accounts were analyzed. The average "accumulated balance due and becoming payable to an employee", after normalizing the sample data, is multiplied with 1205. This gives the total amount falling under this clause. Tax expenditure is calculated at 10% of this amount.
No. of beneficiaries:	n.a.

### 11 Accumulated balance received from Pension Funds registered under Voluntary Pension System Rules.

Description:	The accumulated balance upto 50% received from Pension Funds registered under 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;
Cost Estimate (Rs. in million):	178.52
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Employees; self-employed
Legal reference:	Clause 23A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2006
Validity period:	Permanent
Source of data:	SECP; Pension Funds registered by SECP under Voluntary Pension System Rules 2005
Estimation method:	As per data provided by SECP, there are 19 Pension Funds. Data for the purpose of this clause was provided by these Pension Funds. Cost of exemption applied is 10% of the total accumulated balance received under this clause.
No. of beneficiaries:	n.a.

### 12 Monthly installments from an income payment plan

Description:	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;
Cost Estimate (Rs. in million):	20.96
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment

Beneficiary:	Employees; self-employed
Legal reference:	Clause 23B of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2012
Validity period:	Permanent
Source of data:	SECP; Pension Funds registered by SECP under Voluntary Pension System Rules 2005
Estimation method:	As per data provided by SECP, there are 19 Pension Funds. Data for the purpose of this clause was provided by these Pension Funds. Cost of exemption applied is 10% of the total amount falling under this clause.
No. of beneficiaries:	n.a.

### 13 Withdrawal of accumulated balance from approved pension fund

Description:	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;
Cost Estimate (Rs. in million):	239.57
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment
Beneficiary:	Employees; self-employed
Legal reference:	Clause 23C of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2012
Validity period:	Permanent
Source of data:	SECP; Pension Funds registered by SECP under Voluntary Pension System Rules 2005
Estimation method:	As per data provided by SECP, there are 19 Pension Funds. Data for the purpose of this clause was provided by these Pension Funds. Cost of exemption applied is 10% of the total amount falling under this clause.
No. of beneficiaries:	n.a.

### 14 Benevolent Fund grants

Description:	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;
Cost Estimate (Rs. in million):	655.81
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Employees (government)
Legal reference:	Clause 24 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent

Source of data:	M.D., Federal Employees Benevolent & Group Insurance Funds (FEB & GIF)
Estimation method:	Total disbursements from Benevolent Fund & Group Insurance in TY 2019: 6,558,050,000. Cost of exemption is taken at 10%.
No. of beneficiaries:	n.a.

### 15 Payments from approved superannuation funds on the death of a beneficiary

Description:	Any payment from an approved superannuation fund made on the death of a beneficiary or in lieu of or in commutation of any annuity, or by way of refund of contribution on the death of a beneficiary;
Cost Estimate (Rs. in million):	58.83
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Families of employees enrolled in approved superannuation funds
Legal reference:	Clause 25 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Private pension and superannuation funds registered with FBR
Estimation method:	<p>There are 117 private pension and superannuation funds registered with FBR. These mainly belong to private sector companies. Total payment of pensions made by these funds under this clause in TY 2019: Rs. 588,316,580. Tax expenditure is calculated at 10%.</p> <p><u>Note:</u> Data was collected through a survey which included all 117 registered funds. About 50% of them responded till the compilation of this report. Hence, total figure was reached by taking average payment based on data received from the responses, and multiplying it to 117.</p>
No. of beneficiaries:	n.a.

### 16 Income received by workers from out of the Workers Participation Fund (WPF)

Description:	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);
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Low-income workers; recipients of payments from WPF
Legal reference:	Clause 26 of Part 1 of Second Schedule (ITO-2001)

Commencement year:	2001
Validity period:	Permanent
Source of data:	n.a.
Estimation method:	WPF payments cover workers drawing minimum wages, who are already under Below Tax Limit threshold. Hence, no tax expenditure is involved for this clause.
No. of beneficiaries:	n.a.

**17 Any special allowance or benefit granted to meet expenses incurred in the performance of the duties**

Description:	Any special allowance or benefit (not being entertainment or conveyance allowance) or other perquisite within the meaning of section 12 specially granted to meet expenses wholly and necessarily incurred in the performance of the duties of an office or employment of profit;
Cost Estimate (Rs. in million):	1,166.78
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees
Legal reference:	Clause 39 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	1. (TY 2018) Tax-exempt value of "Expenditure Reimbursement" field from returns (Code 1059): Rs. 1,329,178,039. 2. (TY 2018) Tax-exempt value of "Allowances (including Flying / Submarine Allowance)" (Code 1049) less tax exempt Flying / Submarine Allowance (Code 64210052): 4,530,132,006 - 25,421,272 = Rs. 4,504,710,734 Total = Rs. 5,833,888,773 Cost of exemption is taken at 20% of this amount.
No. of beneficiaries:	n.a.

**18 Income of a newspaper employee representing Local Travelling Allowance**

Description:	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;
Cost Estimate (Rs. in million):	n.a. (but expected to be nominal)
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees (newspapers)
Legal reference:	Clause 40 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001

Validity period:	Permanent
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

## 19 Employment related perquisites

Description:	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;
Cost Estimate (Rs. in million):	106.34
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees
Legal reference:	Clause 53A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2005
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Value of tax-exempt Perquisites (Code 1089) for TY 2018 is taken for this clause, as these could not fit under any other exemption: Rs. 531,696,771. Cost of exemption is taken at 20% of this amount.
No. of beneficiaries:	n.a.

## 20 Judges of the Supreme Court & High Courts (house rent allowance)

Description:	The perquisites represented by the right of a judge of the Supreme Court of Pakistan or of a judge of High Court to occupy free of rent as a place of residence any premises provided by Federal or Provincial Government, as the case may be, or in case a judge chooses to reside in a house not provided by Government, so much of income which represents the sum paid to him as house rent allowance;
Cost Estimate (Rs. in million):	31.79
Tax expenditure type:	Exemption from total income
Subject:	State Apparatus
Beneficiary:	Judiciary of Superior Courts
Legal reference:	Clause 55 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent

Source of data:	Provincial AGs and AGPR
Estimation method:	Total house rent allowance paid to judges (TY 2019): Rs. 127,171,078. Cost of exemption is taken at 25%
No. of beneficiaries:	Number of in-service judges: (BHC: 15, PHC: 20, LHC: 43, IHC: 7, SHC: 28, SCP: 17) Total : 130

**21 Judges of the Supreme Court & High Courts (other perquisites, benefits and allowances)**

Description:	<p>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:</p> <p>(1) (a) Perquisites and benefits derived from use of official car.                  (b) Superior judicial allowance.                  (c) Transfer allowance payable to a Judge of High Court.</p> <p>(2) The following perquisites of the Judge of Supreme Court of Pakistan and Judge of High Court shall also be exempt from tax during service, and on or after retirement.                  (a) The services of a driver and an orderly.                  (b) 1000 (one thousand) free local telephone calls per month.                  (c) 1000 units of electricity as well as (25 hm<sup>3</sup> of gas) per month and free supply of water; and                  (d) 200 litres of petrol per month.</p> <p>(3) If during service, a judge dies, exemption from tax in respect of benefits and perquisites provided to widow as mentioned in sub-clause (2) shall also be available to the widow;</p>
Cost Estimate (Rs. in million):	282.95
Tax expenditure type:	Exemption from total income
Subject:	State Apparatus
Beneficiary:	Judiciary of Superior Courts
Legal reference:	Clause 56 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Provincial AGs and AGPR
Estimation method:	<p>Total superior judicial allowance as reported by AGs: Rs. 526,507,439 (A)                  Total value of perquisites for in-service &amp; retired judges: Rs. 605,280,000 (B)                  Total (A+B): Rs. 1,131,787,439                  Tax expenditure is calculated at 25%.                  =====                  Breakdown of perquisites and their estimated value is as under:                  - Official Car expense: (130 judges x 12 months x Rs. 30,000 estimated expense per month): Rs. 46,800,000                  - Driver &amp; Orderly: (25k salary per month per servant x 2 servants x 12 months x 520 judges): Rs. 312,000,000                  - Telephone: (Rs. 2 per minute x 1000 minutes x 12 months x 520 judges): Rs. 12,480,000                  - Electricity: (Rs. 12 per unit x 1000 units x 12 months x 520 judges): Rs. 74,880,000                  - Water: (Rs. 500 per month x 12 months x 520 judges): Rs. 3,120,000                  - Gas: (Rs. 5000 per month x 12 months x 520 judges): Rs. 31,200,000                  - Fuel: (200 litres x Rs. 100 per litre x 12 months x 520 judges): Rs. 124,800,000</p>

No. of beneficiaries:	Number of in-service judges: 130 Number of retired judges (estimated - three times): 390 Total: 520
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**22 Income from voluntary contributions, house property and investments in securities of the Federal Government derived by certain entities**

Description:	Any income from voluntary contributions, house property and investments in securities of the Federal Government derived by the following, namely:- (i) National Investment (Unit) Trust of Pakistan (ii) Mutual Fund set up by the Investment Corporation of Pakistan, (iii) Sheikh Sultan Trust, Karachi;
Cost Estimate (Rs. in million):	36.10
Tax expenditure type:	Exemption from total income
Subject:	Donations, Charities and Non-Profit Organizations
Beneficiary:	National Investment (Unit) Trust of Pakistan, Mutual Funds set up by Investment Corporation of Pakistan, Sheikh Sultan Trust Karachi
Legal reference:	Clause 57(1) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	NIT; income tax return of Sheikh Sultan Trust
Estimation method:	1. NIT states that it does not claim any exemption under this clause. 2. Investment Corporation of Pakistan is non-existent. 3. Sheikh Sultan Trust, Karachi, has claimed exempt income (2018) of Rs. 124,465,650. Corporate rate applied for calculating cost of exemption.
No. of beneficiaries:	3

**23 Income other than capital gain on stock and shares held for less than 12 months derived by collective investment schemes & mutual funds.**

Description:	Any income other than capital gain on stock and shares of public company, PTC vouchers, modaraba certificates, or any instrument of redeemable capital and derivative products held for less than 12 months derived by any Mutual Fund, investment company, or a collective investment scheme or a REIT Scheme or Private Equity and Venture Capital Fund or the National Investment (Unit) Trust of Pakistan, if not less than ninety per cent of its income of that year is distributed amongst the Unit- holders;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Financial Sector
Beneficiary:	Collective investment schemes and mutual funds
Legal reference:	Clause 57(2) of Part 1 of Second Schedule (ITO-2001)

Commencement year:	2001
Validity period:	Permanent
Source of data:	Mutual funds
Estimation method:	As per reply received from Meezan, NIT, and HBL Mutual Funds, "Mutual Funds claim exemption under clause 99 of Part I of Second Schedule of the Ordinance, while the referred Clause 57(2) of Part I of Second Schedule of the Ordinance is not applicable". Hence, there is no cost of exemption for this clause.
No. of beneficiaries:	nil

## 24 Income of provident funds (under Provident Fund Act 1925)

Description:	Any income of a provident fund to which the Provident Funds Act, 1925 applies;
Cost Estimate (Rs. in million):	1,770.27
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Provident funds
Legal reference:	Clause 57(3)(i) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns; Provident funds
Estimation method:	Application of corporate benchmark rate on exempt incomes of all provident funds listed in schedule of Provident Fund Act 1925
No. of beneficiaries:	28+

## 25 Recognized provident fund or an approved superannuation fund or an approved gratuity fund

Description:	Any income of trustees on behalf of a recognized provident fund or an approved superannuation fund or an approved gratuity fund;
Cost Estimate (Rs. in million):	13,117.9
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Recognized provident funds (other than those listed in Provident Fund Act 1925), approved superannuation funds, approved gratuity funds
Legal reference:	Clause 57(3)(ii) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Corporate benchmark rate has been applied on the reported exempt incomes of all funds registered with FBR under the three mentioned categories.

No. of beneficiaries:	451 gratuity funds, 1205 provident funds, and 117 pension & superannuation funds
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## 26 Benevolent funds or group insurance schemes

Description:	Any income of a benevolent fund or group insurance scheme approved by the Board for the purposes of this clause;
Cost Estimate (Rs. in million):	104.2
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Benevolent funds and group insurance schemes
Legal reference:	Clause 57(3)(iii) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	There are 17 benevolent funds found registered with FBR, out of these 13 are filing return. Corporate benchmark tax rate is applied on incomes declared by filer benevolent funds.
No. of beneficiaries:	17

## 27 Service Fund; Unit, Station or Regimental Institute; and any recognized Regimental Thrift and Savings Fund

Description:	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;
Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	n.a.
Legal reference:	Clause 57(3)[(iv), (vi), (vii)] of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

## 28 Employees Old Age Benefits Institution

Description:	Any income of Employees Old Age Benefits Institution established under the Employees Old Age Benefit Act, 1976 (XIV of 1976);
Cost Estimate (Rs. in million):	89.1

Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Employees Old Age Benefits Institution
Legal reference:	Clause 57(3)(v) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax return
Estimation method:	Aggregation of income declared under all heads and application of corporate benchmark rate
No. of beneficiaries:	1

## 29 Pension Funds approved by the SECP

Description:	Any income of a Pension Fund approved by the SECP;
Cost Estimate (Rs. in million):	55.1
Tax expenditure type:	Exemption from total income
Subject:	Financial Sector
Beneficiary:	Pension Funds registered with SECP under the Voluntary Pension System Rules, 2005
Legal reference:	Clause 57(3)(viii) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2005
Validity period:	Permanent
Source of data:	SECP; income tax returns
Estimation method:	Application of corporate benchmark rate on income of pension funds falling under this clause.
No. of beneficiaries:	19

## 30 Profit or gain or benefit derived by a pension Fund on redemption of the seed capital invested in pension fund

Description:	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;
Cost Estimate (Rs. in million):	14.2
Tax expenditure type:	Exemption from total income
Subject:	Financial Sector
Beneficiary:	Pension Funds registered with SECP under the Voluntary Pension System Rules, 2005
Legal reference:	Clause 57(3)(ix) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2005
Validity period:	Permanent
Source of data:	SECP; Pension funds

Estimation method:	Application of corporate benchmark rate on profits derived under this clause.
No. of beneficiaries:	19

### 31 International Irrigation Management Institute

Description:	Any income of International Irrigation Management Institute;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	International Irrigation Management Institute.
Legal reference:	Clause 57(3)(xi) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2006
Validity period:	Permanent
Source of data:	Income tax return
Estimation method:	Application of corporate benchmark rate. (Taxpayer is registered in FBR with the name of International Water Management Institute).
No. of beneficiaries:	1

### 32 Punjab Pension Fund

Description:	Any income of Punjab Pension Fund established under the Punjab Pension Fund Act, 2007 and the trust established thereunder;
Cost Estimate (Rs. in million):	1,247.91
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Punjab Pension Fund
Legal reference:	Clause 57(3)(xii) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2010
Validity period:	Permanent
Source of data:	Income tax return
Estimation method:	Application of corporate benchmark rate.
No. of beneficiaries:	1

### 33 Sindh Province Pension Fund

Description:	Any income of Sindh Province Pension Fund established under the Sindh Province Pension Fund Ordinance, 2002;
Cost Estimate (Rs. in million):	1,162.26
Tax expenditure type:	Exemption from total income

Subject:	Social Security
Beneficiary:	Sindh Province Pension Fund
Legal reference:	Clause 57(3)(xiii) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2014
Validity period:	Permanent
Source of data:	Provincial finance department, Sindh
Estimation method:	Application of corporate benchmark rate.
No. of beneficiaries:	1

### 34 Punjab General Provident Investment Fund

Description:	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 there-under;
Cost Estimate (Rs. in million):	180.95
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Punjab General Provident Investment Fund
Legal reference:	Clause 57(3)(xiv) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	Permanent
Source of data:	Income tax return
Estimation method:	Application of corporate benchmark rate.
No. of beneficiaries:	1

### 35 Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund

Description:	Any income of Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund;
Cost Estimate (Rs. in million):	114.87
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Khyber Pakhtunkhwa Retirement Benefits and Death Compensation Fund
Legal reference:	Clause 57(3)(xv) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	Permanent
Source of data:	Provincial finance department, KP
Estimation method:	Application of corporate benchmark rate.
No. of beneficiaries:	1

### 36 Khyber Pakhtunkhwa General Provident Investment Fund

Description:	Any income of Khyber Pakhtunkhwa General Provident Investment Fund;
Cost Estimate (Rs. in million):	1,692.63
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Khyber Pakhtunkhwa General Provident Investment Fund
Legal reference:	Clause 57(3)(xvi) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	Permanent
Source of data:	Provincial finance department, KP
Estimation method:	Application of corporate benchmark rate.
No. of beneficiaries:	1

### 37 Khyber Pakhtunkhwa Pension Fund

Description:	Any income of Khyber Pakhtunkhwa Pension Fund;
Cost Estimate (Rs. in million):	1,104.95
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Khyber Pakhtunkhwa Pension Fund
Legal reference:	Clause 57(3)(xvii) of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	Permanent
Source of data:	Provincial finance department, KP
Estimation method:	Application of corporate benchmark rate.
No. of beneficiaries:	1

### 38 Donations

Description:	Any amount paid as donation to certain institution, foundations, societies, boards, trusts and funds;
Cost Estimate (Rs. in million):	4,578.42
Tax expenditure type:	Exemption from total income
Subject:	Donations, Charities and Non-Profit Organizations
Beneficiary:	Persons making donations to the listed organizations
Legal reference:	Clause 61 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Audited accounts, websites
Estimation method:	Tax expenditure is calculated at 20% of the total donations received by the organizations. For organization-wise breakdown, please see Chapter 2.

No. of beneficiaries:	43+
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**39 Any amount donated to the Prime Minister’s Special Fund for victims of terrorism**

Description:	Any amount donated to the Prime Minister’s Special Fund for victims of terrorism;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Persons making donations to the said fund
Legal reference:	Clause 64A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2009
Validity period:	Permanent
Source of data:	SBP
Estimation method:	Account in SBP is inactive since May 2015
No. of beneficiaries:	nil

**40 Donations made to the Chief Minister’s (Punjab) Relief Fund for Internally Displaced Persons (IDPs)**

Description:	Any amount donated to the Chief Minister’s (Punjab) Relief Fund for Internally Displaced Persons (IDPs) of NWFP;
Cost Estimate (Rs. in million):	n.a. but assumed zero.
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Persons making donations to the said fund
Legal reference:	Clause 64B of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2009
Validity period:	Permanent
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

**41 Flood relief funds**

Description:	Prime Minister’s Flood Relief Fund 2010 and Provincial Chief Ministers’ Relief Funds, for victims of flood 2010;
Cost Estimate (Rs. in million):	n.a. but assumed zero.
Tax expenditure type:	Exemption from total income
Subject:	Social Security

Beneficiary:	Flood Relief Funds set up by Prime Minister and Provincial Chief Ministers
Legal reference:	Clause 64C of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2010
Validity period:	Permanent
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

#### 42 Welfare Fund created under the Emigration Ordinance, 1979

Description:	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.);
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Emigrants and their families in Pakistan
Legal reference:	Clause 65A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2012
Validity period:	Permanent
Source of data:	Overseas Pakistanis Foundation
Estimation method:	As per Overseas Pakistanis Foundation, exemption has not been availed by this fund on any income. Hence, cost of exemption is zero.
No. of beneficiaries:	n.a.

#### 43 Income derived by certain listed organizations (Clause 66 entities)

Description:	Clause 66 gives exemption from total income to certain listed organizations. These mainly include philanthropic organizations such as hospitals etc, but also include other government and non-government and international entities;
Cost Estimate (Rs. in million):	64,284.7
Tax expenditure type:	Exemption from total income
Subject:	Donations, Charities and Non-Profit Organizations
Beneficiary:	Organizations listed in this clause
Legal reference:	Clause 66 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2006
Validity period:	Permanent
Source of data:	Income tax returns; third party information where returns are not filed.
Estimation method:	Application of corporate benchmark rate, as tax expenditure. For organization-wise breakdown, please see Chapter 2.
No. of beneficiaries:	66+

#### 44 Income from Sukuks

Description:	Any income derived by Sukuk holder in relation to Sukuk issued by “The Second Pakistan International Sukuk Company Limited” and the Third Pakistan International Sukuk Company Limited, including any gain on disposal of such Sukuk;
Cost Estimate (Rs. in million):	2,770.63
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Investors (Sukuk holders)
Legal reference:	Clause 72A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2014
Validity period:	Permanent
Source of data:	Finance Division
Estimation method:	Profit paid under this clause in FY 2019 is USD 178.75 million (Rs.27.7 billion). Tax expenditure is calculated at 10%.
No. of beneficiaries:	n.a.

#### 45 Hub Power Company Limited

Description:	Any profit on debt derived by Hub Power Company Limited on or after the first day of July, 1991, on its bank deposits or accounts with financial institutions directly connected with financial transactions relating to the project operations;
Cost Estimate (Rs. in million):	1.66
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Hub Power Company Limited
Legal reference:	Clause 74 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax return
Estimation method:	Tax rate on profit on debt (10%) applied on exempt profit on debt as per income tax return
No. of beneficiaries:	1

#### 46 Income of foreign entities

Description:	Any income of an agency of a foreign Government, a foreign national (company, firm or association of persons), or any other non-resident person approved by the Federal Government for the purposes of this clause, from profit on moneys borrowed under a loan agreement or in respect of foreign currency instrument approved by the Federal Government;
Cost Estimate (Rs. in million):	6,556.50
Tax expenditure type:	Exemption from total income

Subject:	International (non-residents)
Beneficiary:	Agencies of foreign Governments, foreign nationals or any other non-resident person approved by the Federal Government;
Legal reference:	Clause 75 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Finance Division
Estimation method:	Interest payments under this clause for TY 2019 are USD 423 million (Rs. 65.565 billion) (@155/USD). Tax expenditure is calculated at 10%.
No. of beneficiaries:	n.a.

#### 47 Profit on debt on foreign currency accounts

Description:	Any profit on debt derived from foreign currency accounts held with authorised banks in Pakistan, or certificate of investment issued by investment banks in accordance with Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan;
Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment
Beneficiary:	Foreign currency account holders
Legal reference:	Clause 78 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Commercial banks
Estimation method:	As per information provided by commercial banks, there is no profit on debt paid under this clause in the period under review. Hence, tax expenditure is zero for this clause.
No. of beneficiaries:	nil

#### 48 Profit on debt derived by non-resident Pakistanis on rupee accounts

Description:	Any profit on debt derived from a rupee account held with a scheduled bank in Pakistan by a citizen of Pakistan residing abroad, where the deposits in the said account are made exclusively from foreign exchange remitted into the said account;
Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment
Beneficiary:	Citizens of Pakistan residing abroad and remitting foreign exchange
Legal reference:	Clause 79 of Part 1 of Second Schedule (ITO-2001)

Commencement year:	2001
Validity period:	Permanent
Source of data:	Commercial banks
Estimation method:	As per information provided by commercials banks, there is no profit on debt paid under this clause in the period under review. Hence, tax expenditure is zero for this clause.
No. of beneficiaries:	nil

#### 49 Income from foreign currency accounts where deposits were made before 1999

Description:	Any income derived from a private foreign currency account held with an authorised bank in Pakistan, or certificate of investment issued by investment banks in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, by a resident individual who is a citizen of Pakistan: Provided that the exemption under this clause shall not be available in respect of any incremental deposits made in the said accounts on or after the 16th day of December, 1999, or in respect of any accounts opened under the said scheme on or after the said date;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment
Beneficiary:	Foreign currency account holder resident individuals who are citizens of Pakistan
Legal reference:	Clause 80 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	nil
Estimation method:	This clause pertains to deposits made before 1999, hence, no current applicability or negligible impact
No. of beneficiaries:	nil

#### 50 Profit on debt payable by Pakistani industrial undertakings to financial institutions in foreign countries

Description:	Profit on debt payable by an industrial undertaking in Pakistan – (i) on moneys borrowed by it under a loan agreement with a financial institution in a foreign country (ii) on moneys borrowed or debts incurred by it in a foreign country in respect of the purchase of capital plant and machinery;
Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Financial institutions in foreign countries lending with approval of Federal Government of Pakistan

Legal reference:	Clause 90 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

## 51 Profit on debt on bonds issued by Pakistan Mortgage Refinance Company

Description:	Any profit on debt derived by any person on bonds issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment
Beneficiary:	Investors / buyers of bonds issued by Pakistan Mortgage Refinance Company
Legal reference:	Clause 90A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	5 years
Source of data:	Pakistan Mortgage Refinance Company
Estimation method:	PMRC has reported that it has not yet issued any bonds, hence no profit was derived by any person. There is no tax expenditure for this clause.
No. of beneficiaries:	nil

## 52 Text-book boards of Provinces

Description:	Any income of a text-book board of a Province
Cost Estimate (Rs. in million):	531.45
Tax expenditure type:	Exemption from total income
Subject:	Education, Health, Sports, & Culture
Beneficiary:	Provincial text book boards
Legal reference:	Clause 91 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns; text book board where return is not filed
Estimation method:	Application of corporate benchmark rate.
No. of beneficiaries:	4

### 53 Sports Boards (except Pakistan Cricket Board)

Description:	Any income derived by any Board or other organization established by Government in Pakistan for the purposes of controlling, regulating or encouraging major games and sports recognised by Government, except Pakistan Cricket Board;
Cost Estimate (Rs. in million):	58.55
Tax expenditure type:	Exemption from total income
Subject:	Education, Health, Sports, & Culture
Beneficiary:	Sports boards
Legal reference:	Clause 98 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns; Provincial sports departments
Estimation method:	Aggregation based on available information, and use of average for each province where information is not available
No. of beneficiaries:	5 - 10 (estimated)

### 54 Collective Investment Schemes and REITs

Description:	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;
Cost Estimate (Rs. in million):	5,228.24
Tax expenditure type:	Exemption from total income
Subject:	Financial Sector
Beneficiary:	Collective Investment Schemes and REIT Schemes that are distributing more than 90% of their incomes to certificate holders / shareholders.
Legal reference:	Clause 99 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	Since 2001, substituted in 2008
Validity period:	Permanent
Source of data:	SECP, income tax returns
Estimation method:	As per data provided by SECP, there are 220 registered Collective Investment Schemes / Mutual Funds, and one REIT. Their exempt incomes have been aggregated from their income tax returns, and benchmark rates applied.
No. of beneficiaries:	221

### 55 Profits and gains on sale of immovable property to a REIT Scheme

Description:	Profits and gains accruing to a person on sale of immovable property to a REIT Scheme;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income

Subject:	Others
Beneficiary:	Taxpayers selling immovable property to a Developmental REIT Scheme or a rental REIT Scheme
Legal reference:	Clause 99A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2007
Validity period:	2020 (Developmental REIT), 2021 (Rental REIT)
Source of data:	SECP, REIT
Estimation method:	There is only one REIT in the country according to the information provided by SECP. Information requisitioned from the said REIT reveals that it did not undertake a transaction with anyone during the period reported for. Hence, tax expenditure is zero.
No. of beneficiaries:	nil

## 56 Modarabas

Description:	Income, except income from manufacturing or trading activity, of a registered modaraba, provided not less than ninety per cent of its total profits are distributed amongst the shareholders;
Cost Estimate (Rs. in million):	424.80
Tax expenditure type:	Exemption from total income
Subject:	Financial Sector
Beneficiary:	Modarabas registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980
Legal reference:	Clause 100 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	SECP; income tax returns
Estimation method:	Application of benchmark rate on declared income of Modarabas
No. of beneficiaries:	29

## 57 Venture capital companies and venture capital funds

Description:	Venture capital companies and venture capital funds registered under Venture Capital Companies and Funds Management Rules, 2000 and a Private Equity and Venture Capital Funds;
Cost Estimate (Rs. in million):	0.98
Tax expenditure type:	Exemption from total income
Subject:	Financial Sector
Beneficiary:	Venture capital companies venture capital funds, and Private Equity & Venture Capital Funds.
Legal reference:	Clause 101 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2000

Validity period:	2024
Source of data:	SECP; income tax returns
Estimation method:	Application of benchmark rate on declared income of venture capital companies
No. of beneficiaries:	5

## 58 Income representing a subsidy granted by the Federal Government

Description:	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;
Cost Estimate (Rs. in million):	2,729.48
Tax expenditure type:	Exemption from total income
Subject:	State Apparatus
Beneficiary:	Recipients of subsidies granted by Federal Government
Legal reference:	Clause 102A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2006
Validity period:	Permanent
Source of data:	Annual budget document of federal government; income tax returns
Estimation method:	As per budget documents of federal government, the only recipients of subsidies where tax expenditure arises are the electricity distribution companies (Discos). Minimum tax has been calculated as tax expenditure on the amount of subsidies.
No. of beneficiaries:	6

## 59 Distributions received from collective investment scheme etc out of capital gains

Description:	Any distribution received by a taxpayer from a collective investment scheme out of the capital gains of the said scheme. This exemption is available to only such mutual funds, collective investment schemes that are debt or money market funds and these do not invest in shares;
Cost Estimate (Rs. in million):	0.53
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment
Beneficiary:	Investors investing in debt or money market mutual funds and collective investment schemes
Legal reference:	Clause 103 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	Since 2001, substituted in 2008
Validity period:	Permanent
Source of data:	Mutual funds
Estimation method:	Application of benchmark tax rate on distributions falling under this clause
No. of beneficiaries:	n.a.

## 60 Libyan Arab Foreign Investment Company

Description:	Income derived by the Libyan Arab Foreign Investment Company being dividend of the Pak-Libya Holding Company;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Libyan Arab Foreign Investment Company
Legal reference:	Clause 104 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Field formation of FBR
Estimation method:	M/s Pak Libya Holding Company has not paid any dividend to Libyan Arab Foreign Investment Company during the period under review.
No. of beneficiaries:	1

## 61 Saudi-Pak Industrial and Agricultural Investment Company Limited

Description:	Income derived by the Government of Kingdom of Saudi Arabia being dividend of the Saudi-Pak Industrial and Agricultural Investment Company Limited;
Cost Estimate (Rs. in million):	24.75
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Government of Kingdom of Saudi Arabia
Legal reference:	Clause 105 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Field formation of FBR
Estimation method:	Benchmark tax rate applied on dividend income
No. of beneficiaries:	1

## 62 Pak Kuwait Investment Company in Pakistan

Description:	Income derived by Kuwait Foreign Trading Contracting and Investment Company or Kuwait Investment Authority being dividend of the Pak Kuwait Investment Company in Pakistan;
Cost Estimate (Rs. in million):	37.50
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Kuwait Foreign Trading Contracting & Investment Company, and Kuwait Investment Authority

Legal reference:	Clause 105A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2004
Validity period:	Permanent
Source of data:	Field formation of FBR
Estimation method:	Benchmark tax rate applied on dividend income
No. of beneficiaries:	1

### 63 Income received by a taxpayer from a corporate agricultural enterprise

Description:	Income received by a taxpayer from a corporate agricultural enterprise, distributed as dividend out of its income from agriculture;
Cost Estimate (Rs. in million):	42.92
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Agribusiness
Beneficiary:	Taxpayers receiving dividend income from corporate agricultural enterprises
Legal reference:	Clause 105B of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2008
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Total reported income from corporate agriculture farming in TY 2018: Rs. 286,114,224. Tax expenditure on dividend distributed out of this income is taken at 15%.
No. of beneficiaries:	39 companies reported income from corporate agricultural farming. The range of reported income is: Highest: Rs. 166,763,886 ; Lowest: Rs. 68,000

### 64 Transfer of a capital asset, being a member of an stock exchange

Description:	Gain on transfer of a capital asset, being a membership right held by a member of an existing stock exchange, for acquisition of shares and trading or clearing rights acquired by such member in new corporatized stock exchange in the course of corporatization of an existing stock exchange;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Others
Beneficiary:	Members of Stock Exchange
Legal reference:	Clause 110B of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2007
Validity period:	Permanent
Source of data:	Pakistan Stock Exchange (PSX)

Estimation method:

In May 2012, the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 was enacted to provide for the corporatization and demutualization of the stock exchanges in Pakistan and to facilitate the integration of the stock exchanges. Pursuant to the Act, PSX (formerly Karachi Stock Exchange) was converted from a company limited by guarantee to a public company limited by shares with effect from Aug 27, 2012 under the Companies Ordinance 1984. In lieu of membership rights, the former members of PSX were then issued shares in the said converted stock exchange. Accordingly, the exemption available under this clause was practically available in the tax year 2013 only.

No. of beneficiaries: nil

## 65 Gain by Pakistan Mortgage Refinance Company

Description:	Any gain by a person on transfer of a capital asset, being a bond issued by Pakistan Mortgage Refinance Company to refinance the residential housing mortgage market;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Savings & Investment
Beneficiary:	Persons deriving gain from bonds issued by Pakistan Mortgage Refinance Company
Legal reference:	Clause 110C of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	2023
Source of data:	Pakistan Mortgage Refinance Company
Estimation method:	PMRC has reported that it has not yet issued any bonds, hence no profit or any capital gain was derived by any person. There is no tax expenditure for this clause.
No. of beneficiaries:	nil

## 66 Income from Export Processing Zones Authority

Description:	Income under the head "capital gains" derived by industrial undertakings set up in a "Zone" within the meaning of the Export Processing Zones Authority Ordinance, 1980;
Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	Industrial undertakings set up in "Zones" within the meaning of Export Processing Zones Authority Ordinance
Legal reference:	Clause 114 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Export Processing Zones Authority (EPZA)

Estimation method:	Data regarding NTN/CNICs of industrial units is not available
No. of beneficiaries:	<p>Presently the EPZA has established seven Export Processing Zones (EPZs) in the country. The number of industrial units operational within the zones are as under:</p> <ul style="list-style-type: none"> <li>- Karachi EPZ: 237</li> <li>- Sialkot EPZ: 24</li> <li>- Risalpur EPZ: 22</li> <li>- Gujranwala EPZ: 07</li> <li>- Saindak EPZ (Baluchistan): Single entity zone</li> <li>- Duddar EPZ: Single entity zone</li> <li>- Tuwairqi EPZ (Bin Qasim area Karachi): Single entity zone (dormant)</li> </ul> <p>Total beneficiaries: 289</p>

## 67 Public sector universities

Description:	Income of a public sector university established solely for educational purposes and not for the purposes of profit;
Cost Estimate (Rs. in million):	4,242.42
Tax expenditure type:	Exemption from total income
Subject:	Education, Health, Sports, & Culture
Beneficiary:	Public sector Universities
Legal reference:	Clause 126 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2014
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	There are 116 public sector universities. Out of these, 55 are filer, 57 are non-filer, and 4 are unregistered (not found on tax roll). From income tax returns, tax expenditure is calculated by applying corporate benchmark rate on exempt income. Average tax expenditure of filer universities has been extended to 25% of the non-filer universities as well, assuming atleast 25% of the non-filer universities are also earning income.
No. of beneficiaries:	116 approx

## 68 Income derived by Companies from Gawadar Port operations

Description:	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;
Cost Estimate (Rs. in million):	3.23
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	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

Legal reference:	Clause 126A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2007
Validity period:	23 years
Source of data:	China Overseas Ports Holding Company Limited (COPHCL)
Estimation method:	Application of benchmark tax rate
No. of beneficiaries:	5

## 69 Businesses set up in the Gawadar Free Zone Area

Description:	Profit and gains derived by a taxpayer from businesses set up in the Gawadar Free Zone Area;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	All businesses set up in Gawadar Free Zone
Legal reference:	Clause 126AA of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2016
Validity period:	23 years
Source of data:	China Overseas Ports Holding Company Limited (COPHCL)
Estimation method:	As per the data provided by COPHCL, there are around 20 businesses registered in GFZ area. Out of these, only six are filing returns. However, no business is availing exemption, as they are declaring losses with zero or nominal turnover.
No. of beneficiaries:	nil

## 70 Profit on debt under a Financing Agreement with the China Overseas Ports Holding Company Limited

Description:	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;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Foreign lenders or public sector banks/State bank having financing agreement with China Overseas Ports Holding Company Limited
Legal reference:	Clause 126AB of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2016
Validity period:	23 years
Source of data:	China Overseas Ports Holding Company Limited (COPHCL)

Estimation method: As per data furnished by COPHC Limited, there is no profit on debt derived under this clause, for the period under review. Hence, cost of exemption is zero.

No. of beneficiaries: nil

## 71 Income derived by contractors and sub-contractors from Gawadar Port operations

Description:	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;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Contractors and sub-contractors of mentioned companies from Gawadar Port operations
Legal reference:	Clause 126AC of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2016
Validity period:	Twenty years
Source of data:	China Overseas Ports Holding Company Limited (COPHCL)
Estimation method:	So far no contractor or supplier availed the benefit of exemption under clause 126AC of the ITO-2001
No. of beneficiaries:	nil

## 72 Dividend income derived by China Overseas Ports Holding Company Limited from its subsidiaries

Description:	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;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	China Overseas Ports Holding Company Limited
Legal reference:	Clause 126AD of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2016
Validity period:	23 years
Source of data:	China Overseas Ports Holding Company Limited (COPHCL)
Estimation method:	As per data furnished by COPHCL, no dividend income derived during the period of study, hence cost of exemption is zero.
No. of beneficiaries:	1

### 73 Profit and gains derived by Khalifa Coastal Refinery

Description:	Profit and gains derived by Khalifa Coastal Refinery;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Khalifa Coastal Refinery
Legal reference:	Clause 126B of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2007
Validity period:	20 years
Source of data:	Income tax return
Estimation method:	Taxpayer, registered with the name of Coastal Refinery Limited, is declaring loss and paying minimum tax. Hence, no tax expenditure is found.
No. of beneficiaries:	1

### 74 Refinery set up between 2018 and 2023

Description:	Profits and gains derived by a refinery set up between the 1st day of July, 2018 and the 30th day of June, 2023 with minimum 100,000 barrels per day production capacity. Exemption under this clause is also available to existing refineries, if— (a) existing production capacity is enhanced by at least 100,000 barrels per day; (b) the refinery maintains separate accounts for income arising from aforesaid additional production capacity; and (c) the refinery is a deep conversion refinery;
Cost Estimate (Rs. in million):	443.23
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Oil refineries
Legal reference:	Clause 126BA of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	20 years
Source of data:	Income tax returns
Estimation method:	Rate of benchmark minimum tax applied in the case of refineries is 0.5%.
No. of beneficiaries:	1

### 75 Industrial undertakings set up in Larkano Industrial Estate

Description:	Profits and gains derived by a taxpayer from an industrial undertaking set up in Larkano Industrial Estate from 2008 to 2013;
Cost Estimate (Rs. in million):	0.0

Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	Industrial undertakings set up in Larkano Industrial Estate
Legal reference:	Clause 126C of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2008
Validity period:	10 years
Source of data:	Relevant field formation of FBR
Estimation method:	No industrial undertaking is availing exemption under this clause.
No. of beneficiaries:	nil

**76 Industrial undertaking set up in the Gawadar under Export Processing Zone Authority Ordinance, 1980**

Description:	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;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	Industrial undertaking set up in the Gawadar
Legal reference:	Clause 126D of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2009
Validity period:	10 years
Source of data:	Export Processing Zones Authority
Estimation method:	Gawadar EPZ is being developed and not operational at the moment. Hence, tax expenditure is zero.
No. of beneficiaries:	nil

**77 Zone enterprise and zone developers (Special Economic Zones)**

Description:	Income derived by a zone enterprise as defined in the Special Economic Zones Act, 2012 and developer of zone for a period of ten years;
Cost Estimate (Rs. in million):	197.53
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	Zone enterprise as defined in the Special Economic Zones Act, 2012, and developers of zones.
Legal reference:	Clause 126E of Part 1 of Second Schedule (ITO-2001)
Commencement year:	Inserted in 2009, substituted in 2013
Validity period:	10 years
Source of data:	Board of Investment

Estimation method: This clause has two components. Component 1 consists of tax expenditure calculated to the extent of 5 Zone developers for TY 2018: Rs. 131,382,606. Regarding component 2, there are 48 zone enterprises located in different SEZs, as per data provided by BOI. Only two enterprises found to be claiming exemption, amounting to Rs. 66,150,400.

No. of beneficiaries: 7

## 78 Astro Plastics (Pvt) Limited & Novatex Limited

Description: Profits and gains derived by the following companies from the projects mentioned against each that have been declared 'Pioneer Industry' by Economic Coordination Committee of the Cabinet:-  
 1. Income of Astro Plastics (Pvt) Limited derived from their project Biaxially Oriented Polyethylene Terephthalate (BOP-ET) Project; and  
 2. Income of Novatex Limited derived from their project Biaxially Oriented Polyethylene Terephthalate (BOPET) Project;

Cost Estimate (Rs. in million): 0.0

Tax expenditure type: Exemption from total income

Subject: Business & Industry – General

Beneficiary: Astro Plastics (Pvt) Limited, & M/s. Novatex Limited

Legal reference: Clause 126G of Part 1 of Second Schedule (ITO-2001)

Commencement year: 2014

Validity period: 5 years

Source of data: Field formation

Estimation method: M/s Astro Plastics (Pvt) Limited has been merged with Ismail Industries & did not claim exemption. M/s Novatex Limited did not claim exemption.

No. of beneficiaries: 2

## 79 Fruit processing or preservation

Description: Income from fruit processing or preservation units set up in Balochistan Province, Malakand Division, Gilgit Baltistan and FATA between the first day of July, 2014 to the thirtieth day of June, 2017;

Cost Estimate (Rs. in million): 0.0

Tax expenditure type: Exemption from total income

Subject: Business & Industry – Agribusiness

Beneficiary: Fruit processing or preservation units set up in Balochistan Province, Malakand Division, Gilgit Baltistan and ex-FATA

Legal reference: Clause 126H of Part 1 of Second Schedule (ITO-2001)

Commencement year: 2014

Validity period: 5 years

Source of data: n.a.

Estimation method: n.a.

No. of beneficiaries: n.a.

## 80 Manufacture of plant, machinery, equipment and items with dedicated use for generation of renewable energy

Description:	Industrial undertakings set up by 31st day of December, 2016 and engaged in the manufacture of plant, machinery, equipment and items with dedicated use for generation of renewable energy;
Cost Estimate (Rs. in million):	11.43
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Manufacturers of plant, machinery & equipment for use in generation of renewable energy sources.
Legal reference:	Clause 126I of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	5 years
Source of data:	Engineering Development Board
Estimation method:	Application of corporate benchmark rate on exempt income
No. of beneficiaries:	Only one company is found to be availing this exemption, in TY 2018.

## 81 Industrial undertaking in operating warehousing or cold chain facilities for storage of agriculture produce

Description:	Profits and gains derived by a taxpayer, from an industrial undertaking set up between 1st day of July, 2015 and 30th day of June, 2016 engaged in operating warehousing or cold chain facilities for storage of agriculture produce;
Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Agribusiness
Beneficiary:	Industrial undertakings engaged in operating warehousing or cold chain facilities for storage of agriculture produce
Legal reference:	Clause 126J of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	3 years
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

## 82 Halal meat production unit

Description:	Profits and gains derived by a taxpayer, from an industrial undertaking set up between the first day of July, 2015 and the 30th day of June, 2017 for establishing and operating a halal meat production unit;
Cost Estimate (Rs. in million):	20.92
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Agribusiness
Beneficiary:	Halal meat production unit
Legal reference:	Clause 126K of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	4 years
Source of data:	Income tax returns
Estimation method:	FBR database was searched for companies having keyword "meat" in their name. Three companies were found under this head which are availing exemption from minimum tax (declaring losses). Hence, minimum tax is calculated as tax expenditure.
No. of beneficiaries:	3

## 83 Industrial undertakings set up in Khyber Pukhtunkhwa and Baluchistan between 2015 & 2018

Description:	Industrial undertakings set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan between 1st day of July, 2015 and 30th day of June, 2018;
Cost Estimate (Rs. in million):	9.02
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	Industrial undertakings set up in the Provinces of Khyber Pukhtunkhwa and Baluchistan
Legal reference:	Clause 126L of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	5 years
Source of data:	Field formations of FBR
Estimation method:	Application of corporate benchmark rates
No. of beneficiaries:	3 (two cases pertain to Balochistan, and one to KP)

## 84 Transmission line project

Description:	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;
Cost Estimate (Rs. in million):	6.82

Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Companies deriving income from transmission line projects in Pakistan
Legal reference:	Clause 126M of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	10 years
Source of data:	CPEC website; income tax returns
Estimation method:	Only two companies engaged in MATIARI-LAHORE transmission line project are found to be availing this exemption. Minimum tax is calculated as tax expenditure, as companies are declaring loss.
No. of beneficiaries:	2

## 85 Local cellular mobile phone manufacturers certified by Pakistan Telecommunication Authority

Description:	Profits and gains derived by a taxpayer from an industrial undertaking, duly certified by the Pakistan Telecommunication Authority, engaged in the manufacturing of cellular mobile phones setup and commercial production has commenced between the first day of July, 2015 and the thirtieth day of June, 2017;
Cost Estimate (Rs. in million):	12.07
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	Local cellular mobile phone manufacturers
Legal reference:	Clause 126N of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	5 years
Source of data:	Pakistan Telecommunication Authority; Income tax returns
Estimation method:	PTA has provided list of 29 telecom companies falling under this clause. Tax expenditure is calculated by applying corporate benchmark rates on exempt income/turnover declared, to the extent of filers. Nine (9) companies among these are non-filer, hence their data is not available.
No. of beneficiaries:	29

## 86 Green field industrial undertaking

Description:	Profits and gains of a company from a green field industrial undertaking incorporated on or after the first day of July, 2019;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – General
Beneficiary:	Green field industrial undertakings

Legal reference:	Clause 126O of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2019
Validity period:	5 years
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

## 87 Royalty, commission or fees earned from a foreign enterprise

Description:	Royalty, commission or fees earned from a foreign enterprise in consideration for the use outside Pakistan of any patent, invention, model, design, secret process or formula or similar property right or information concerning industrial, commercial or scientific knowledge, experience or skill made available or provided to such enterprise by the company or in the consideration of technical services rendered outside Pakistan to such enterprise by the company under an agreement in this behalf;
Cost Estimate (Rs. in million):	1.50
Tax expenditure type:	Exemption from total income
Subject:	Science, Technology, & Innovation
Beneficiary:	Innovators and technical experts
Legal reference:	Clause 131 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	State Bank of Pakistan
Estimation method:	As per State Bank data, value of inward remittances on account of royalty, commissions or fees for technical services during TY 2019 is USD 970,000 (Rs. 150,350,000). Tax expenditure is calculated at 1%.
No. of beneficiaries:	n.a.

## 88 Electric power generation project

Description:	<p>Profits and gains derived by a taxpayer from an electric power generation project set up in Pakistan on or after the 1st day of July, 1988, subject to following conditions:</p> <p>(a) owned and managed by a company formed for operating the said project and registered under the Companies Ordinance, 1984 (XLVII of 1984), and having its registered office in Pakistan;</p> <p>(b) not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence or by transfer to a new business of any machinery or plant used in a business which was being carried on in Pakistan at any time before the commencement of the new business; and</p> <p>(c) owned by a company fifty per cent of whose shares are not held by the Federal Government or Provincial Government or a 1[Local Government] or which is not controlled by the Federal Government or a Provincial Government or a 2[Local Government]</p>
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	Provided further that exemption under this clause shall also be available to the expansion projects of the existing Independent Power Projects already in operation;
Cost Estimate (Rs. in million):	26,888.12
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Electric power generation projects
Legal reference:	Clause 132 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Application of corporate benchmark rates on exempt incomes of electric power generation projects.
No. of beneficiaries:	73 (approx)

### 89 Bosicor Oil Pakistan Limited (refinery)

Description:	Profit and gains derived by Bosicor Oil Pakistan Limited;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Bosicor Oil Pakistan Limited (refinery)
Legal reference:	Clause 132A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2009
Validity period:	7.5 years
Source of data:	Income tax return
Estimation method:	Time period given in the clause, i.e. 7.5 years, has been lapsed, since insertion was made in TY 2009. There is no current applicability of this exemption, therefore, tax expenditure is zero.
No. of beneficiaries:	1

### 90 Coal mining projects in Sindh

Description:	Profits and gains derived by a taxpayer from Coal mining projects in Sindh, supplying coal exclusively to power generation projects;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Coal mining projects in Sindh
Legal reference:	Clause 132B of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2014

Validity period:	Permanent
Source of data:	Energy Department, Govt of Sindh
Estimation method:	As per Energy Department, Govt of Sindh, only one company, SECMC, falls under this clause. SECMC declared loss in TY 2018 having nominal turnover. Hence cost of exemption is negligible, and rounded to zero.
No. of beneficiaries:	1

## 91 Exporters of computer software, IT services or IT enabled services

Description:	Income from exports of computer software or IT services or IT enabled services. Provided that eighty per cent of the export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels;
Cost Estimate (Rs. in million):	1,238.56
Tax expenditure type:	Exemption from total income
Subject:	Science, Technology, & Innovation
Beneficiary:	Exporters of computer software, IT services or IT enabled services
Legal reference:	Clause 133 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2003
Validity period:	2025
Source of data:	State Bank of Pakistan
Estimation method:	Total income reported by State Bank for TY 2019 is US\$ 799,070,000. Tax expenditure is calculated at 1%.
No. of beneficiaries:	n.a.

## 92 Non-residents deriving income from investment in OGDCL

Description:	Income derived by non-residents from investment in OGDCL exchangeable bonds issued by the Federal Government;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	International (non-residents)
Beneficiary:	Non-residents deriving income from investment in OGDCL exchangeable bonds issued by the Federal Government.
Legal reference:	Clause 135A of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2012
Validity period:	Permanent
Source of data:	OGDCL
Estimation method:	Although the process of issuance of exchangeable bonds was started in the year 2010, however it could not be concluded, therefore OGDCL did not issue any such bonds. As the bonds were not issued therefore no such income derived by non-residents from investment in OGDCL exchangeable bonds. Cost of exemption is zero.

No. of beneficiaries:	nil
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### 93 Special purpose vehicle as defined in the Asset Backed Securitization

Description:	Income of a special purpose vehicle as defined in the Asset Backed Securitization Rules, 1999;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from total income
Subject:	Financial Sector
Beneficiary:	Special purpose vehicles as defined in the Asset Backed Securitization Rules, 1999
Legal reference:	Clause 136 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	SECP
Estimation method:	As per information provided by SECP, there is no special purpose vehicle registered under Asset Backed Securitization Rules, 1999
No. of beneficiaries:	nil

### 94 Medical treatment or hospitalization for employees

Description:	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;
Cost Estimate (Rs. in million):	1,050.98
Tax expenditure type:	Exemption from total income
Subject:	Employment
Beneficiary:	Employees receiving free medical care from employers.
Legal reference:	Clause 139 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2003
Validity period:	Permanent
Source of data:	Health insurance companies for private sector; Accountant Generals for public sector
Estimation method:	<p>This estimate has two components as under:</p> <p><u>For private sector</u> Aggregate value of insurance premium received by health insurance companies from employer companies in TY 2019 is Rs. 5,956,799,774. Cost of exemption is taken at 10% of this amount, lumpsum, keeping in view that bulk of employees claiming health insurance settlements would either be in middle or lower slabs.</p> <p><u>For public sector</u> Reimbursement of tax-exempt medical charges (government - civil): Rs. 4,552,984,585. Tax expenditure calculated at 10%. Data for military is not available, as they have separate health system.</p>
No. of beneficiaries:	n.a.

## 95 LNG Terminal Operators and Terminal Owners

Description:	Profit and gains derived by LNG Terminal Operators and Terminal Owners;
Cost Estimate (Rs. in million):	731.85
Tax expenditure type:	Exemption from total income
Subject:	Business & Industry – Energy and Mining
Beneficiary:	LNG Terminal Operators and Terminal Owners
Legal reference:	Clause 141 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	5 years
Source of data:	OGRA; Income tax returns
Estimation method:	Application of corporate benchmark rates on exempt income
No. of beneficiaries:	2

## 96 Provincial social security institutions

Description:	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;
Cost Estimate (Rs. in million):	5,016.92
Tax expenditure type:	Exemption from total income
Subject:	Social Security
Beneficiary:	Provincial social security institutions
Legal reference:	Clause 142 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2015
Validity period:	Permanent
Source of data:	Respective social security institutions or their websites
Estimation method:	Total collection of social security contributions in TY 2019 is Rs. 17.3 billion, and province-wise breakdown is as under: - Balochistan: Rs.147,511,924 - KP: Rs.535,046,000 - Punjab: Rs.11,780,043,350 - Sindh: Rs.4,837,118,068 Tax expenditure calculated at benchmark corporate rate.
No. of beneficiaries:	4

## 97 Startups

Description:	Profit and gains derived by a start-up as defined in clause (62A) of section 2;
Cost Estimate (Rs. in million):	634.58
Tax expenditure type:	Exemption from total income

Subject:	Science, Technology, & Innovation
Beneficiary:	Startups as defined in clause (62A) of section 2 of the ITO-2001
Legal reference:	Clause 143 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2017
Validity period:	3 years
Source of data:	Pakistan Software Export Board; Income tax returns
Estimation method:	Export related proceeds of start-ups have been excluded for the purpose of this clause, as these have been accounted for under clause 133 of Part 1 of Second Schedule.
No. of beneficiaries:	472

**98 Individuals domiciled or companies and associations of persons resident in the ex-Tribal Areas**

Description:	Income of individuals domiciled or companies and associations of persons resident in the ex-Tribal Areas;
Cost Estimate (Rs. in million):	4,454.21
Tax expenditure type:	Exemption from total income
Subject:	Others
Beneficiary:	Individuals domiciled or companies and associations of persons resident in the ex-Tribal Areas
Legal reference:	Clause 145A & 146 of Part 1 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	2023
Source of data:	Income tax returns
Estimation method:	<p>Estimation of tax expenditure for this clause is based on data of registered taxpayers residing in the Districts of erstwhile FATA/PATA, who have filed returns and declared exempt incomes for the period under review. Cost of tax expenditure is taken at 15% for business individuals and AOPs, and 29% in the case of companies. Moreover, at least 50% of the non-filers (business individuals, AOPs, Companies) in the said districts have been assumed to be active in business and earning average income equivalent to or close to the filer taxpayers. Tax expenditure is accordingly worked out for these 50% of non-filers, based upon the average.</p> <p><u>Note:</u> Reliability of this estimate is low to medium, due to lack of sufficient data. It can be reasonably assumed that a vast majority of small and medium businesses, who are resident or domiciled in the districts of ex-FATA/PATA, are not on tax roll as tax laws have never had any applicability in these districts in the past, and there never was any enforcement or “broadening of tax base” drive here. Hence, actual estimate may be much higher.</p>
No. of beneficiaries:	n.a.

## Reduction in Tax Rates

### 1 Income of Pakistan Cricket Board derived from sources outside Pakistan

Description:	The income of Pakistan Cricket Board derived from sources outside Pakistan shall be taxed at a rate of four per cent of the gross receipts from such sources;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Reduction in Tax Liability
Subject:	Education, Health, Sports, & Culture
Beneficiary:	Pakistan Cricket Board
Legal reference:	Clause 3B of Part 2 of Second Schedule (ITO-2001)
Commencement year:	2016
Validity period:	Permanent
Source of data:	Income tax return
Estimation method:	Net loss is declared in return, 4% tax on gross receipts is already higher than minimum tax that would have been payable, hence no tax expenditure is involved.
No. of beneficiaries:	1

### 2 Reduced rate for Modarabas

Description:	In the case of a modaraba the rate of income tax shall be 25% of total income excluding such part of total income to which Division III of Part I of the First Schedule or section 153 or section 154 applies;
Cost Estimate (Rs. in million):	0.20
Tax expenditure type:	Reduction in Tax Liability
Subject:	Financial Sector
Beneficiary:	Modarabas
Legal reference:	Clause 18 of Part 2 of Second Schedule (ITO-2001)
Commencement year:	2002
Validity period:	Permanent
Source of data:	SECP; Income tax returns
Estimation method:	Only two Modarabas are found to be availing 25% tax rate under this clause. Rest are already claiming total exemptions under Clause 100 of Part 1 of Second Schedule.
No. of beneficiaries:	2

### 3 Companies setting up an industrial undertaking between 2014 and 2017

Description:	The rate of tax shall be reduced to 20% for a company setting up an industrial undertaking between the first day of July, 2014 to the thirtieth day of June, 2017, for a period of five years beginning from the month in which the industrial undertaking is set up or commercial production is commenced whichever is later. Provided that fifty percent of the cost of the project including working capital is through owner equity foreign direct investment;
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Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Reduction in Tax Liability
Subject:	Business & Industry – General
Beneficiary:	Companies setting up an industrial undertaking between 2014 and 2017
Legal reference:	Clause 18A of Part 2 of Second Schedule (ITO-2001)
Commencement year:	2014
Validity period:	5 years
Source of data:	FBR's official database
Estimation method:	No companies have been found who are availing reduced rate of 20%. Hence tax expenditure is zero.
No. of beneficiaries:	nil

#### 4 Shariah compliant listed corporate manufacturers

Description:	The rate of tax shall be reduced by 2% in case of a company whose shares are traded on stock exchange if it fulfills prescribed shari'ah compliant criteria approved by State Bank of Pakistan, Securities and Exchange Commission of Pakistan and the Board, and derives income from manufacturing activities only;
Cost Estimate (Rs. in million):	5.79
Tax expenditure type:	Reduction in Tax Liability
Subject:	Business & Industry – General
Beneficiary:	Shariah compliant listed corporate manufacturers
Legal reference:	Clause 18B of Part 2 of Second Schedule (ITO-2001)
Commencement year:	2016
Validity period:	Permanent
Source of data:	SECP; Income tax returns
Estimation method:	SECP has accorded Shariah Compliance Certificate to only three companies in the country, on the basis of the Shariah Screening Criteria of Regulation 11 of the Shariah Governance Regulations, 2018. Analysis of income tax returns of these companies reveal that only one company is availing the concession of 2% under this clause. The 2% concession availed is equal to tax expenditure under this clause.
No. of beneficiaries:	1

#### 5 Compulsory Monetization of Transport Facility for Civil Servants

Description:	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;
Cost Estimate (Rs. in million):	98.52
Tax expenditure type:	Reduction in Tax Liability

Subject:	Employment
Beneficiary:	Employees (government servants of BS-20 and above)
Legal reference:	Clause 27 of Part 2 of Second Schedule (ITO-2001)
Commencement year:	2012
Validity period:	Permanent
Source of data:	Accountant Generals
Estimation method:	Monetization amount is already taxed at the rate of 5%. Tax expenditure is calculated at a further 10% of the monetization amount.
No. of beneficiaries:	n.a.

## 6 Hybrid Cars

	The rate of tax under section 148 on import of hybrid cars shall be reduced as below:– Upto 1200 cc - 100% 1201 to 1800 cc - 50% 1801 to 2500 cc - 25%;
Cost Estimate (Rs. in million):	23.33
Tax expenditure type:	Reduction in Tax Liability
Subject:	Others
Beneficiary:	Consumers of Hybrid Cars
Legal reference:	Clause 28A of Part 2 of Second Schedule (ITO-2001)
Commencement year:	2013
Validity period:	Permanent
Source of data:	Import data from FBR's official database
Estimation method:	Import data against relevant PCT codes was analyzed for the period under review. Concession has been availed only in the case of import of 95 vehicles, where withholding tax paid was less than the standard rate at import stage.
No. of beneficiaries:	95

## 7 E-commerce sector

Description:	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;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Reduction in Tax Liability
Subject:	Science, Technology, & Innovation
Beneficiary:	E-commerce / IT sector
Legal reference:	Clause 28C of Part 2 of Second Schedule (ITO-2001)
Commencement year:	2017
Validity period:	Permanent
Source of data:	Pakistan Software Houses Association for IT & ITES (P@SHA)

Estimation method: Analysis of income tax returns of major online marketplaces in Pakistan reveal that they are declaring losses, hence not availing this concession. A survey with the help of Pakistan Software Houses Association for IT & ITES (P@SHA) was launched to map online marketplaces. As per the responses received, no online marketplace has availed this concession so far. Hence, cost of exemption is zero.

No. of beneficiaries: nil

## Reduction in Tax Liability

### 1 Flying allowance

Description:	Any amount received as flying allowance by flight engineers, navigators of Pakistan Armed Forces, Pakistani Airlines or Civil Aviation Authority, Junior Commissioned Officers or other ranks of Pakistan Armed Forces; and submarine allowance by the officers of the Pakistan Navy, shall be taxed @ 2.5% as a separate block of income;
Cost Estimate (Rs. in million):	133.41
Tax expenditure type:	Reduction in tax liability
Subject:	Employment
Beneficiary:	Employees (persons receiving flying allowance)
Legal reference:	Clause 1(1) of Part 3 of Second Schedule (ITO-2001)
Commencement year:	2006
Validity period:	Permanent
Source of data:	FBR database
Estimation method:	Data extracted from income tax returns against field no. 64210052 and difference between tax liability at the rate of 20% (assumed as benchmark rate for the purpose of this clause) and 2.5% worked out.
No. of beneficiaries:	n.a.

### 2 Allowances received by Pilots of Pakistani Airlines

Description:	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;
Cost Estimate (Rs. in million):	430.44
Tax expenditure type:	Reduction in tax liability
Subject:	Employment
Beneficiary:	Employees (pilots of Pakistani airlines)
Legal reference:	Clause 1(1AA) of Part 3 of Second Schedule (ITO-2001)
Commencement year:	2014
Validity period:	Permanent
Source of data:	Income tax returns

Estimation method: Data extracted from income tax returns against field no. 64210053 and difference between tax liability at the rate of 20% (assumed as benchmark rate for the purpose of this clause) and 7.5% worked out.

No. of beneficiaries: n.a.

### 3 Full time teacher or a researcher

Description: The tax payable by a full time teacher or a researcher, employed in a non profit education or research institution duly recognized by Higher Education Commission, a Board of Education or a University recognized by the Higher Education Commission, including government research institution, shall be reduced by an amount equal to 25% of tax payable on his income from salary;

Cost Estimate (Rs. in million): 2,421.07

Tax expenditure type: Reduction in tax liability

Subject: Education, Health, Sports, & Culture

Beneficiary: Employees (full time teacher or a researcher)

Legal reference: Clause 1(2) of Part 3 of Second Schedule (ITO-2001)

Commencement year: 2006

Validity period: Permanent

Source of data: Pakistan Bureau of Statistics

Estimation method: Data of teachers is taken from PBS website, for the following categories of teachers: Arts/Science colleges, professional colleges, universities, secondary vocational institutions. Teachers in secondary schools have not been considered, being relatively less paid. Latest available data is for year 2017. For 2018, an 8% multiplier on number of teachers is used keeping in view increase in number of teachers over past years. Average annual salaries for different categories of teachers have been taken as following:

- Arts/Science College: Rs. 900,000
- Professional College: Rs. 1,200,000
- University: Rs. 2,400,000
- Secondary vocational institutions: Rs. 1,800,000

Separate data for researchers is not available.

No. of beneficiaries: 133,255 approx.

### 4 Importers of old and used cars

Description: 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;

Cost Estimate (Rs. in million): 1.2

Tax expenditure type: Reduction in tax liability

Subject: Others

Beneficiary: Importers of old and used cars

Legal reference: Clause 4 of Part 3 of Second Schedule (ITO-2001)

Commencement year: 2004

Validity period:	Permanent
Source of data:	Import data from FBR's official database
Estimation method:	Import data against relevant PCT codes was analyzed for the period under review. Concession has been found to be availed only in the case of import of 12 vehicles.
No. of beneficiaries:	12

## 5 Foreign film-makers

Description:	The amount of tax payable by foreign film-makers from making films in Pakistan shall be reduced by fifty percent on income from film-making in Pakistan;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Reduction in tax liability
Subject:	Education, Health, Sports, & Culture
Beneficiary:	Foreign film-makers
Legal reference:	Clause 7 of Part 3 of Second Schedule (ITO-2001)
Commencement year:	2018
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Relevant field in income tax return
No. of beneficiaries:	nil

## 6 Film making companies based in Pakistan

Description:	The amount of tax payable by resident companies deriving income from film-making shall be reduced by seventy per cent on income from film-making;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Reduction in tax liability
Subject:	Education, Health, Sports, & Culture
Beneficiary:	Film making companies based in Pakistan
Legal reference:	Clause 8 of Part 3 of Second Schedule (ITO-2001)
Commencement year:	Since 2001, omitted and reinserted in 2018
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	Returns of major resident film companies were scrutinized. No company is found to have availed this concession.
No. of beneficiaries:	nil

## 7 Income from low cost housing projects

Description:	The tax payable on profits and gains derived by a person from low cost housing projects shall be reduced by fifty percent;
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Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Reduction in tax liability
Subject:	Business & Industry – General
Beneficiary:	Taxpayers deriving income from low cost housing projects
Legal reference:	Clause 9 of Part 3 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	Data is not available for this clause. Association of Builders & Developers (ABAD) was requested to furnish inventory of taxpayers falling under this clause. However, they informed that such data is not available with them.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

## Exemption from Specific Provisions

### 1 Foreign exchange deposited in a private Foreign Currency account

Description:	The provisions of section 111 regarding un-explained income or assets shall not apply in respect of foreign exchange deposited in a private Foreign Currency account held with an authorized bank in Pakistan in accordance with the Foreign Currency Accounts Scheme introduced by the State Bank of Pakistan, excluding such accounts where incremental deposits were made on or after the 16th day of December, 1999;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from Specific Provisions
Subject:	Others
Beneficiary:	Foreign currency account holders
Legal reference:	Clause 5 of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2001
Validity period:	Permanent
Source of data:	nil
Estimation method:	This clause pertains to deposits made before 1999, hence, no current applicability or negligible impact.
No. of beneficiaries:	nil

### 2 Import of plant, machinery and equipment by M/s CSCEC & M/s CCCC

Description:	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);
Cost Estimate (Rs. in million):	836.48
Tax expenditure type:	Exemption from Specific Provisions

Subject:	International (non-residents)
Beneficiary:	M/s China State Construction Engineering Corporation Ltd. (M/s CSCEC); and M/s China Communication Construction Company (M/s CCCC).
Legal reference:	Clause 60A of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2016
Validity period:	Permanent
Source of data:	Import data from FBR's official database
Estimation method:	- Value of WHT exempt imports of M/s CSCEC for TY 2019: Rs. 14,909,419,024 (Cost calculated at 5.5%) - Value of WHT exempt imports of M/s CCCC for TY 2019: Rs. 299,335,344 (Cost calculated at 5.5%)
No. of beneficiaries:	2

### 3 Import of firefighting equipments by industrial undertakings set up in the special economic zones

Description:	The provisions of section 148 shall not apply on import of firefighting equipments by industrial undertakings set up in the special economic zones established by the Federal Government;
Cost Estimate (Rs. in million):	23.30
Tax expenditure type:	Exemption from Specific Provisions
Subject:	Business & Industry – General
Beneficiary:	Industrial undertakings set up in the special economic zones
Legal reference:	Clause 60D of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2019
Validity period:	Permanent
Source of data:	Import data from FBR's official database
Estimation method:	Relevant PCT codes include 38130000, 84241000, 85311000, 87053000. Difference is calculated (between 5.5% of import value against relevant PCT codes and actual WHT deducted at import state). 50% of this value is taken as tax expenditure for this clause, assuming that around half of exemptions availed relates to industrial undertakings set up in the SEZs.
No. of beneficiaries:	n.a.

### 4 M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore

Description:	M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore shall be deemed to have been approved by the Commissioner for the purpose of sub-section (36) of section 2 notwithstanding the provisions of clause (c) of sub-section (36) of section 2;
Cost Estimate (Rs. in million):	269.81
Tax expenditure type:	Exemption from Specific Provisions

Subject:	Donations, Charities and Non-Profit Organizations
Beneficiary:	M/s Dawat-e-Hadiya, Karachi and Lahore University of Management Sciences, Lahore
Legal reference:	Clause 63 of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2008
Validity period:	Permanent
Source of data:	Income tax returns
Estimation method:	* Tax Credit of Dawat-e-Hadiya: Rs. 32,904,706 * Tax Credit of LUMS: Rs. 236,900,410
No. of beneficiaries:	2

## 5 M/s TAISEI Corporation

Description:	The provisions of this Ordinance shall not be applicable to the M/s TAISEI Corporation under the agreement with National Highway Authority, GOP;
Cost Estimate (Rs. in million):	83.83
Tax expenditure type:	Exemption from Specific Provisions
Subject:	International (non-residents)
Beneficiary:	M/s TAISEI Corporation
Legal reference:	Clause 71 of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2009
Validity period:	Permanent
Source of data:	Income tax return
Estimation method:	Application of corporate benchmark rate on exempt income
No. of beneficiaries:	1

## 6 Import and supply of items with dedicated use of renewable sources of energy

Description:	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;
Cost Estimate (Rs. in million):	1,229.35
Tax expenditure type:	Exemption from Specific Provisions
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Importers and suppliers of items with dedicated use of renewable sources of energy
Legal reference:	Clause 77 of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2011
Validity period:	Permanent
Source of data:	Import data from FBR's official database

Estimation method:	Imports against PCT codes 85023100, 85044090, 85131040, 85131090, 85414000, 90328990. Tax expenditure calculated at 5.5%. (insubstantial income declared by these companies in returns).
No. of beneficiaries:	n.a.

## 7 Coal Mining and Coal based Power Generation Projects in Sindh

Description:	(i) The dividend income of the shareholders of “Coal Mining and Coal based Power Generation Projects in Sindh” shall be exempt from provisions of section 150 from the date of commencement of business till 30 years from such date; and (ii) The payments made on account of sale or supply of goods or providing or rendering of services during project construction and operations, shall be exempt from the provisions of section 152(2A) and section 153”;
Cost Estimate (Rs. in million):	0.0
Tax expenditure type:	Exemption from Specific Provisions
Subject:	Business & Industry – Energy and Mining
Beneficiary:	Shareholders of coal mining and coal based power generation projects in Sindh
Legal reference:	Clause 78 of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2011
Validity period:	30 years
Source of data:	Financial accounts & income tax returns
Estimation method:	No dividends paid by ENGRO POWERGEN THAR (PVT.) LIMITED, PORT QASIM ELECTRIC POWER COMPANY (PRIVATE) LIMITED and SECMC in TY 2018. (Information regarding component (ii) is not available.)
No. of beneficiaries:	nil

## 8 Provisions of section 148 shall not apply to following equipment

Description:	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;
Cost Estimate (Rs. in million):	528.0
Tax expenditure type:	Exemption from Specific Provisions
Subject:	Business & Industry – Agribusiness
Beneficiary:	Importers following equipment
Legal reference:	Clause 91 of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2015

Validity period:	Permanent
Source of data:	Import data from FBR's official database for 21 PCT codes
Estimation method:	Difference (between 5.5% of import value against relevant PCT codes and WHT deducted at import state) is taken as tax expenditure.
No. of beneficiaries:	n.a.

## 9 Commercial vehicles leased under the Prime Minister's Youth Business Loan Scheme

Description:	The provisions of section 231B (1A) shall not apply to light commercial vehicles leased under the Prime Minister's Youth Business Loan Scheme;
Cost Estimate (Rs. in million):	n.a.
Tax expenditure type:	Exemption from Specific Provisions
Subject:	Others
Beneficiary:	Beneficiaries of PM's Youth Business Loan Scheme
Legal reference:	Clause 102 of Part 4 of Second Schedule (ITO-2001)
Commencement year:	2017
Validity period:	Permanent
Source of data:	n.a.
Estimation method:	n.a.
No. of beneficiaries:	n.a.

## Others / Miscellaneous

### 1 Federal Government, Provincial Government, and Local Government income

Description:	<p>The income of the Federal Government shall be exempt from tax under this Ordinance. The income of a Provincial Government or a Local Government is exempt, other than income chargeable under the head "Income from Business" derived by a Provincial Government or Local Government from a business carried on outside its jurisdictional area.</p> <p>* Exemption under this section is not available in the case of corporation, company, a regulatory authority, a development authority, other body or institution established by or under a Federal law or a Provincial law or an existing law or a corporation, company, a regulatory authority, a development authority or other body or institution set up, owned and controlled, either directly or indirectly, by the Federal Government or a Provincial Government, regardless of the ultimate destination of such income as laid down in Article 165A of the Constitution of the Islamic Republic of Pakistan;</p>
Cost Estimate (Rs. in million):	18,934.0
Tax expenditure type:	Exemption
Subject:	State Apparatus
Beneficiary:	Government organizations
Legal reference:	Section 49 of ITO-2001

Commencement year:	2001
Validity period:	Permanent
Source of data:	Income tax returns of FTN (free tax number) holders, official website.
Estimation method:	Please see Appendix-3 for details.
No. of beneficiaries:	262+

## Appendix 1

### Tax-Gap Analysis of Agricultural Income

Agricultural income is exempt from income tax under section 41 of the ITO-2001. However, it falls under the provincial domain as per the Constitution of Pakistan, and the provinces have the mandate to levy tax on agricultural incomes. The provincial collection of income tax on agricultural income for FY 2018 is as under:

Province	Tax collected on agricultural income (Rs. in million)
Punjab	913
Sindh	559
KP	100
Balochistan	17
<b>Total</b>	<b>1,589</b>

In order to measure the actual potential of revenue from agriculture, an estimation has been carried out, using data from 2010 Agricultural Census. <sup>1</sup>

The key assumption in this estimation is that the average income per acre earned by farmer has been taken at Rs. 50,000, keeping in view current year's average price levels of commodities. Farm sizes have been categorized as per column 2 of the table below. Farms smaller than 7.5 acres have not been considered, being of subsistence income level. Income for each farm size (column 5) is estimated by multiplying cultivated area (acres) for each category with average income per acre (Rs. 50,000). If statutory slab-wise tax rates are applied on average income per farm for the six categories of farm sizes, the estimated revenue forgone due to this exemption comes to Rs. 69.5 billion annually.

Sr.	Farm Size (Acres)	Number of Farms	Cultivated Area (Acres)	Total Country-wide Income (Rs. in mil)	Average Income per Farm (Rs. in mil)	Tax on Average Income (Rs.in mil)	Total Collectible Tax (Rs. in mil)
1	2	3	4	(Col 4 x 50,000)	(Col 5 ÷ Col 3)	7	(Col 3 x Col 7)
1	7.5 to under 12.5	917,007	7,979,521	398,976	0.44	0.002	1,609
2	12.5 to under 25	560,748	8,270,124	413,506	0.74	0.02	13,313
3	25 to under 50	210,907	5,387,577	269,379	1.28	0.08	17,207
4	50 to under 100	66,874	2,997,541	149,877	2.24	0.23	15,125
5	100 to under 150	12,607	942,081	47,104	3.74	0.55	6,985
6	150 and above	13,438	1,533,619	76,681	5.71	1.13	15,210
<b>Total estimated tax-gap (Rs. in millions)</b>							<b>69,450</b>

## Reference:

- 1 Agricultural Census 2010 - Pakistan Bureau of Statistics (PBS)

## Appendix 2

### Tax Expenditure on Pensions and Commutation of Pension of Government Servants

Pensions of government servants are exempt from income tax under clause 9 and commutation of pension under clause 12, of Part 1 of the Second Schedule of ITO-2001. To analyze the impact of revenue foregone on account of these exemptions, slab wise data of pensions and commutation of pension disbursed during TY 2019 was obtained from the various Accountant Generals of federal and provincial governments who disburse pensions to government servants. These include four provincial and one federal AG, and separate AGs for Railways, Pakistan Post, and Military. Pensions to entire Armed Forces personnel are disbursed by Military Accountant General.

The rates for calculating cost of exemption on pensions have been applied for each slab separately, as given in the table below, keeping these rates as rational as possible and at par with the statutory rates for salaried taxpayers, as per Schedule 1 of the ITO-2001. Pensions of less than 400,000 per year were not included in the estimation.

#### Range of annual pension received by civil & military government servants (Rs. in billions)

Slab	400,000 - 1,200,000	1,200,001 - 2,500,000	2,500,001 - 5,000,000	5,000,001 & above	Total
Total amount of pension	211.86	46.57	10.24	7.74	276.41
Rate applied for estimation	3.50%	6.00%	15.00%	25.00%	4.95%*
Tax expenditure	7.42	2.79	1.54	1.94	13.68

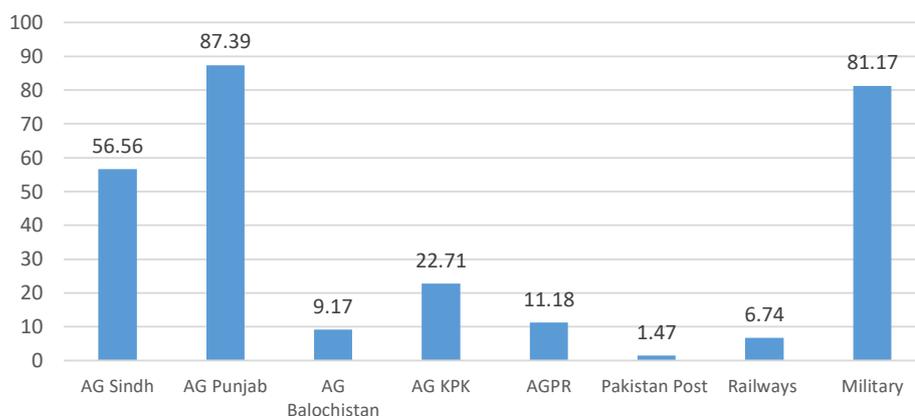
\* **Note:** Applying the above rates on the four specified slabs of pensions gives an overall cost of exemption at 4.95% of the total amount of pensions under all slabs combined.

#### 2.1. AG-wise comparison of total pensions disbursed (400,000 and above) during TY 2019

##### Pensions of 400,000 and above disbursed by AGs in TY 2019 - (Rs. in billions)

AG Sindh	AG Punjab	AG Baloch.	AG KPK	AGPR	Pakistan Post	Railways	Military	Total
56.56	87.39	9.17	22.71	11.18	1.47	6.74	81.17	276.4

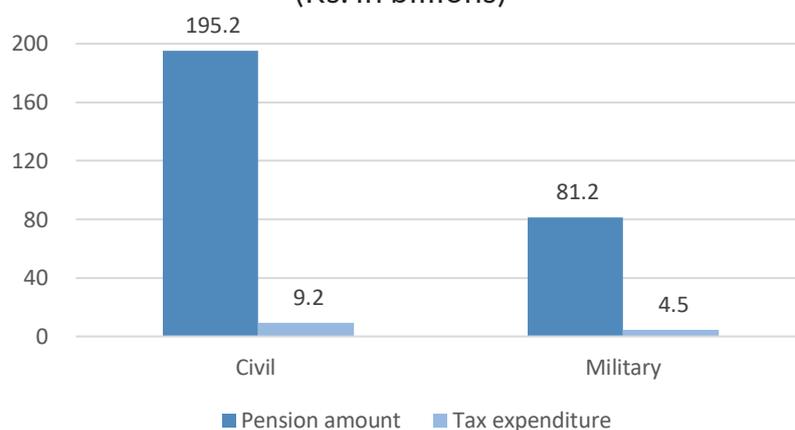
Pensions disbursed by AGs in TY 2019 (400,000 & above)  
(Rs. in billions)



## 2.2. Civil and military pensions

	Pension Amount (Rs. in billion)	Tax expenditure (Rs. in billion)
Civil	195.2	9.2
Military	81.2	4.5
<b>Total</b>	<b>276.4</b>	<b>13.7</b>

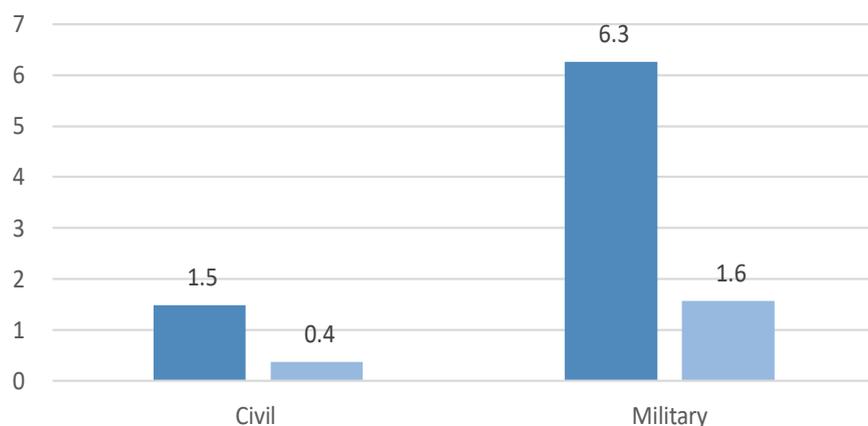
Pensions disbursed per year (400,000 & above)  
(Rs. in billions)



## 2.3. Pensions in highest slab (Rs. 5 million & above annual pension per person) - civil and military

	Pensions (5 million and above per year) – Rs. in billions	Tax expenditure
Civil	1.5	0.4
Military	6.3	1.6
<b>Total</b>	<b>7.7</b>	<b>1.9</b>

Pensions disbursed per year (5 million & above per person)  
(Rs. in billions)

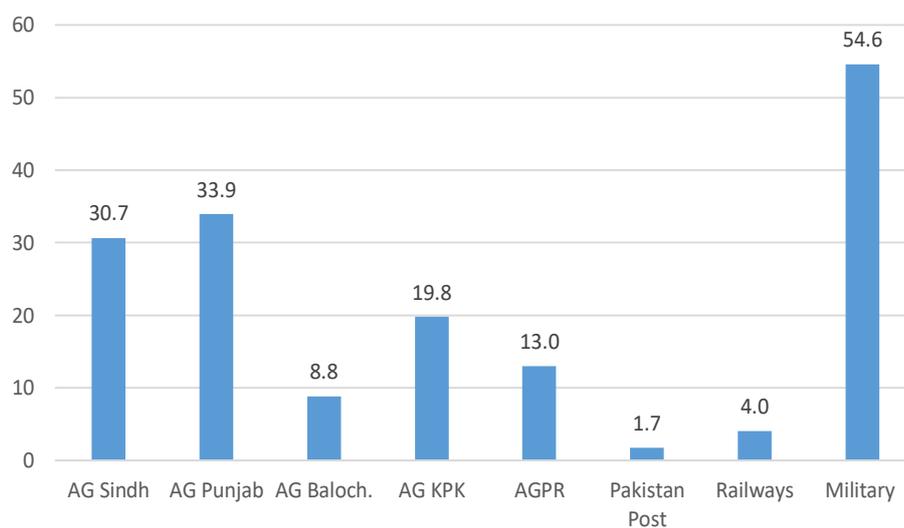


## 2.4. Disbursement of commutation of pensions by AGs in TY 2019

### Total commutation of pension disbursed by AGs in TY 2019 - (Rs. in billions)

Office	AG Sindh	AG Punjab	AG Baloch.	AG KPK	AGPR	Pakistan Post	Railways	Military	Total
Commutation	30.7	33.9	8.8	19.8	13.0	1.7	4.0	54.6	166.5
T.E. @ 10%	3.07	3.39	0.88	1.98	1.30	0.17	0.40	5.46	16.65

### Total commutation disbursed by AGs in TY 2019 (Rs. in billions)



## Appendix 3

### Tax Expenditure of Government Organizations

Estimation of tax expenditure resulting from exemption accorded to Federal Government, Provincial Government, and Local Government income under section 49 of the ITO-2001 is complicated and less straight-forward. This is mainly due to lack of clear-cut distinction between income of Federal, Provincial, or Local governments per se and income earned by various autonomous and semi-autonomous entities running under the umbrella of any government Ministry or Division.

Estimation of tax expenditure under this section does not consider the entire incomes of federal and provincial governments as reported in their annual accounts, under “non-tax revenue”, as that income is considered part of the benchmark. However, many independent or semi-independent commercial oriented entities, whether fully or partially of commercial nature, operate under a fluid control of federal and provincial Governments or their departments. Many such entities work very similar to commercial entities, and openly compete in market, and generate sizable incomes of their own. There is also incomplete information available regarding the destination of incomes of such entities, i.e. whether their incomes are transferred to federal or provincial government’s exchequers or only used within a certain department, where it is generated. Therefore, making a clear-cut distinction between “government income” and income of independent or semi-independent entities having some administrative relationship with government is difficult.

Government entities mostly operate under a Free Tax Number (FTN) that is allotted to them by FBR in place of National Tax Number (NTN). For the purpose of estimation, a search was carried out within the FBR database to identify the FTN holder entities. A total of about 6994 FTN holders appeared, out of which 218 had filed their returns for the period under review, and rest were non-filers. To estimate tax expenditure under this section, a selection was made from out of these 6994 FTN holders, after going through the complete inventory and selecting, using best judgement, only those which appear independent or semi-independent in nature, of commercial or semi-commercial orientation, and possibly engaged in income earning activity. Purely service oriented or administrative entities under direct control of government were dropped from selection.

The selected entities were then further divided between filers and non-filers, and cost of exemption was estimated. It, however, may be noted that overall reliability of this estimate may be considered low to medium, as no hard and fast test or bases were available for making selection of entities for estimation.

Many different categories of government organizations that have already been given exemption expressly and by name under the Second Schedule were excluded for estimation here. For instance, public universities, text-book boards, provincial pension or social security funds, etc.

### FTN holders who filed return

149 FTN-holder government entities which are filing return in the period under review were selected for above component from out of 218 filer entities. Out of these, only 52 reported any income, while the remaining declared zero income. Tax expenditure is calculated by applying the benchmark corporate rate on the reported incomes, or minimum tax where loss is declared.

<b>Total</b>	<b>5,143</b>
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### FTN Holders (Non-filers)

There are 159 non-filer FTN holder government organizations who appear to be of income generating nature, but not filing any return. Hence, information in their case regarding income earned is not available. However, tax expenditure has been deemed as availed for these 159 cases, therefore, average tax expenditure has been taken for these entities equal to the average tax expenditure calculated in the case of filer FTN holders.

[Total = Average tax expenditure for one filer FTN holder: Rs. 27,414,324] x [159]

<b>Total</b>	<b>4,358</b>
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### Non-FTN Government organizations claiming exemption in return

Certain entities of government or semi-government nature, which are non-FTN holder, are also found to be claiming exemption in their returns. These exemptions are included under this component.

<b>Total</b>	<b>4,358</b>
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### Others

FTN-holder government organizations, not filing return, where estimation is based on information available on official website.

<b>Total</b>	<b>8,262</b>
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<b>Grand Total</b>	<b>18,934</b>
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## Appendix 4

### Sources of Data

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

#### **Federal Government and semi-autonomous departments:**

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

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

### **Provincial Government departments:**

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

### **Financial institutions**

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

64. Provident Fund Institutions (those registered under Provident Fund Act 1925)

### **Private / Other**

65. Agha Khan Development Network
66. Association of Builders and Developers (ABAD)
67. China North Industries Corps
68. China Overseas Ports holding Company (Pakistan) Pvt. Ltd.,
69. Gwadar Free Zone Company (GFZC)
70. Pakistan Film Producers Association
71. Pakistan Science Foundation
72. Pakistan Software Houses Association for IT & ITES (P@SHA)
73. Shipping Companies

### **Websites and Online**

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

