

SALIENT FEATURES

SALES TAX & FEDERAL EXCISE BUDGETARY MEASURES (FY 2010-11)

- The budgetary measures pertaining to Sales Tax & Federal Excise are primarily aimed at:
 - Enhancing the federal excise and sales tax revenues without inducing any additional burden on the common man and poor segments of society.
 - Distributing the burden of extra taxation measures on all sectors of the economy.
 - Enhancing tax incidence on cigarettes which are injurious to health.

BRIEF POINTS ON MAJOR FISCAL MEASURES:

RELIEF MEASURES

- Withdrawal of restriction on adjustment of Federal Excise Duty paid on beverage concentrate.
 - Withdrawal of restriction on adjustment of FED paid on beverage concentrate is aimed at attracting new investment in beverage industry and reducing the prices of aerated waters in the country.

Enforced through SRO 399(I)/2010 dated 05.06.2010, effective from the 1st July, 2010.

REVENUE MEASURES

- Increase in the rate of sales tax from 16% to 17%.

- Increase in the rate of sales tax from 16% to 17% is aimed at distributing the burden of extra tax measures on all sectors of the economy.

Enforced through amendment in Section 3 of the Sales Tax Act, 1990, effective from the 1st July, 2010 and Notifications Nos. SRO 395 to 398(I)/2010, dated 05.06.2010.

- Increase in rate of Federal Excise Duty on Natural Gas from Rs. 5.09 per MMBTu to Rs. 10/- per MMBTu.

- Enhancement of rate of Federal Excise Duty on Natural Gas is aimed at implementation of the NFC recommendations.

Enforced through amendment in Table I of First Schedule to the Federal Excise Act, 2005, effective from the 1st July, 2010.

- Upward revision of Federal Excise duty structure on cigarettes.

- Enhancement of rate of Federal Excise Duty on locally produced Cigarettes in different slabs is aimed at bringing tax incidence on cigarettes up to the international standards and discouraging smoking.

Enforced through amendment in Table I of First Schedule to the Federal Excise Act, 2005, effective from the 6th June, 2010.

- Levy of Federal Excise Duty @ Rs. 1/- per filter rod of cigarettes.

- Levy of Federal Excise Duty @ Rs. 1/- per filter rod for cigarettes is aimed at realization of revenue on sale of filter rods to unregistered and illicit manufacturers of cigarettes.

Enforced through amendment in Table I of First Schedule to the Federal Excise Act, 2005, effective from the 6th June, 2010.

- Levy of 10% Federal Excise Duty on electricity intensive home appliances
 - Levy of Federal Excise Duty on electricity intensive home appliances is aimed at reducing the consumption of electricity and generation of some extra revenue.

Enforced through amendment in Table I of First Schedule to the Federal Excise Act, 2005, effective from the 6th June, 2010.