

**SENATE OF PAKISTAN
HOUSE OF THE FEDERATION**



REPORT NO. 10

REPORT OF THE STANDING COMMITTEE ON AVIATION

**ON THE POINT OF PUBLIC IMPORTANCE RAISED BY SENATOR ENGR. RUKHSANA
ZUBERI, REGARDING THE "DIFFERENT TAXES ON AIR TICKETS"
REFERRED BY THE HOUSE ON 04-03-2020**

PRESENTED BY

**SENATOR MUSHAHIDULLAH KHAN
CHAIRMAN COMMITTEE**

SENATE SECRETARIAT

Subject: REPORT OF THE STANDING COMMITTEE ON AVIATION.

1, Senator Mushahidullah Khan, Chairman Senate Standing Committee on Aviation, have the honour to present the Report of the Committee on the Point of Public Importance raised by Senator Engr. Rukhsana Zuberi regarding "Different Taxes on Air Tickets." The House in its sitting held on 04-03-2020 referred the matter to the Committee for consideration and report.

2. The composition of the Standing Committee is as follows:-

1.	Senator Mushahidullah Khan	Chairman
2.	Senator Faisal Javed	Member
3.	Senator Nauman Wazir Khattak	Member
4.	Senator Manzoor Ahmed Kakar	Member
5.	Senator Syed Muzafar Hussain Shah	Member
6.	Senator Chaudhary Tanvir Khan	Member
7.	Senator Shaheen Khalid Butt	Member
8.	Senator Muhammad Asad Ali Khan Junejo	Member
9.	Senator Moula Bux Chandio	Member
10.	Senator Sherry Rehman	Member
11.	Senator Mustafa Nawaz Khokhar	Member
12.	Senator Muhammad Khalid Bizenjo	Member
13.	Senator Sajjad Hussain Turi	Member
14.	Minister for Aviation	Ex-Officio Member

3. The Committee considered the matter in its meetings held on 16-07-2020, 13-08-2020 and on 23-09-2020 at Parliament House Islamabad. The following members of the Committee attended the last meeting:-

1.	Senator Mushahidullah Khan	Chairman
2.	Senator Faisal Javed	Member
3.	Senator Nauman Wazir Khattak	Member
4.	Senator Syed Muzafar Hussain Shah	Member
5.	Senator Sherry Rehman	Member
6.	Senator Mustafa Nawaz Khokhar	Member

4. Senator Engr. Rukhsana Zuberi, Mover of the Point of Public Importance while briefing the Committee said that various taxes are being charged from the passengers PIA and a vague paper has been submitted to the Committee. Taxes are being enhanced on daily basis and there is no check by any authority. She presented a copy of her air ticket of domestic flight on which 05 kinds of taxes were charged. Besides, this she inquired that what is difference between embarkation fee and airport charges as imposed on International Flights. CEO PIA informed that PIA is not charging any kind of tax. Secretary Aviation also informed that last year some taxes were removed from airfare. Senators inquired that why huge taxes are imposed when the services are not provided and why the fare was enhanced when PIA can't provide the quality facilities. The Committee showed its concern over the sudden enhancement of fare.

5. During the meeting of Committee held on 23-09-2020, the Aviation Division submitted the Detail of existing taxes being collected for domestic travel and international as under:

DOMESTIC TRAVEL CHARGES		
Sr. No.	FBR&CAA Charges	PKR
1.	Federal Excise duty (PK tax) on long route journey exceeding 500 km per sector	1500/- (Paid to FBR)
2.	Federal Excise duty (PK tax) on long route journey less than 500 km per sector	900/- (Paid to FBR)
3.	Advance Income Tax (PB tax)	5% of gross fair inclusive of a taxes (Paid to FBR)
4.	Government airport taxes (YI)	Rs. 20 per sector

INTERNATIONAL TRAVEL CHARGES		
Sr. No.	FBR&CAA Charges	PKR
1.	Federal Excise duty (rg tax) on Economy class	Rs. 5000/- (Paid to FBR)
2.	Federal Excise duty (rg tax) on Business class	Rs. 10,000/- (paid to FBR)
3.	Advance Income Tax (PB tax)	Rs. 12000/- (Paid to FBR) applicable on business/ club class not charged on economy class
4.	Embarkation fee (SP) on economy travel	Rs. 2000/- (Paid to CAA)
5.	Embarkation fee (SP) on business travel	Rs. 3000/- (Paid to CAA)
6.	Airport Charges (YD)	Rs. 2800/- (Paid to CAA)

6. The Committee has been apprised that negotiations are continued with FBR on various charges and following are the proposed charges on domestic and International travel :

DOMESTIC TRAVEL CHARGES		
Sr. No.	FBR & CAA Charges	PKR
1.	Federal Excise duty (PK tax) on long route journey exceeding 500 km per sector	1000/- (Paid to FBR)
2.	Federal Excise duty (PK tax) on long route journey less than 500 km per sector	NIL
3.	Advance Income Tax (PB tax)	5% of gross fair inclusive of a taxes (Paid to FBR)
4.	Government airport taxes (YI)	Rs. 20 per sector

INTERNATIONAL TRAVEL CHARGES		
Sr. No.	FBR & CAA Charges	PKR
1.	Federal Excise duty (rg tax) on Economy class	Rs. 2500/- (Paid to FBR)
2.	Federal Excise duty (rg tax) on Business class	Rs. 5000/- (paid to FBR)
3.	Advance Income Tax (PB tax)	Rs. 12000/- (Paid to FBR) applicable on business/ club classes not chargeable on economy class
4.	Embarkation fee (SP) on economy travel	Rs. 2000/- (Paid to CAA)
5.	Embarkation fee (SP) on business travel	Rs. 3000/- (Paid to CAA)
6.	Airport Charges (YD)	Rs. 2800/- (Paid to CAA)

7. The Aviation Division was asked to rationalize the formula of taxes on air fare and inform the Committee in the next meeting. PIA withholds advance tax on purchase of air tickets under Section 236-B of Income tax Ordinance. The Committee directed the PIA to make arrangements for issuance of tax certificate to passengers (as per practices adopted by the banks/mobile companies) at the end of Financial Year, on demand, as it is adjustable in Annual Income Tax Return.

8. The Committee disposed of the matter referred by the House with the direction to implement the proposed taxes at the earliest.

MUHAMMAD FAYYAZ
Secretary Committee

SENATOR MUSHAHIDULLAH KHAN
Chairman Committee