PTTI COUNTRY PROFILE — PAKISTAN

Premix Taxes and Tariffs Index · Prepared for the Global Alliance for Improved Nutrition (GAIN)

Reference GCC-GAIN-PTTI-2026-01 | Dataset: Master workbook v1.5.56 (17 September 2026) | Profile v2.11 | 17 September 2026

1. PURPOSE AND BASIS OF PREPARATION

This profile is one of eight prepared for the Global Alliance for Improved Nutrition under the Premix Taxes and Tariffs Index engagement. The index records, for sixty-six countries, the taxes, duties and charges levied at the border on imported micronutrient premix — the concentrated blend of vitamins and minerals that millers and food producers add to staple foods such as wheat flour, edible oil and salt in food fortification programmes. Many countries that fortify foods import their premix, and the charges collected at the border can represent a material share of total programme cost. The fiscal treatment of premix at import is therefore of direct consequence to those who design, fund and operate fortification programmes, and this profile is written for that readership rather than for customs specialists.

Every figure cited traces to a source recorded in the citation log of the PTTI master workbook, version 1.5.56 of 17 September 2026. The modelling convention throughout the index is a single consignment valued at USD 1,000,000 on the cost, insurance and freight (CIF) basis — the value of the goods delivered to the port of entry, which is the base on which most import charges are computed. Where a charge is instead levied on the free-on-board (FOB) value, the convention takes FOB as USD 900,000. The modelled consignment is a bulk multi-micronutrient premix — vitamins and minerals on a food-grade carrier — for wheat-flour fortification, in industrial packing and of non-preferential origin, entered for home consumption at standard rates. The importer modelled is a registered manufacturer importing the premix as an input to its own production; a flour mill is taken as the reference case, and section 5 sets out how the VAT treatment of the fortified product bears on the credit. Where the evidence supporting a figure is secondary, or awaits verification against the primary legal instrument, this profile says so.

2. SUMMARY ASSESSMENT

Pakistan's recorded position is, on its face, among the best in the study: USD 244,900 paid at the border — 24.49 per cent of the value of the goods, against an index median of 31.14

per cent — every dollar of which is, on the recorded evidence, creditable in principle by the modelled importer — the only position in the focus set in which no charge is a cost by construction — although for a flour mill the sales tax is a cost in practice, because wheat flour is exempt from sales tax and the credit is denied (section 5). The figure, however, is conditional to a degree unmatched anywhere else in the study, and the credits are entitlements to be realised through the tax system rather than amounts to be deducted. It depends on a valid claim under a description-based relief in the customs law; the same consignment imported without that claim faces a statutory stack of approximately 76.8 per cent, and a commercial importer faces both a higher bill and a worse recovery position. Few borders anywhere turn so much on the importer's eligibility and the evidence of it — within the focus set only Ethiopia's contested classification produces a comparable spread, and there the driver is the evidence, not the documentation — and this profile is accordingly as much about the conditions as about the numbers.

3. THE CHARGES AT THE BORDER

Under a valid relief claim, only two charges are actually collected on the modelled consignment; the three relieved duties are shown because their relief is the foundation of the position.

Charge	Character and legal basis	Rate and base	Amount (USD)
Customs duty	Relieved in full: the Fifth Schedule to the Customs Act 1969, Part-III serial 19, relieves "Sodium Iron (Na Fe EDTA), and other premixes of Vitamins, Minerals and Micro-nutrients (food grade)" under their respective headings, without end-use conditions	0% under claim	0
Additional customs duty (ACD)	Set to zero for Fifth Schedule imports by the governing statutory regulatory order; the 2 per cent slab rate applies only to imports not claiming the Schedule	0% under claim	0
Regulatory duty (RD)	Disapplied for Fifth Schedule imports by the governing statutory regulatory order; the 20 per cent rate applies only to imports not claiming the Schedule	0% under claim	0
Sales tax	Sales tax on the statutory base of customs value plus duties — all of which are relieved, leaving the base at the customs value of USD 1,000,000; creditable in principle as input tax by a registered manufacturer with taxable output (see section 5)	18% of base	180,000
Income tax, section 148	Advance income-tax collection at import on the value inclusive of duties and sales tax (USD 1,180,000); adjustable in principle against the year's liability for an industrial undertaking importing for its own use and appearing on the Active Taxpayers List	5.5% of base	64,900
Total gross import charges	**24.49% of the CIF value of the consignment**		**244,900**

One row deliberately absent from the table: Pakistan's 3 per cent minimum value-addition sales tax under the Twelfth Schedule to the Sales Tax Act 1990 applies to commercial importers and not to a manufacturer importing raw materials for its own use, and is excluded from the manufacturer scenario modelled here. A commercial importation of the same goods would attract it, and the recorded commercial scenario, computed on its own bases, runs to approximately 28 per cent even with a valid Schedule claim.

4. THE CLASSIFICATION POSITION

Pakistan's tariff contains no premix line — the goods fall to the residual 2106.9090 — but Pakistan is the study's example of a legislature solving the classification problem by drafting around it. The Fifth Schedule relief is description-based: it names the goods ("premixes of Vitamins, Minerals and Micro-nutrients (food grade)") and applies to them under whatever heading they are classified. The relief therefore attaches to the product rather than to a tariff line, which makes it less dependent on the classification outcome — although the goods' eligibility under the description, and the consequential relief of the other duties, remain matters for verification at each import. The corollary is that it must be claimed and evidenced consignment by consignment: the importer must establish that the goods answer the description, including their food-grade character. The gap between the two outcomes measures what is at stake — a valid claim yields the table above; without one, the statutory stack of customs duty at 20 per cent, regulatory duty at 20 per cent, additional duty, and taxes computed on the resulting swollen bases reaches approximately 76.8 per cent of the consignment value (customs duty 200,000, regulatory duty 200,000, additional customs duty 20,000, sales tax 255,600 and advance income tax approximately 92,150 on the cascaded bases). The modelled difference of some fifty-two percentage points between the facility and non-facility outcomes is itself an exhibit in the study's wider argument: where relief must be drafted around the nomenclature rather than written into it, access to the relief becomes an exercise in documentation.

5. THE RECOVERABILITY POSITION IN PRACTICE

Both charges actually collected are creditable in principle by the modelled importer. The sales tax of USD 180,000 is creditable as input tax by a registered manufacturer against output tax on taxable supplies, within the periods the law allows, and only to the extent that the fortified product is itself taxable. The section 148 income-tax collection of USD 64,900 is adjustable against the year's income-tax liability for an industrial undertaking importing goods for its own use — a statutory carve-out that matters, because for other

importers the same collection operates as a minimum tax — a floor on the year's income-tax liability rather than an adjustable prepayment — whose eventual incidence depends on the importer's ordinary liability; and the rate itself depends on the importer's appearance on the Active Taxpayers List (non-appearance doubles it) and on the goods' category under the Twelfth Schedule to the Income Tax Ordinance. The position recorded therefore holds for a registered manufacturer, importing as an industrial undertaking, on the Active Taxpayers List, with taxable output and sufficient tax liability for the credits to absorb, and with a valid Fifth Schedule claim — conditions each of which does real work. Where they hold, the 24.49 per cent is a financing requirement of USD 244,900 at the border, recovered through the tax system over the following periods at a pace the importer does not control. Where any fails, the position degrades quickly, and a programme should model the failure cases before relying on the recorded position.

The VAT status of the fortified product decides how much of the credit is real. Wheat, and wheat and meslin flour, are exempt supplies under the Sixth Schedule to the Sales Tax Act 1990 (Table 1, serial 19), and section 8(1)(a) of the Act denies input-tax credit on goods used for anything other than taxable supplies, with section 8(2) and Chapter IV of the Sales Tax Rules 2006 apportioning the credit where a business makes both. A flour mill therefore cannot credit the USD 180,000 of sales tax on premix and should treat it as a cost — which, for the main fortification vehicle in Pakistan, changes the recorded position materially. Edible oil and ghee are taxable at the standard 18 per cent, so an oil or ghee producer credits in the ordinary way; branded iodised salt is exempt (Table 1, serial 107), so a salt producer is in the miller's position. The treatment of the specific fortified product should be confirmed against the Schedules in force before any recovery is assumed.

Two cautions apply to every creditable charge in this profile, and the index applies them throughout. First, a credit is a legal entitlement, not cash. VAT or sales tax paid at import may be credited, carried forward or refunded only under the local rules, including the treatment of the importer's own output: where the fortified product is exempt the input credit is denied in whole or in part, and where it is zero-rated the excess is recovered by refund claim rather than set-off. Advance income-tax collections follow separate rules — adjustment against the year's liability, minimum-tax treatment for some importers, and refund of any excess — and are not affected by the VAT status of the output. Second, recovery takes time and is contestable: claims are subject to time limits, audit, partial disallowance, delay and dispute, and an amount identified as creditable in principle is not a guaranteed receipt. For these reasons the index reports the gross figure — what must be paid and financed at the border — as its headline, records for each charge whether it is

creditable in principle, and computes no net figure. Programme plans should budget on the gross amount, distinguish the charges no importer can credit from the creditable principal and the financing cost of delayed recovery, and test denial and delay scenarios.

6. THE RELIEF AND EXEMPTION POSITION

Fortificant relief is recorded as evidenced — the only country in the focus set, apart from the East African Community members with their zero-rated line, where a relief instrument as such is recorded (Indonesia's dedicated line carries a 5 per cent rate, not a relief) — and its instrument is the description-based Fifth Schedule entry discussed above, which relieves the customs duty and, through the governing statutory regulatory orders — SRO 1064(I)/2026, paragraph 2(c), for the regulatory duty and SRO 1063(I)/2026, paragraph 3(iii), for the additional customs duty, both effective 1 July 2026 — the regulatory and additional duties as well. Three practical cautions attach. The relief is product-conditional, so the evidentiary burden (composition, food-grade status) sits with the importer at each consignment. The surrounding statutory regulatory orders are re-issued and renumbered periodically, so the citations supporting the relief should be refreshed against the current year's instruments before each import season. And the relief's existence does not extend to the two tax collections, whose recoverability depends on the importer-status conditions described in section 5.

7. THE BORDER OPERATING ENVIRONMENT

On the logistics-performance measure, Pakistan's indicators are the weakest in the focus set after Ethiopia's — though the 2018 scoring vintage is not directly comparable with the 2023-scored countries — while on notified trade-facilitation implementation Pakistan ranks high and Tanzania lowest. The country was last scored on the World Bank's Logistics Performance Index in 2018, at 2.42 overall (ranked 122nd) with a customs component of 2.12. The legacy Doing Business measurements of 2020, indicative only, put border compliance for an import at approximately 120 hours and USD 287 per shipment, with documentary compliance adding some 96 hours and USD 130. The notified implementation rate under the WTO Trade Facilitation Agreement stands at 97.5 per cent, with advance rulings recorded as implemented and the national single window as partial. For a trade whose favourable outcome depends on documentary claims, the combination of a demanding border and an implemented advance-rulings facility points to an obvious course, taken up in the next section. The logistics vintages cited are each country's most

recent scored edition — the 2025 LPI publishes no country scores — and the 2020 legacy compliance figures are context, not current measurements.

8. OBSERVATIONS RELEVANT TO PROGRAMME PLANNING

Three observations follow. First, secure the claim before the goods move: assemble the composition and food-grade evidence to the standard the description requires, and where any doubt exists, use the advance-rulings machinery to fix the goods' classification before shipment and seek the Collectorate's confirmation of the Fifth Schedule entitlement where the ruling procedure does not extend to it — the modelled fifty-two-point difference between the facility and non-facility outcomes justifies the effort many times over. Second, structure the import so the credit conditions hold: the importer of record should be a registered manufacturer importing as an industrial undertaking, on the Active Taxpayers List, with taxable output and sufficient tax liability to absorb the credits, since each condition that fails has its own consequence: failure of the Fifth Schedule claim brings in the duties and enlarges the tax bases; absence from the Active Taxpayers List doubles the section 148 collection without itself removing the right to adjust it; exempt output removes the sales-tax credit; insufficient income-tax liability delays the adjustment of the section 148 collection; and for a commercial importer that collection is a minimum tax. Third, plan the working capital — USD 244,900 on the modelled consignment is financed at the border and returns, if at all, only through the tax system over a period the importer does not control — and diarise an annual refresh of the statutory regulatory order citations on which the relieved rates rest. For advocacy purposes, Pakistan is the study's third classification exhibit: where the East African Community and Indonesia wrote premix into the tariff and Ethiopia's relief missed the product, Pakistan reached the right answer by legislating around the nomenclature — three routes to the same destination. The dedicated subheading 2106.20 in the 2028 Harmonized System, effective 1 January 2028, will give the goods a named line; it will not by itself dispense with product-eligibility and importer-status conditions, which remain matters of national tax law.

9. DATA QUALITY AND LIMITATIONS

The Pakistani assessment carries high confidence. The Fifth Schedule entry and the statutory regulatory orders relieving the additional and regulatory duties are cited to their serials and paragraphs; the sales-tax base and the section 148 computation follow the statutory definitions; and the fully creditable position, as a strong claim, is recorded with its manufacturer-archetype conditions. The statutory non-facility reference of

approximately 76.8 per cent and the commercial-importer scenarios are recorded alongside the headline. Classification ambiguity is recorded as medium, reflecting the residual line beneath the description-based relief. The figures are prepared on the index's common conventions to support comparison and programme-level planning; they are not a substitute for a binding ruling or an entry-specific computation — and in Pakistan's case a ruling is not merely a safeguard but the recommended operating procedure. The evidence that would restate this profile is a change to the Fifth Schedule, to the governing statutory regulatory orders (re-issued around each 30 June), to the sales-tax or income-tax schedules or to importer-eligibility conditions, or a relevant ruling.

Prepared by Global Customs Compliance Ltd for the Global Alliance for Improved Nutrition under engagement GCC-GAIN-PTTI-2026-01. Delivered to GAIN for its use and publication under Contract for Services 2026011301.