

FBR NEWSLETTER



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I commend efforts of FBR in crossing historic milestone of Rs 4,000 bn in any yr for first time ever. During Jul-May our collections reached Rs.4143 bn & still counting - 18% higher than same period last yr. This reflects broad-based economic revival spurred by govt policies.

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Editor's Note

by Syed Nadeem Hussain Rizvi

In things to see in the May 2021 edition of FBR Newsletter, is the epitome of revenue growth reached with the incessant efforts of the field formations of FBR.

Likewise, the inauguration of secretariat of Anti-Benami adjudicating authority is a step forward to the access to justice.

The issue entails the meeting details of the FCCI delegation with the highest authority by redressing their genuine grievances and fashioning ease of doing business.

The details regarding tax evasions in different forms may be found in it as well, especially, Federal government's initiatives to curb the tax evasion in the tobacco industry.

Similarly, the constant efforts of FBR toward taxpayer's facilitation and education through dedicated Call Center and Prime Minister's Disposal Units have also been showcased in it.

Chairman's Message



by Asim Ahmad

The first eleven months of fiscal year registered unprecedented 18% revenue growth which is symptomatic of relentless efforts put in by the team FBR.

Though, COVID-19 third spike challenges were hard, yet the economic revival reflects the resilient nature of economy sustained by the broad based government polices as per vision of the PM. Effective enforcement and compliance strategy, ICT interventions and taxpayer's education and facilitation has provided impetus to the growth.

Establishment of secretariat of Anti-Benami Adjudicating Authority, has fulfilled the statutory promise of providing right to appeal in cases involving ostensible ownership issues of properties. In view of bar to civil court jurisdiction, the establishment of specialized agency in such cases and its relevant forum of appeal have paved the way for access to the fiscal justice.

It is heartening to observe that FBR is striding towards paperless environment very swiftly. The starter of online electronic hearing of tax audit and assessment cases would not only facilitate taxpayers in approaching tax authorities but also increase ease of paying taxes by enhancing the systemic fairness and impartiality. It would also complement towards accessibility challenges created due to COVID-19 restrictions and lockdowns.

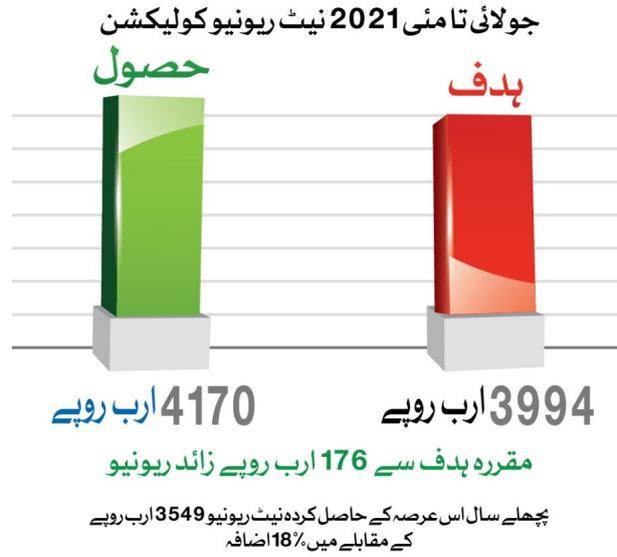
In pursuance of TIR Convention (International Road Transport) Pakistan is obliged to facilitate international trade. FBR has notified Gabd as TIR border crossing point near Gwadar on Pak-Iran border. It would simplify customs procedures by facilitating international transit trade.

FBR's MILESTONES

- *Inauguration of Anti-Benami Adjudicating Authority Secretariat*
- *Successful curtailment of smuggling activities*
- *Launch of online electronic hearing of Tax Audits and Assessments cases*
- *Notification of GABD (Gwadar) as TIR border crossing point*
- *Taxpayer Facilitation*
- *Successful action against elements involved in Tax Evasion*

Historic growth again in May, 18% growth in 11 months

Federal Board of Revenue (FBR) has released the provisional revenue collection figures for the first eleven months of current fiscal year. According to the provisional information, FBR has collected net revenue of Rs. 4,170 billion during Jul-May period, which has exceeded the target of Rs.3,994 billion by Rs. 176 billion. This represents a growth of about 18% over the collection of Rs.3, 549 billion during the same period last year.



The net collection for the month of May was Rs. 386 billion, against a required increase of Rs. 214 billion, representing an increase of 69% over Rs. 229 billion collected in May 2020 and 168% of the target. The year-on-year growth of 69% is unprecedented particularly as it is realized on the heel of 57% in April. These figures would further improve before the close of the day and after book adjustments have been taken into account.

مئی 2021 میں نیٹ ریونیو کولیکشن

حصول	بدف
386 ارب روپے	214 ارب روپے

مقررہ بدف سے 166 ارب روپے زائد ریونیو

پچھلے سال اپریل کے حاصل کردہ نیٹ ریونیو 229 ارب روپے کے مقابلے میں 67% اضافہ

گراس ریونیو

رواں مالی سال کے پہلے 11 ماہ میں	پچھلے مالی سال کے پہلے 11 ماہ میں
4386 ارب روپے	3674 ارب روپے

پچھلے سال کے مقابلے میں 19.4% اضافہ

ریفینڈر کی ادائیگی

رواں مالی سال میں اب تک	پچھلے سال اس عرصہ میں
216 ارب روپے	125 ارب روپے

42.3 اضافہ



On the other hand, the gross collections increased from Rs. 3,674 billion during this period last year to Rs. 4,386 billion, showing an increase of 19.4 %. The amount of refunds disbursed was Rs. 216 billion compared to Rs. 125 billion paid last year, showing an increase of 42.3 %. This is reflective of FBR's resolve to fast-track refunds to prevent liquidity shortages in the industry.

The improved revenue performance is a reflection of growing economic activities in the country despite facing the challenge of third wave of COVID-19.

FBR has also released the information about Tier-I retailers who have been integrated with POS system. According to the information, 10,767 sales points have been integrated with Point of Sales Linked Invoicing System.

Pakistan Customs has collected Rs. 672 billion under the head of customs duty in first eleven months of FY 2020-21 against the assigned target of Rs. 565 billion and exceeded its target by Rs. 107 billion which is 19% more than the assigned target.

رواں مالی سال کے پہلے 11 ماہ میں کسٹمز ڈیوٹی

حصول	ہدف
672 ارب روپے	565 ارب روپے

ہدف سے 107 ارب روپے یعنی 19% زائد

Whereas during the month of May, 2021 an amount of Rs. 64 billion has been collected under the head of customs duty against the monthly target of Rs. 57 billion which is again 12% more than the assigned monthly target. It is quite important to mention that an amount of Rs. 107 billion was collected more under the head of customs duty in first 11 months of current financial year as compared to FY 2019-20, despite the re-arrival of COVID-19 pandemic and has shown a growth of 19% as compared to previous financial year, which is quite remarkable.

رواں مالی سال مئی میں کسٹمز ڈیوٹی

حصول	ہدف
64 ارب روپے	57 ارب روپے

ہدف سے 12% زائد

During May 2021 smuggled goods worth Rs. 2.6 billion have been seized so far, while in May 2020 smuggled goods worth Rs. 1.5 billion were seized, thus showing a monthly increase of 74 %. Similarly, during last 11 months (July 2020- May 2021) of current financial year smuggled goods worth Rs. 52.5 billion have been seized as compared to Rs. 40.8 billion in Jul 2019-May 2020 of the last financial year thus showing an increase of 29 %.

Due to effective enforcement measures taken by Inland Revenue (IR) and Customs, additional revenue of Rs. 175 billion is collected in the current Financial Year out of which Inland Revenue (IR) has added around Rs. 100 billion. IR enforcement measures include recovery out of arrears, efficient audits, improved monitoring of sales tax, POS integration, broadening of tax base and monitoring of withholding taxes.

Similarly, out of Rs. 175 billion whereas the remaining additional Rs.75 billion have come from effective enforcement measures taken by Pakistan Customs. These measures include counter smuggling operations regarding tea, tyres, textiles, electronics, palm oil and POL. Besides enforcement measures, effective administrative measures like auction of goods, control measures against under-invoicing, adjudication of court cases, recovery of arrears, DIRBS and audits have also increased the revenue generation.

During the current Financial Year from July to May, 2021 the major sectors for the collection of revenue include auto sector, banks, cement, POL, tobacco and sugar. Tax revenue of Rs. 108 billion is collected from the auto sector so far which was Rs. 72 billion in the last year showing growth of 51 percent. Likewise, revenue of Rs. 117 billion is collected from the banks in the current year which was Rs. 87 billion last year exhibiting increase of 34 percent.

FBR has collected Rs. 127 billion from the cement sector in the first eleven months which was Rs. 97 billion last year showing increase of 31 percent. The revenue collected from the POL is Rs. 577 billion which was Rs. 516 billion last year showing an increase of 12 percent. From the tobacco sector, FBR has collected Rs. 129 billion revenue which was Rs. 104 billion last year thus showing an increase of 24 percent. The revenue from sugar sector was Rs. 53 billion which was Rs. 31 billion last year showing a growth of 74 percent.

The Customs duty collections in the current year from the major items include vehicles, Iron Steel and Machinery and mechanical appliances. Customs duty of Rs. 98 billion is collected from vehicles which was Rs. 52 billion last year showing an increase of 86 percent. Customs duty from Iron and Steel remained Rs. 53 billion which was Rs. 42 billion last year showing a growth of 24 percent. Similarly, Customs duty from machinery and mechanical appliances is Rs. 38 billion which was Rs. 30 billion last year in the same period thus showing a growth of 26 percent.

Directorate General of Intelligence & Investigation-IR showed commendable performance during July 2020 to May, 2021. During this period, Directorate General forwarded 1,491 Investigation Reports and Red Alerts to the field formations involving revenue amounting to Rs. 228 billion. During the period October 2018 to May 2021, Directorate General filed 146 complaints under Anti-Money Laundering Act, 2010 where more than Rs. 52 billion were involved. Directorate General seized 7,527 cartons containing 75,270,000 cigarette sticks during the period of July 2020 to May 2021.

Chairman FBR inaugurates Anti-Benami Adjudicating Authority Secretariat

Chairman Federal Board of Revenue (FBR) Asim Ahmad has inaugurated the Secretariat of Anti-Benami Adjudicating Authority here in Islamabad. On this occasion, Chairman Anti-Benami Adjudicating Authority Muhammad Ali, Member FATE and Director General Anti-Benami Initiatives Syed Nadeem Hussain Rizvi, Member Administration Bakhtiar Muhammad and other members and officers were present.



Chairman Anti-Benami Adjudicating Authority briefed about the performance of Authority and said that Authority had decided 68 references out of 95 references so far. Out of 68 decided references, moveable and immovable properties in 52 references have been declared Benami with declared value of Rs. 15 billion whereas their market value is much more than that. Chairman FBR said on the occasion that inauguration of a Secretariat would enhance the efficiency of Anti-Benami Adjudicating Authority.

Federation of Pakistan Chamber of Commerce & Industry (FPCCI) delegation's meeting with Chairman FBR

A delegation of Federation of Pakistan Chamber of Commerce & Industry (FPCCI) led by its President Nassar Hyatt Magoo met with Chairman Federal Board of Revenue (FBR) Asim Ahmad here on Friday at FBR Headquarter. The delegation put forth its proposals to Chairman FBR for inclusion in the forthcoming budget.



Federal Board of Revenue Revenue Division – Government of Pakistan



The delegation raised the issue of closure and non-clearance of vehicles at Chaman Border due to rent dispute between different Government Institutions. They also apprised the Chairman about the difficulties faced by Importers and Exports at Kharlachi Border, Kurram agency. Regarding value added Sales Tax of 3% at imports, FPCCI requested to withdraw the same on import of industrial raw materials so as to provide the level playing field to importers and industry. FPCCI also requested to withdraw further tax and to reduce minimum tax under section 113 for different sectors. The delegation raised the issue of higher tax on import of tea as well.

Chairman FBR was assisted by Member (IR-Policy) and his team. The Chairman FBR assured the redressal of issues raised by the representatives of FPCCI and assured consideration of proposals in the forthcoming budget.

FBR introduces Online Electronic Hearing of Tax Audits and Assessments cases

Federal Board of Revenue (FBR) has launched the software of electronic hearing of tax audit and assessment cases to facilitate the taxpayers. This has been done by enabling and functionalizing the e-Hearings module in the Iris. The module enables online hearing both from the dedicated hearing rooms established in the field formations and from the places of the taxpayers. Such e-Hearings would be recorded and archived for further legal and administrative utilization.

Online Electronic Hearing of Tax Audits & Assessments



In the first phase, the module has been launched and tested in LTO Islamabad, RTO Rawalpindi, RTO Faisalabad and RTO Peshawar wherein online e-Hearings through the dedicated e-Hearing Rooms and from the places of the taxpayers, have been enabled. In the second phase, such e-Hearings are being enabled and operationalized for all the remaining field formations as well. FBR has directed all the Chief Commissioners IR to establish dedicated e-Hearing Rooms in their respective field offices by 31st May, 2021. The module will allow the head office to join any hearing at any time without any prior notice for an administrative appraisal of the system.

FBR has further informed that with the introduction of the e-Hearing module, the taxpayers would no longer be required to visit the offices for hearings and such physical hearings in the offices of the officers would be phased out completely. Accordingly, no physical hearings would be allowed with effect from 1st July, 2021 in any of the field formations and all hearings would be conducted through the e-Hearing module.

Directorate General Intelligence & Investigation, Inland Revenue (IR) unearths Tax Evasion in Lahore

The Directorate of Intelligence & Investigation (IR), Lahore on receipt of credible information related to Sales Tax fraud carried out action under Section 38 read with Section 40 of the Sales Tax Act, 1990 against a private company of Lahore. Assessment order was issued wherein an amount of Rs. 4.27 billion as sales tax along with default surcharge and 100% penalty for tax fraud was imposed upon the registered person.



tax evasion

tax evasion is the illegal non-payment or underpayment of tax by individuals, corporations and trusts.

Accordingly, the accused, one of the Directors of company was arrested. Due to proper presentation of case by Directorate of Intelligence & Investigation (IR), Lahore, two bail applications filed by the accused were rejected by Special Judge. Subsequently, the accused filed another application for bail before Lahore High Court. The Lahore High Court, Rawalpindi Bench, Rawalpindi granted post arrest bail to the petitioner on deposit of an amount of Rs. 300 (Million) and submission of post dated cheque of Rs. 100 (Million). The legal process is underway against the accused.

Directorate General of Intelligence & Investigation-IR has performed commendably well in the current Financial Year from July-2020 to April 2021. The Directorate General has forwarded 1210 Investigation Reports involving revenue of Rs. 197,714 million to the field formations. The Directorate General conducted 40 raids where estimated revenue amounting to Rs. 761 million is involved. Directorate General filed 67 complaints under Anti-Money Laundering Act, 2010 against 75 accused persons involving Rs. 55.385 million. Directorate General also seized 6,667 cartons of illegal cigarettes.

Inland Revenue Enforcement Network's (IREN) country wide operations against illegal cigarettes

Federal Board of Revenue's Inland Revenue Enforcement Network (IREN) conducted various operations against illicit, counterfeit and non-duty paid cigarettes. IREN's Directorate of I & I-IR Faisalabad Unit conducted a raid at Samanabad and discovered 201 cartons (2,000,000 cigarettes) of non-duty paid cigarettes. The confiscated cigarettes of various local brands such as Gold Mark, Cricket, Grace etc. have been moved to the warehouse of the Directorate.



Similarly, the IREN Unit of Directorate of I & I-IR Karachi, intercepted the vehicle and found 119 Cartons (990,920 sticks) of Non-duty paid cigarettes. The same have been detained on account of non-production of valid documents. The value of Federal Excise Duty and Sales Tax of confiscated cigarettes is around 6 million. Further investigation is underway.

A team of Directorate of I&I (IR), Hyderabad visited Godown of a Transport Company at Tando Mohammad Khan and found 121 Cartons (1210000 sticks) of different brands of cigarettes stocked in the godown. The person present there failed to produce any documentary evidence regarding payment of applicable duties and taxes in respect of these cartons. Hence the stock of 121 cartons involving duty and taxes of Rs. 2.634 Million has been detained for further investigation.

FBR notifies GABD (Gwadar) as TIR border crossing point

Pakistan became a member of TIR (International Road Transport) Convention in 2017 which has 77 contracting parties including China, Afghanistan, Iran, Turkey and all Central Asian Republics (CARs). After becoming member, Pakistan notified sea and land border points as TIR crossings i.e., Sust (Khunjerab) with China, Torkham & Chaman with Afghanistan, Taftan with Iran and Gwadar & Karachi are two sea ports.

In December, 2020 Gabd (Pakistan)-Reemdan (Iran) has been upgraded to international border crossing and now passengers/drivers can cross this border with valid visa. Consequently, FBR has notified Gabd as TIR border crossing point vides SRO. 622(I)/2021 dated 28th May, 2021. Gabd is located at a distance of 87 Km from Gwadar on Pak-Iran border and end point of Coastal Highway (N-10). Gabd is located at a distance of 137 km from Chahbahar Port and this Gabd-Reemdan route will play a vital in connecting the two ports of Gwadar & Chahbahar and thus synergizing their potentials.



Moreover, it provides additional route from coastal areas of Balochistan and Sindh to Iran and Turkey & Azerbaijan in addition to already available route of Taftan-Mirjaveh (Iran). Recently, all stake-holders have focused on the development of TIR regime and TIR operations have gained momentum. In May 2021, one Pakistani vehicle took herbal medicines to Uzbekistan under TIR. While three vehicles, two from Turkmenistan and one Uzbekistan, brought Grey Fabric and cattle hides respectively under TIR. On return these vehicles transported back sports goods from Pakistan.

Recently, more logistic companies have shown interest in entering TIR operations and after approval of their applications by TIR National Approval Committee; their vehicles are under inspection for granting of necessary authorizations.

The objective of the TIR Convention is to facilitate international transit through simplified and hassle free Customs transit procedures and an international guarantee system. Customs procedure takes place at origin and destination rather than at each border crossing, using a single guarantee. En-route, the customs seals are checked to secure the cargo.

Taxpayer Facilitation

Prime Minister Delivery Unit (PMDU)

Prime Minister Delivery Unit (PMDU) is pioneering a nation-wide complaints and grievance redressal mechanism with special emphasis on facilitation of overseas Pakistanis, women, special persons and foreigners. The primary objective of the unit is to provide citizens' an opportunity to seamlessly communicate with all government entities and have their issues resolved with priority, in accordance with the vision of the Government.

The Unit will put forward recommendations for amendment and simplification of cumbersome official procedures as evidenced from the database for the purpose of assuring public facilitation. The Unit strives to assure that the registered citizens/members on Pakistan Citizen's Portal (PCP) get every possible relief from the Government Organizations being interacted.

The citizens/members may have suggestions to put before the authorities or personal complaints and grievances or to report violations of laws by the people or to seek guidance etc. The Unit takes it as a prime responsibility to ensure that all complaints and suggestions are handled fairly and efficiently through concerned organizations.

So far PMDU Cell of FBR has worked on the resolution of **1526** complaints in the month of May, 2021.

FBR Helpline (+92 51-111-772-772) (helpline@fbr.gov.pk)

FBR's Helpline is a free, fast & reliable service that is committed to provide the very best service to the public. FBR's Helpline not only educates the public but also provides them a forum through which the public can put forward their queries and seek resolution to most of their issues via phone, email or website.

Helpline team has been at the forefront in resolving issues that come up from time to time such as Income Tax Return information, Filing of Tax Appeals, Computerized Payment Receipt (CPR) Correction queries, Registration/De-registration (Sales Tax, Income Tax, Non Profitable Organizations (NPOs), Greenfield Status, Builder/Developer and change in particulars in profile) related queries, Designated Non-Financial Businesses & Professions (DNFBPs) registration related queries, Refund related queries and matters pertaining to Customs.

In the month of May, 2021 FBR Helpline resolved **12,027** queries from email (helpline@fbr.gov.pk) and **17,719** queries through its helpline number (051-111-772-772).

Your Contribution

You can also be part of this newsletter by sharing contribution relevant to your office that has helped FBR propel towards its goal of becoming an organization that values a service oriented culture, where the taxpayer comes first.

You can share your contribution via email @ fbrnewsletter@fbr.gov.pk



Feedback

Your feedback is extremely important in helping us improve the communication process between FBR and its family. We would like your suggestions, comments and valued advice in helping to further improve the newsletter.

You can send in your feedback to newsletterfeedback@fbr.gov.pk



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