



ANNUAL PERFORMANCE REPORT

FY 2019-20

This report has been prepared by the Working Group of Reforms Wing of FBR under the guidance and supervision of Member (Reforms & Modernization), FBR in coordination with relevant Sections/Wings of FBR. The core team comprised as under:

Team Leader

*Ms. Ambreen Iftikhar, Member (Reforms & Modernization), FBR
Phone: 051-9207356, Email: Ambreen.Iftikhar@fbr.gov.pk*

Team Members

*Mr. Nadeem Bashir, Chief (Tax Reforms), FBR
Phone: 051-9209659, Email: Nadeem.Bashir@fbr.gov.pk*

*Mr. Raza, Chief (Customs Reforms), FBR
Phone: 051-9204463, Email: raza@fbr.gov.pk*

*Mr. Khalid Jamil, Project Director, PRRP, FBR
Phone: 051-9219649, Email: director.prr@fbr.gov.pk*

*Mr. Ali Waheed Khan, Second Secretary, Reforms Wing, FBR
Phone: 051-9203829, Email: ali.waheed@fbr.gov.pk*

*Mr. Osama Idrees, Secretary (Tax Reforms), FBR
Phone: 051-9202999 Email: Osama.idrees@fbr.gov.pk@gmail.com*

Support Staff

Mr. Majid Yousaf Khan, Private Secretary, Reforms Wing, FBR

Mr. Muhammad Shehzad, APS, Reforms Wing, FBR

Foreword by Chairman FBR

The current issue of Annual Performance Report provides an update on FBR's revenue generating efforts made during FY 2019-20. This Annual Report includes FBR's performance information mainly based on 10 identified key performance indicators. The analysis of data provides an insight into various components of federal taxes and reforms initiatives undertaken by FBR with the help of international donors to achieve the goal of transforming FBR into an efficient and modern tax administration.

During FY 2019-20, the COVID-19 pandemic engulfed the entire world, disrupting the supply chains and paralyzing the economies of the world. Like other economies, Pakistan's economy also faced similar challenges. Along with other negative impacts, the unprecedented halt in economic activities badly affected tax collections. In the situation of lockdown and slow economic activities, fetching tax revenues was even a bigger challenge for the organization. FBR remained committed to making the taxpaying experience better through provision of a courteous and professional service.

In our primary task of collecting taxes, we achieved the revised revenue target of Rs. 4017.40 billion by 99.4%, increasing collection by 4.4% over last year to reach Rs. 3,996.7 billion during FY 2019-20. The collection of sales tax, direct taxes and federal excise duty showed positive growth, i.e. 9.4%, 5.4% and 5.1% respectively, while the customs duty reflected decline of 9.4%.

FBR helped more taxpayers than ever to pay their taxes quickly and easily online – 2.19 million people filed income tax returns till 26th December 2020 reflecting a growth of 10.6% when compared with 1.98 million returns filed till same date of last financial year. During 2019-20, value of customs seizures reached Rs. 36.5 billion reflecting increase of 44% when compared with last year.

FBR is committed to invest in modern technology to enhance efficiency in tax collection. With enhanced operational efficiency as embedded in the ongoing FBR transformation, we are optimistic that the landscape of revenue mobilization and collection in this country will be completely changed. As we move forward, we will be renewing our focus on our vision to maximize tax collection, reduce the tax gap, increase the tax base and make it easy for taxpayers to pay their taxes and ensure that the tax system is trusted and fair.

I appreciate and commend the efforts of the Reforms Wing in bringing out this issue of Annual Performance Report of FBR.



(Asim Ahmad)
Chairman, Federal Board of Revenue /
Secretary Revenue Division



Table of Contents

| | |
|---|-------|
| Foreword by Chairman FBR | 2 |
| Chapter-1: Introduction | 4-9 |
| Chapter-2 Summary of Revenue Performance at a Glance | 10-14 |
| Chapter-3 Delivery against Key Performance Indicators | 15 |
| • KPI-1: Revenue Target Performance | 15-31 |
| • KPI-2: Level of Automation | 32-39 |
| • KPI-3: Taxpayer's Facilitation | 40-41 |
| • KPI-4: Integration of FBR with other revenue agencies & departments | 42 |
| • KPI-5: Revenue Laws Simplification | 43 |
| • KPI-6: Risk Based Audit Conducted by FBR | 44-45 |
| • KPI-7: Formulation of National Tax / Customs Policy | 46-60 |
| • KPI-8: FBR Outreach & Human Resource Development | 51-54 |
| • KPI-9: FBR Representation before various Legal forums | 55 |
| • KPI-10: Implementation of Public Account Committee (PAC) directives | 56-57 |
| Chapter-4 Implementation of FBR's Reform Agenda | 58-61 |
| Conclusion | 62 |
| Acknowledgements | 63 |

Chapter-1

Introduction

This report is primarily intended to publicly disclose the performance of FBR against specified key performance indicators and to promote awareness about its achievements during the FY 2019-20. This Annual Report covers the period July, 2019 to June, 2020. This report fulfills a requirement under the World Bank's funded Pakistan Raises Revenue (PRR) Project (2021-24). This report is required in terms of PRR's disbursement linked indicator, which pertains to FBR's effectiveness and transparency requiring systematic measurement and public reporting of its performance delivery against approved key performance indicators. These KPIs cover all the main aspects of FBR's performance, such as, revenue by tax instrument, taxpayer segment, geographical area, share of direct tax revenues collected through withholding agents, active taxpayers by tax instrument; revenue target performance, enhanced level of automation, taxpayer's facilitation measures, integration and data sharing of FBR with other revenue agencies, simplification of tax laws, conduct of risk based audits, formulation of national tax/customs policy, FBR's outreach and human resource development, etc. The outcome of such disclosure and reporting is transparency and accountability of the FBR to the government and to the public, which is critical for building public trust in the FBR and the tax system. This Annual Report includes FBR's performance information for the FY 2019-20 mainly based on 10 identified key performance indicators.

This report also informs about the reforms initiatives undertaken by FBR with the help of international donors to achieve the goal of transforming FBR into an efficient, effective, transparent, and modern tax administration, which seeks recognition for its professionalism and integrity of its workforce.

As part of FBR's commitment to align the organization with its strategic objectives, this report will help FBR to assess the results against key performance indicators and to judge success in achievement of its overall vision and mission. This will also materially affect the ability of FBR to review the defined targets and to evaluate performance in the implementation of reform agenda over short, medium and long term.

This report has delved into each performance indicator in greater detail in the second and third chapters, while the subsequent chapter discuss the extent of implementation of reform agenda by FBR.

General Information about FBR

Historical Overview

The Central Board of Revenue (CBR) was created on April 01, 1924 through enactment of the CBR Act, 1924. In 1944, a full-fledged Revenue Division was created under the Ministry of Finance. After independence, this arrangement continued up to 31st August, 1960 when on the recommendations of the Administrative Re-organization Committee, CBR was made an attached department of the Ministry of Finance. In 1974, further changes were made to streamline its functions. Consequently, the post of Chairman, CBR was created with the status of ex-officio Additional Secretary and Secretary Finance was relieved of his duties as ex-officio Chairman of the CBR.

To remove further impediments in the exercise of administrative powers of a Secretary to the Government and for effective formulation and implementation of fiscal policy measures, the status of the Revenue Division was restored under the Ministry of Finance on October 22, 1991. It was abolished in January 1995, and CBR reverted back to the pre-1991 position. However, it was re-established on December 01, 1998. The Revenue Division continues to exist since then. In the wake of restructuring of its functions, a new Act was promulgated under which it has been renamed as Federal Board of Revenue (FBR) since July, 2007.



Functions of FBR



In the existing setup, FBR is a federal agency of Pakistan that is responsible for enforcing fiscal laws and collecting revenue for the government of Pakistan. It has following responsibilities:

- a) Formulation and administration of taxation policy;
- b) Levy and collection of federal taxes;
- c) Quasi-judicial function of deciding taxation cases and appeals;
- d) Entering into avoidance of double-taxation treaties with other countries;
- e) Liaise with all Ministries, Chambers of Commerce and Industry as well as International Organizations on taxation and enforcement matters.

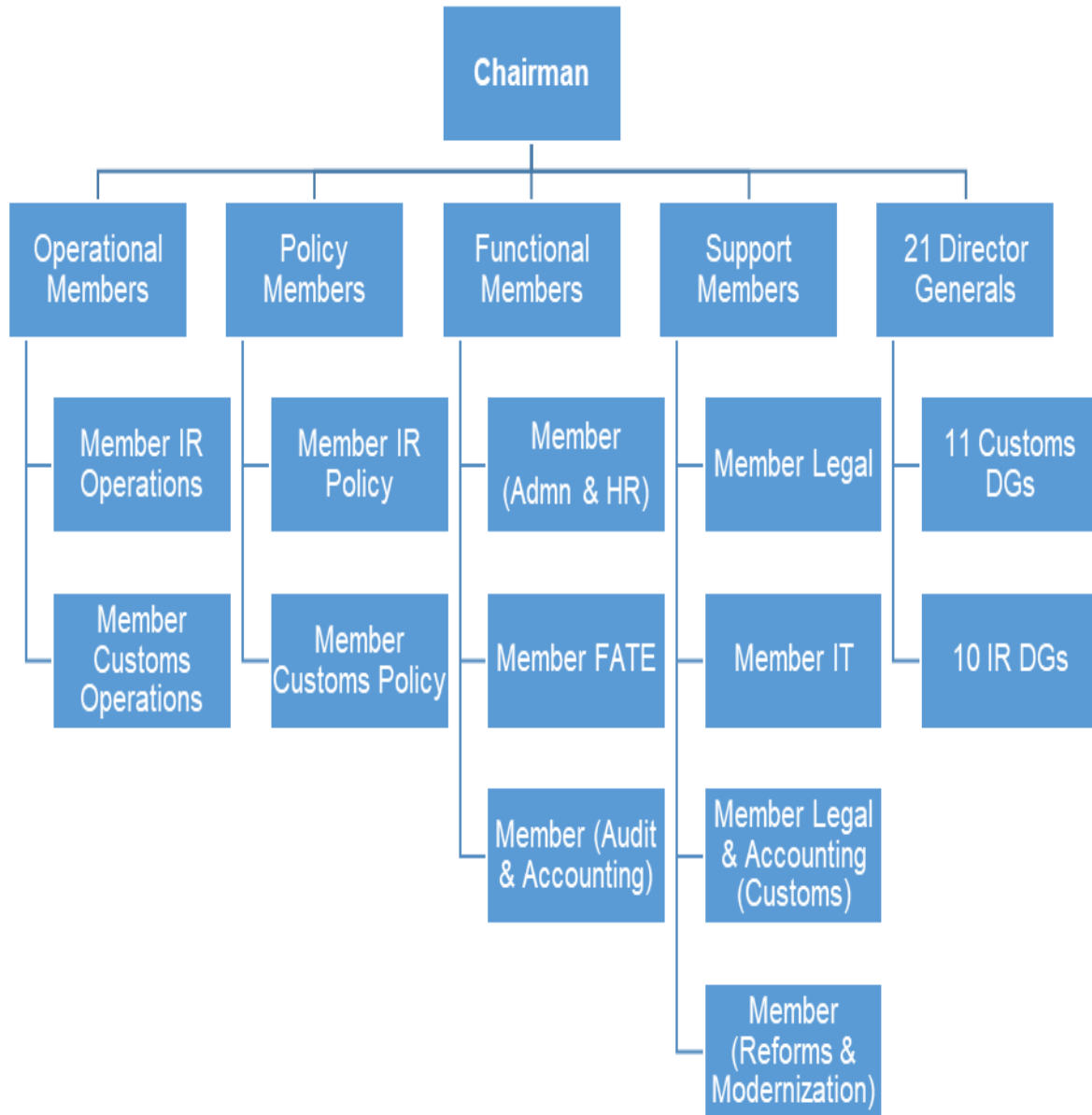
FBR primarily operates through its main collection arms comprising Regional Tax Offices (RTOs), Large Taxpayer Office (LTOs), and Customs Collectorates across the country. FBR has two major wings - Inland Revenue & Customs. Inland Revenue Service administers domestic taxation including Sales Tax, Income Tax and Federal Excise Duties, while Pakistan Customs Service administers import duties and other taxes collected at import stage, as well regulates international trade with regard to prohibitions & restrictions imposed by the government.

For the purpose of collection of revenue and pursuing tax evaders, FBR's powers & functions also include, but are not limited to, carrying out inquiries and audits/investigations into the tax affairs, commanding arrests, attachment as well as public auction of movable and immovable assets of a non-compliant.

Organizational Set-up

In the present setup, Chairman FBR is assisted by various Members. Besides this top tier, senior management also includes various Director Generals and Chief Commissioners/Chief Collectors.

Organogram of FBR



FBR's Vision

To be a modern, progressive, effective, autonomous and credible organization for optimizing revenue by providing quality service and promoting compliance with related tax laws.

Mission

To enhance the capability of the tax system to collect due taxes through application of modern techniques, providing taxpayer assistance and by creating a motivated, satisfied, dedicated and professional workforce.

Values


- Integrity
- Professionalism
- Teamwork
- Courtesy
- Fairness
- Transparency
- Responsiveness



FBR's Strategic Intent


FBR aims to be a smart and modern tax administration with unquestionable integrity, trusted and admired by Government, the public, as well as our international partners. FBR has identified following strategic objectives, which form the cornerstone of our 5-year Strategic Plans both for Customs as well as for Inland Taxes:

- a) Ensure sustainable increase in domestic revenue by broadening the tax base and facilitating compliance
- b) Provide clarity and certainty about tax obligations
- c) Make it inexpensive and easy for taxpayers and traders to comply and fulfil their obligations
- d) Increase the use of data to improve integrity, derive insight & improve outcomes
- e) Modernize infrastructure, technology, and enhance automation for digitalized and streamlined services
- f) Facilitate legitimate trade and travel without compromising on customs controls
- g) Enhance fiscal controls, enforcement, and society protection capabilities
- h) Drive efficient use of resources to deliver quality outcomes and performance excellence
- i) Make it hard & costly for taxpayers and traders who do not comply
- j) Develop a high performing, diverse, agile and engaged workforce
- k) Work with stakeholders to modernize the tax administration system
- l) Build public trust and confidence in the tax administration system.



FBR
PAKISTAN

Revenue Division
Federal Board of Revenue
Government of Pakistan



We are writing

Pakistan's

Success Story

Are you a part of it?

Companies/AOPs can contribute by paying
their advance income tax on or before

25th September

For further assistance, call our
HELPLINE

051 111 772 772

PID/0 1641

helpline@fbr.gov.pk

www.fbr.gov.pk

MCOM

Chapter-2

Summary of FBR's Performance at a Glance

Overall Performance of FBR

The Federal Board of Revenue collects more than 86% of all Government revenues. Its mandate includes levy and collection of federal duties, taxes and other levies and formulation and administration of fiscal policies. Its responsibilities also includes facilitation of legitimate trade and travel as well as the safeguarding the society and economy through enforcement measures.

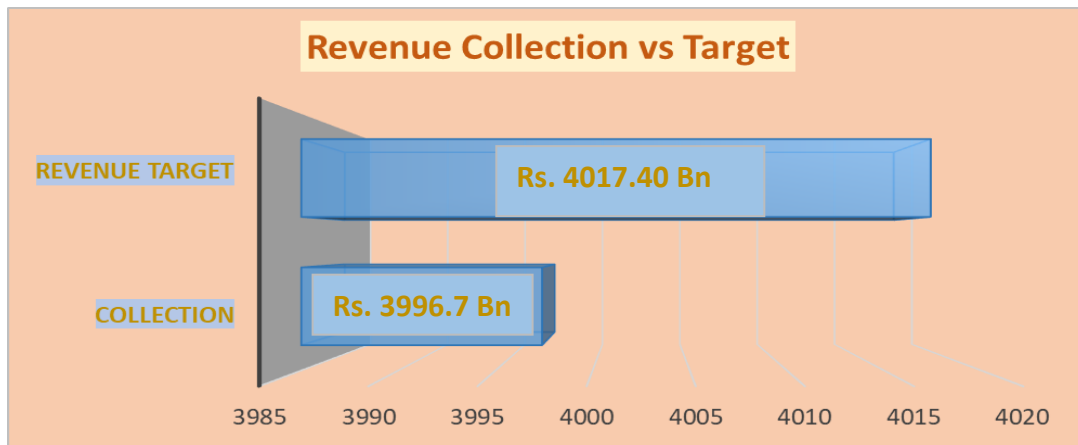
Total revenue collection of FBR during FY 2019-20 exceeded Rs. 3,996 billion reflecting year-on-year growth of 4.4% which was a significant achievement in context of the slow economy growing at a much lower rate. Equally remarkable was the progress made against long outstanding sales tax refunds. The total tax refund payments amounting to a staggering Rs. 173.5 billion reflected a growth of more than 42% when compared with the previous financial year. During 2019-20, the tax collection maintained a tax-to-GDP ratio of around 11.4%.

FBR remains an example of an institution that continues to do more with fewer resources. Due to the difficult macroeconomic environment in the country, the expenditure budget allocated by the Federal Government to run FBR was much less than the international benchmark for cost of collection of 1-1.5 percent of tax revenues.

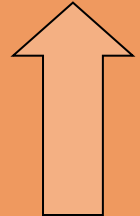
Despite various challenges and a pandemic situation, FBR was able to achieve 99.4% of the revised annual revenue collection target of Rs. 4017.40 billion during FY 2019-20. This achievement was despite the fact that country's economic growth rate was in negative according to Economic Survey of Pakistan 2019-20. For this remarkable accomplishment, FBR's leadership and workforce deserve appreciation.



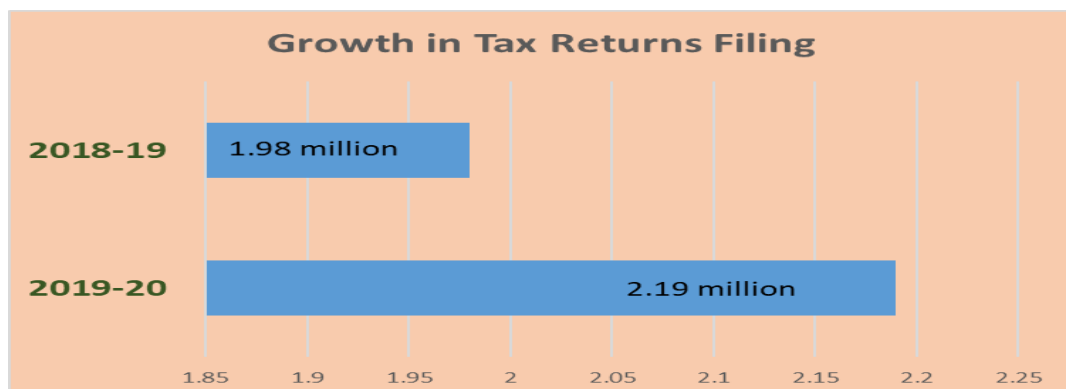
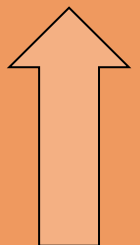
Performance Information



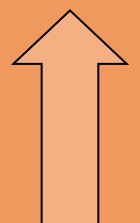
**Target
achieved
99.4%**



**Growth
4.4%**

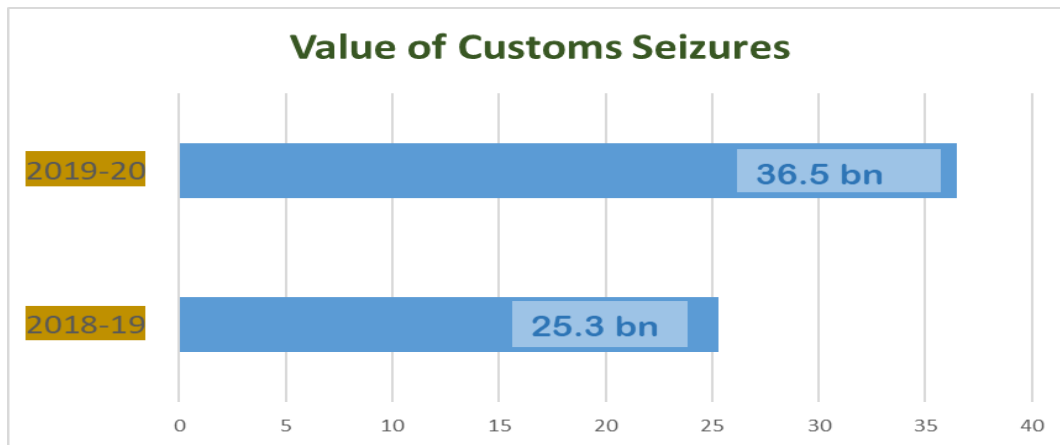


**Growth
10.6%**

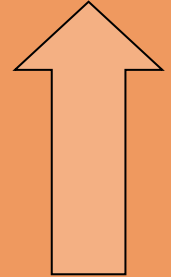


**As on 26th December, 2020*

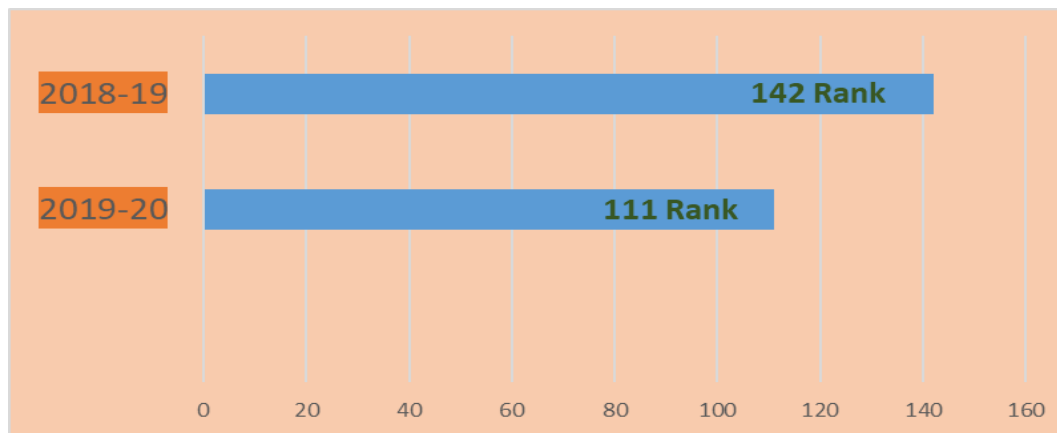
Performance Information



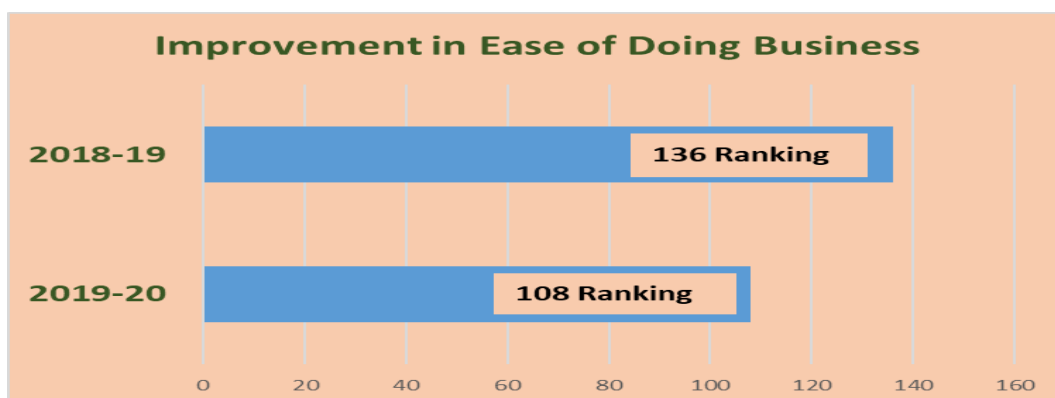
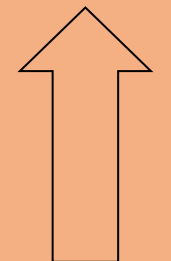
**Growth
44.2%**



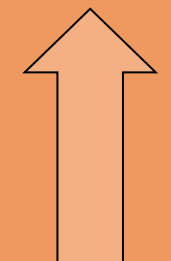
Improvement in Trading Across Border Index



**31 Ranks
Improvement**



**28 Ranks
Improvement**



Tax Related Improvements



- E-filing of returns and goods declarations was improved making it easier for taxpayers to comply with their tax obligations.
- Introduction of facility of “auto-fill my return” in parts of returns with information FBR already has in hand in the system/software and simplifying and improving accuracy in the process of filing returns.
- Improvement in digital filing and receipt of rebates and refunds.
- Mobile App (Tax Asaan) was developed for facilitating taxpayers in tax registration, tax return filing and electronic payments;
- An upgraded version of Fully Automated Sales Tax e-Refund (Faster) system was launched for expeditious and transparent processing and issuance of exporters' refunds.
- Provision of new online payment methods ensuring individuals and businesses can use the method they find most convenient and safe.
- Improving the contents on FBR’s website fbr.gov.pk for tasks related to business registration, filing of tax returns and seeking correct information about tax laws/procedures and successful completion of other online tasks (ranked amongst top 25 user friendly websites by Alexa and SimilarWeb).

Trade Related Achievements (FY 2019-20)

- Due to improvements in business processes to facilitate compliance and streamline procedures, Pakistan improved 31 positions (from 142nd to 111th) on the rank of Trading Across Border Index
- Reduced dwell time at the borders/ports for imports/exports by increasing the percentage of clearances through Green Channel
- Implementation of effective controls to facilitate compliant trade and to divert lesser/non-compliant trade to detailed scrutiny
- Pakistan Single Window was initiated to integrate at least 74 departments/agencies in Pakistan and to make trading across border a hassle free and seamless operation.
- Regional Improvement of Border Services (RIBS) being implemented at Torkham, Chaman, and Wahga aiming at improving border-crossing facilities which are key transit points to Afghanistan and India.
- Round the clock (24/7) operations were started at Customs Station Torkham to facilitate trade and transit with Afghanistan.



Chapter-3

Delivery against Key Performance Indicators

KPI-1: Revenue Target Performance

1) Percentage of target achieved viz-a-viz assigned target

Actual Revenue Performance against Target

FBR collected **Rs. 3,996.7 billion** during FY 2019-20 against the revised revenue target of Rs. 4,017.4 billion. The target was achieved to the extent of around 99.4%. The direct taxes and federal excise duty missed their respective targets by 0.1% and by 0.2% respectively (Table-1). The sales tax and customs duty missed revenue targets by 4.3% and 0.2% during FY 2019-20.

Table-1: Tax Collection vis-a-vis Target (FY 2019-20)

(Rs. in Billion)

| Tax Head | Revenue Collection Target | | Collection | % Achievement of Revised Target |
|------------------|---------------------------|----------------|----------------|---------------------------------|
| | Original Target | Revised Target | | |
| Direct Taxes | 2,027.0 | 1,523.2 | 1,523.1 | 99.9 |
| Sales Tax | 2,203.0 | 1,599.2 | 1,596.8 | 99.8 |
| Federal Excise | 384.0 | 261.5 | 250.4 | 95.7 |
| Customs duty | 889.0 | 633.5 | 626.4 | 98.8 |
| All Taxes | 5,503.0 | 4,017.4 | 3,996.7 | 99.4 |

Source: FBR Year Book 2019-20

Comparative Revenue Performance (FY 2019-20)

FBR collected taxes to the tune of **Rs. 3,996.7 billion** during FY 2019-20 as compared to **Rs. 3,828.5 billion** which was collected during FY 2018-19 thus indicating an overall growth in collection of 4.4%. In absolute terms, the increase in collection was Rs.168 billion (Table-2) which is a good sign particularly when viewed in the light of Covid-19 pandemic since March 2020.

Table-2: Comparison of Net Revenue Collection during FY 2019-20 vs FY 2018-19

(Rs. in Billion)

| Tax Head | FY 2019-20 | FY 2018-19 | Growth | |
|--------------|----------------|----------------|--------------|------------|
| | | | Absolute | (%) |
| Direct Taxes | 1,523.1 | 1,445.5 | 77.6 | 5.4 |
| Sales Tax | 1,596.8 | 1,459.2 | 137.6 | 9.4 |
| FED | 250.4 | 238.2 | 12.2 | 5.1 |
| Customs | 626.4 | 685.6 | -59.2 | -9.4 |
| TOTAL | 3,996.7 | 3,828.5 | 168.2 | 4.4 |

Source: FBR Year Book 2019-20

Refunds/Rebates

During FY 2019-20, refunds of around Rs. 173.5 billion were paid as compared to Rs.121.6 billion paid in FY 2018-19. The refund amount paid during FY 2019-20 was Rs.52 billion higher as compared to previous year. Tax-wise refund payments during FY 2019-20 are shown in Table-3.

Table-3: Comparative Position of Refunds/ Rebates Payments

(Rs. in Million)

| Tax Head | Refund / Rebate | | Difference | |
|----------------|-----------------|----------------|---------------|-------------|
| | FY 2019-20 | FY 2018-19 | Absolute | Growth (%) |
| Direct taxes | 68,604 | 83,897 | -15,293 | -18.2 |
| Sales Tax | 92,600 | 21,163 | 71,437 | 337.6 |
| Federal Excise | 0 | 0 | 0 | 0 |
| Customs Duty | 12,295 | 16,570 | -4,275 | -25.8 |
| Total | 173,499 | 121,630 | 51,869 | 42.6 |

Source: FBR Year Book 2019-20

Assessment of Tax Collection Performance (FY 2019-20)

Due to COVID-19, the FY 2019-20 was a very difficult year for the economy and FBR revenues. At the time of allocation of target to FBR, it was estimated that additional revenues of Rs. 637.4 billion would be collected during FY 2019-20 due to policy measures introduced through Finance Act. However, due to contraction of economic activities, negative growth rate of (-) 0.38%, and occurrence of some external factors not foreseen at the time of target allocation to FBR and beyond the control of FBR, actual collection was much less than expected. Some of these factors are given below:

i. Import Compression:

Imports compression by around 6 percent resulted in shortfall of:

- a) Sales Tax collection at import stage which grew by just 7.2%
- b) WHT at import stage was also affected negatively and collection fell by 10%
- c) Customs duties and FED at import stage were affected which declined by 9% and 22.4% respectively.

ii. Petroleum Sector:

Due to less consumption of petroleum products, domestic Sales Tax collection from Oil Marketing Companies had reduced considerably.

iii. Auto & Auto-Parts Sector:

Tax collection from Auto & Auto Parts Sector decreased due to decline in production and sales as well as increase in exchange rate.

iv. Economic Recession:

Overall economic recession impacted negatively on tax collection. Large scale manufacturing sector declined, resulting in lesser payment of taxes. The growth rate of national economy expected at the time of budget allocation could not be materialized due to multiple macroeconomic reasons.

v. Ambitious Target:

Original target set for FY 2019-20 requiring a growth of around 43% was quite ambitious keeping in view ground realities discussed above.

2) Breakdown of tax receipts by tax instruments

(Income Tax, Sales Tax, Federal Excise Duty, Customs Duty, Other)

The growth trend in imports and domestic tax collection during FY 2019-20 was volatile. Comparatively, the domestic tax collection recorded a better growth, i.e. around 9%, as compared to import taxes. Sales tax domestic was on the top with 11% growth, followed by direct taxes with 8.1% growth (Table-4). On the imports side, FED, WHT and Customs Duty recorded negative growth, while the sales tax on imports grew by 8.1%. The reason for lesser growth at import stage was lower imports to the tune of (-)5.5% during the year. The Covid-19 was the major cause behind lower imports. It adversely affected the overall collection at import stage.

Table-4: Import and Domestic Taxes FY 2019-20 Vs 2018-19

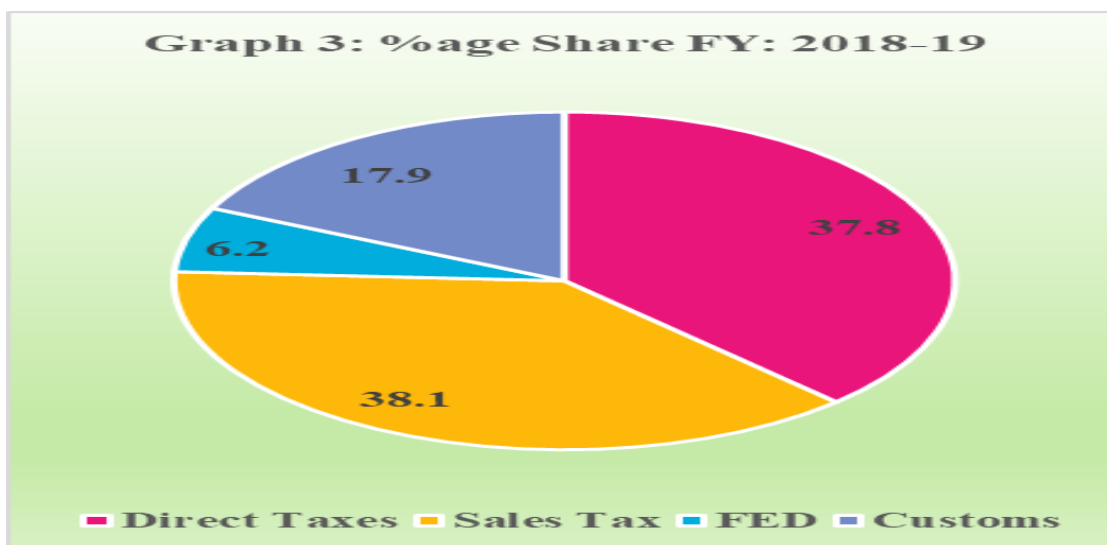
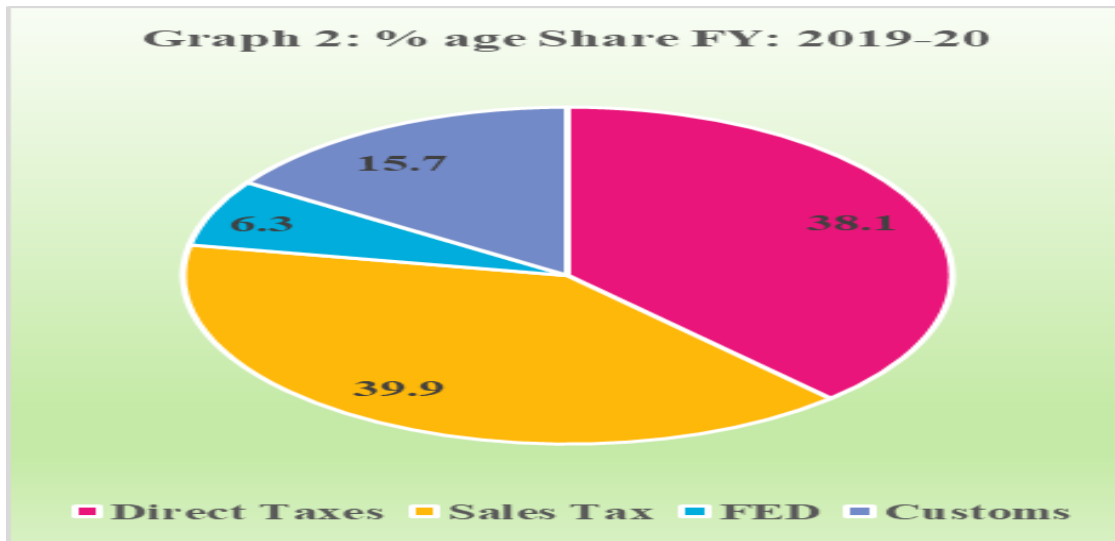
(Rs. in Million)

| Heads | 2019-20 | 2018-19 | Growth | |
|-----------------------------|------------------|------------------|---------------|-------------|
| | | | Absolute | %age |
| Domestic Taxes | 2,284,796 | 2,098,050 | 186746 | 8.9 |
| Direct Taxes | 1,323,373 | 1,223,675 | 99698 | 8.1 |
| Sales Tax | 720,471 | 648,856 | 71615 | 11.0 |
| FED | 240,952 | 225,519 | 15433 | 6.8 |
| Overall Import Taxes | 1,711,920 | 1,730,432 | -18512 | -1.1 |
| WHT on Imports | 199,691 | 221,833 | -22142 | -10.0 |
| ST on Imports | 876,333 | 810,357 | 65976 | 8.1 |
| FED on Imports | 9,518 | 12,667 | -3149 | -24.9 |
| Customs Duty | 626,378 | 685,575 | -59197 | -9.4 |
| Overall | 3,996,716 | 3,828,482 | 168234 | 4.4 |

Source: FBR Year Book 2019-20

Top revenue contributor

Tax collection during FY 2019-20 shows that sales tax was the top revenue contributor with 39.9% share followed by direct taxes with 38.1%, customs duty 15.7% and FED 6.3%. During FY 2019-20, the share of customs duty has declined, whereas the share of direct taxes, FED and sales tax has increased slightly (Graph 2 & 3).



Source: FBR Year Book 2019-20

Withholding Taxes (WHT)

WHT contributed a major chunk, i.e. 72%, to the total collection of income tax. The WHT collection during FY 2019-20 was Rs. 1,091.5 billion against Rs. 960.2 billion indicating a growth of 13.7% (Table-5). The ten major components of withholding taxes that contributed around 84% to the total WHT collection were: contracts, imports, salary, telephone, dividends, bank interest, cash withdrawal, electricity and exports. As far as growth is concerned, collection from telephone increased by around 218%, followed by bank interest (120.4%), salary 69.4%, electricity (27.8%), export (11.6%). During the same period, collection from the heads of cash withdrawals, imports and dividends recorded a negative growth.

Table-5: Collection from Major Revenue Spinners of Withholding Taxes

(Rs. in Million)

| Collection Heads | FY 2019-20 | FY 2018-19 | Difference (Absolute) | Growth (%) |
|-----------------------------------|------------------|----------------|-----------------------|-------------|
| Contracts | 237,479 | 234,724 | 2,755 | 1.2 |
| Imports | 199,691 | 221,833 | -22,142 | -10.0 |
| Salary | 129,423 | 76,410 | 53,013 | 69.4 |
| Bank Interest & Securities | 128,107 | 58,136 | 69,971 | 120.4 |
| Dividends | 55,046 | 57,171 | -2,125 | -3.7 |
| Telephone | 54,635 | 17,187 | 37,448 | 217.9 |
| Electricity | 45,427 | 35,558 | 9,869 | 27.8 |
| Technical Fee | 40,182 | 39,937 | 245 | 0.6 |
| Export | 38,443 | 34,448 | 3,995 | 11.6 |
| Cash Withdrawals | 15,169 | 31,756 | -16,587 | -52.2 |
| Sub-Total (10 major items) | 943,602 | 807,160 | 136,442 | 16.9 |
| Others | 147,936 | 153,079 | -5,143 | -3.4 |
| Total WHT | 1,091,538 | 960,239 | 131,299 | 13.7 |
| Share of top 10 in Total WHT | 86.4% | 84.1% | | |

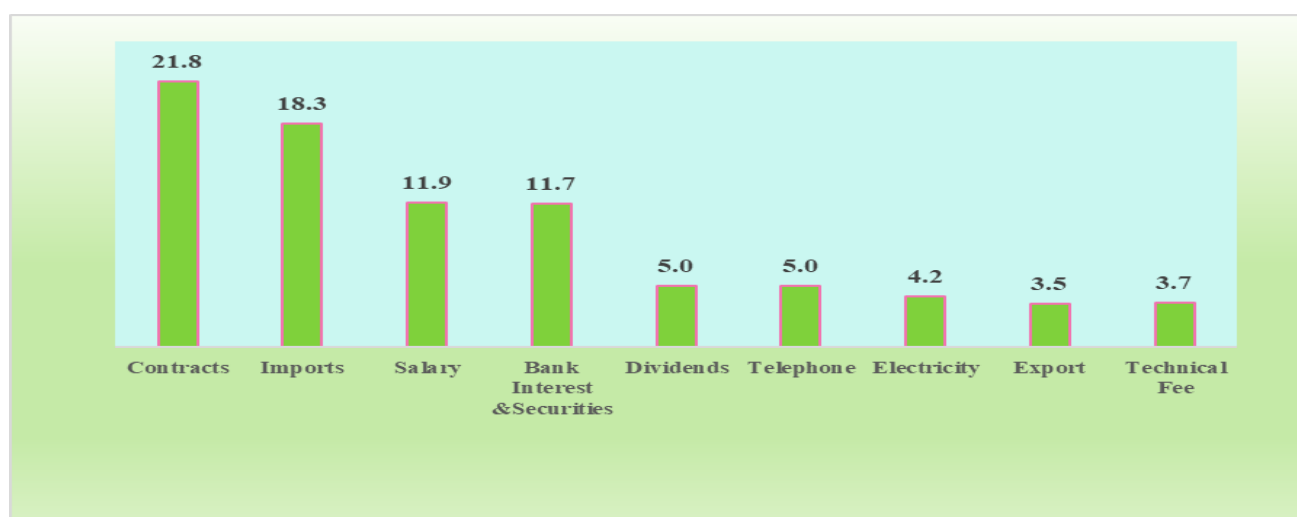
Source: FBR Year Book 2019-20

Major contributors of withholding taxes

The highest contributor in withholding taxes was contracts with 21.8% share, followed by imports (18.3%) and salary (11.9%). Further break-up reveals that the share of only three heads of WHT, i.e. contract, imports and salary, was around 50% indicating high reliance on few heads. Higher reliance on withholding taxes and within withholding taxes and a high concentration on few items makes the income tax revenues vulnerable. There is a need to expand the overall tax base and within the withholding taxes. It is a regressive approach which creates burden on the compliant taxpayers, hence focus should be on searching new taxpayers to make the tax system equitable and broad based.

Growth in collection from bank interest can be partially explained by higher policy rate in this period as well as upward revision of tax rate under this head. The growth in salaries can be attributed to reviewing the old tax slabs / tax rates on salary w.e.f. 01-07-2019. Similarly, growth in collection on electricity bills was due to increase in consumption of electricity and better enforcement measures through liaison with Distribution Companies. The growth in exports can be attributed to growth in exports during the period under review as compared to the corresponding period of last year. The collection from cash withdrawals decreased due to abolishment of tax under this head for filers. The collection from contracts and technical fee grew by just 1.2% and 0.6% respectively indicating lower economic activities and lesser government spending on the PSDP.

Graph-5: Composition of Withholding Taxes



Source: FBR Year Book 2019-20

Sales Tax

During FY 2019-20, sales tax remained top revenue generating source of federal tax receipts after direct taxes. It constituted around 39.9% of the total net revenue collection. Collection during FY 2019-20 was Rs. 1,596.8 billion against Rs. 1,459.2 billion in the previous financial year. Overall sales tax collection grew by 9.4% with an increase of Rs. 138 billion during FY 2019-20 as compared to the collection of previous year. The downward revised target of Rs. 1,599.2 billion was met by 98.8%.

Domestic sales tax collection recorded a growth of 11% whereas collection of sales tax on imports recorded a growth of 8.1%. Details of collection of these two components are shown in Table-6.

Table-6: Collection of Sales Taxes

(Rs. in Million)

| Tax-Head | Collection | | Growth | |
|--------------------------|------------------|------------------|----------------|------------|
| | FY 2019-20 | FY 2018-19 | Absolute | % |
| Sales Tax Imports | 876,333 | 810,357 | 65,976 | 8.1 |
| Sales Tax Domestic | 720,471 | 648,856 | 71,615 | 11.0 |
| Sales Tax (Total) | 1,596,804 | 1,459,213 | 137,591 | 9.4 |

Source: FBR Year Book 2019-20

Within sales tax, the share of sales tax on imports was 54.9% and that of domestic sales tax was 45.1% during 2019-20. The share of sales tax imports has slightly declined as compared to sales tax domestic during FY 2019-20.

Sales Tax Domestic Collection

The overall net collection of Sales Tax Domestic (STD) was Rs. 720.4 billion against Rs. 648.9 billion in the PFY and the net collection grew by 11%. In absolute terms, Rs. 71.6 billion higher amount of revenue was collected in FY 2019-20 as compared to previous year. The details of major ten items has been shown in Table-7. The POL products which are the top revenue generating source with 32.6% share, its collection recorded negative growth of (-)5.6% during FY 2019-20. The collection cement, iron & steel and IPPs also recorded negative growth during the period under review. On the other hand, collection from textile, sugar and electrical energy recorded very healthy growth during FY 2019-20 as evident from table below.

Table-7: Major Revenue Spinners (Sales Tax Domestic)

(Rs in Million)

| Commodities/Items | Net Collection | | | Share (%) | |
|------------------------------|----------------|----------------|-------------|--------------|--------------|
| | FY 2019-20 | FY 2018-19 | Growth (%) | FY 2019-20 | FY 2018-19 |
| POL Products | 234,582 | 248,512 | -5.6 | 32.6 | 38.3 |
| Electrical energy (discos) | 91,826 | 50,006 | 83.6 | 12.7 | 7.7 |
| Textile sector | 61,178 | 8,713 | 602.1 | 8.5 | 1.3 |
| Sugar | 41,226 | 26,606 | 55.0 | 5.7 | 4.1 |
| Food products | 25,876 | 24,384 | 6.1 | 3.6 | 3.8 |
| Cigarettes | 23,231 | 23,109 | 0.5 | 3.2 | 3.6 |
| Cement | 21,213 | 21,633 | -1.9 | 2.9 | 3.3 |
| Aerated waters/beverages | 13,412 | 12,207 | 9.9 | 1.9 | 1.9 |
| Iron & steel products | 7,709 | 11,454 | -32.7 | 1.1 | 1.8 |
| Independent power projects | 6,778 | 7,868 | -13.9 | 0.9 | 1.2 |
| Major Ten Commodities | 527,031 | 434,492 | 21.3 | 73.2 | 67.0 |
| Other | 193,440 | 214,364 | -9.8 | 26.8 | 33.0 |
| All Commodities | 720,471 | 648,856 | 11.0 | 100.0 | 100.0 |

Source: FBR Year Book FY 2019-20

Sales Tax on Imports

Sales tax on imports is a significant component of federal tax receipts. The share of sales tax on imports in total sales tax net collection was around 55%. The net collection of sales tax on imports during FY 2019-20 stood at Rs. 876.3 billion against Rs. 810.4 billion in FY 2018-19 registering a growth of 8.1%. Top 10 commodities of sales tax at import stage contributed a major chunk, i.e. 75%, in collection of sales tax at import stage (Table-8).

Table-8: Major Revenue Spinners (Sales Tax on Imports)

(Rs. in Million)

| PCT Chapter | Commodities | Collection | | | Share (%) | |
|------------------|--|----------------|----------------|------------|--------------|--------------|
| | | 2019-20 | 2018-19 | Growth (%) | 2019-20 | 2018-19 |
| 27 | POL Products | 231,321 | 221,322 | 4.5 | 26.6 | 27.3 |
| 72 | Iron and Steel | 82,898 | 69,552 | 19.2 | 9.5 | 8.6 |
| 84 | Machinery & Mechanical Appliances | 62,570 | 72,229 | (13.4) | 7.2 | 8.9 |
| 39 | Plastic Resins etc. | 55,203 | 52,110 | 5.9 | 6.4 | 6.4 |
| 85 | Electrical Machinery | 51,986 | 57,097 | (9.0) | 6.0 | 7.0 |
| 15 | Edible Oil | 51,965 | 41,612 | 24.9 | 6.0 | 5.1 |
| 87 | Vehicles (Non-Railway) | 42,931 | 62,993 | (31.8) | 4.9 | 7.8 |
| 29 | Organic Chemicals | 31,238 | 20,165 | 54.9 | 3.6 | 2.5 |
| 12 | Oil Seeds and Oleaginous Fruit, Misc items | 23,138 | 16,631 | 39.1 | 2.7 | 2.1 |
| 09 | Tea & Coffee | 18,377 | 16,863 | 9.0 | 2.1 | 2.1 |
| Sub Total | | 651,627 | 630,574 | 3.3 | 75.0 | 77.8 |
| Others | | 217,329 | 179,863 | 20.8 | 25.0 | 22.2 |
| Gross | | 868,956 | 810,437 | 7.2 | 100.0 | 100.0 |
| Refund/Rebate | | 7 | 80 | (91.3) | | |
| Net | | 868,949 | 810,357 | 7.2 | | |

Source: FBR Year Book 2019-20

Customs Duty

During FY 2019-20, Customs duty collection target of Rs. 633.40 billion was achieved by 98.8% as indicated in Table-9. Customs duty constituted around 25% and 15.7% of the indirect taxes and federal taxes respectively. There is an increasing trend in the share of customs duties in FBR collection during last few years. The net collection from customs duty during FY 2019-20 was Rs. 626.4 billion which was 9.4% lesser than the collection of previous year. The healthy growth in customs collection helped the overall FBR revenues positively.

Table-9: Percentage of Customs Duty Target Achieved During FY 2019-20

| | |
|--------------------------------------|--------------------------|
| Customs Duty Target | Rs. 633.4 Billion |
| Customs Duty collection (Net) | Rs. 626.4 Billion |
| % of Target Achieved | 98.8% |

Source: FBR Year Book 2019-20

Analysis of Customs Duty Collection

It is evident from Table-10 below that around 59% of customs duty collection was contributed by 10 major commodities grouped in PCT Chapters.

Table-10: Major Revenue Spinners of Customs Duties

(Rs. in Million)

| PCT Chapter | Description | Collection | | | Share (%) | |
|------------------|--------------------------|----------------|----------------|-------------|--------------|--------------|
| | | FY 2019-20 | FY 2018-19 | Growth (%) | FY 2019-20 | FY 2018-19 |
| 27 | POL Products | 83,225 | 79,367 | 4.9 | 13.1 | 11.3 |
| 85 | Electrical Machinery | 59,873 | 42,240 | 41.7 | 9.4 | 6.0 |
| 87 | Vehicles (Non-Railway) | 56,852 | 81,459 | -30.2 | 8.9 | 11.6 |
| 72 | Iron & Steel | 45,438 | 47,193 | -3.7 | 7.1 | 6.7 |
| 84 | Mach & Mech Appliances | 32,930 | 42,484 | -22.5 | 5.2 | 6.1 |
| 15 | Edible Oil | 29,420 | 31,652 | -7.1 | 4.6 | 4.5 |
| 39 | Plastic Resins etc. | 23,937 | 25,455 | -6.0 | 3.8 | 3.6 |
| 9 | Tea & Coffee | 14,755 | 12,043 | 22.5 | 2.3 | 1.7 |
| 48 | Paper & Paperboards | 14,453 | 15,131 | -4.5 | 2.3 | 2.2 |
| 73 | Articles of Iron & Steel | 11,728 | 13,193 | -11.1 | 1.8 | 1.9 |
| Sub Total | | 372,611 | 390,217 | -4.5 | 58.5 | 55.6 |
| Other | | 266,062 | 311,928 | -14.7 | 41.5 | 44.4 |
| Gross | | 638,673 | 702,145 | -9.0 | 100.0 | 100.0 |
| Refund/Rebate | | 12,295 | 16,570 | -25.8 | | |
| Net | | 626,378 | 685,575 | -9.4 | | |

Source: FBR Year Book 2019-20

Federal Excise Duty (FED)

During FY 2019-20, FED collection grew by 7% registering an increase of about Rs.12 billion as compared to the previous year. The major sectors which contributed in FED revenues were tobacco, cement, beverages, natural gas and edible oil and some of the services. Out of ten major items, around six recorded positive growth. On the top were food products with 401% growth, followed by motor cars (306%), beverages (94%) and cement around 25%. On the other hand, collection from tobacco declined by 1.7%, air travel by 28.4%, and beverages by 13.6% during the period under review. Nearly 90% of FED collection was realized from ten items as evident from Table-11. The purpose of imposing federal excise duties is not only to collect tax revenues but also to discourage the use of some unhealthy materials such as cigarettes.

Table-11: Major Revenue Spinners of FED

(Rs. in Million)

| S # | 10 Major Items | FY 2019-29 | FY 2018-29 | Growth % |
|------------------|--|----------------|----------------|------------|
| 1 | Cigarettes | 88,620 | 90,166 | -1.7 |
| 2 | Cement | 71,461 | 57,261 | 24.8 |
| 3 | Airline (travel by air) | 29,470 | 41,134 | -28.4 |
| 4 | Concentrates (beverages) | 13,912 | 16,097 | -13.6 |
| 5 | Aerated Water (beverages) | 10,228 | 5,262 | 94.4 |
| 6 | Oil exploration | 9,626 | 9,537 | 0.9 |
| 7 | Motor Cars | 6,761 | 1,666 | 305.9 |
| 8 | Food products | 1,043 | 208 | 401.3 |
| 9 | Dairy Products (milk and cream, eggs, natural honey) | 994 | 0 | 0.0 |
| 10 | Fruit or vegetable juices | 929 | 9 | 9887.1 |
| Sub-total | | 233,043 | 221,340 | 5.3 |
| Others | | 21,861 | 16,846 | 29.8 |
| Gross | | 254,904 | 238,186 | 7.0 |
| Refunds | | 0 | 0 | - |
| Net FED | | 254,904 | 238,186 | 7.0 |

Source: FBR Year Book 2019-20

3) Breakdown of tax receipts by segments

(Corporate tax receipts, AOP's tax receipts, Individuals/Commercial receipts)

Table-12: Breakdown of tax receipts by segments

(Rs. in Billion)

| Segment of Taxpayers | Tax Receipts |
|-----------------------------|---------------------|
| Corporate | 2,648 |
| Association of Person | 241 |
| Individuals / Commercial | 1,085 |
| Total: | 3,974 |

Source: IR Ops Wing, FBR

4) Breakdown of tax receipts by geography

Table-13: Tax Office-Wise Collection of Income Tax, Sales Tax and Federal Excise Duty during FY 2019-20*(Rs. in Billion)*

| Tax Office | Revenue Receipts (2019-20) | | | |
|----------------|----------------------------|--------------|------------|--------------|
| | IT | ST | FE | Total |
| LTO KARACHI | 377 | 529 | 44 | 950 |
| LTO LAHORE | 202 | 385 | 59 | 647 |
| LTO ISLAMABAD | 285 | 207 | 113 | 604 |
| MTO KARACHI | 42 | 90 | 5 | 138 |
| RTO LAHORE | 87 | 45 | 0 | 132 |
| CTO KARACHI | 72 | 30 | 16 | 119 |
| LTO MULTAN | 47 | 63 | 1 | 111 |
| RTO-I KARACHI | 45 | 44 | 0 | 89 |
| RTO-II KARACHI | 66 | 16 | 0 | 83 |
| CTO LAHORE | 33 | 41 | 0 | 74 |
| RTO PESHAWAR | 31 | 24 | 18 | 73 |
| RTO RAWALPINDI | 24 | 36 | 0 | 61 |
| CTO ISLAMABAD | 27 | 19 | 0 | 47 |
| RTO ISLAMABAD | 35 | 6 | 0 | 40 |
| RTO QUETTA | 20 | 9 | 0 | 30 |
| RTO GUJRANWALA | 10 | 14 | 0 | 25 |
| RTO MULTAN | 17 | 7 | (0) | 24 |
| RTO FAISALABAD | 20 | (0) | 0 | 20 |
| RTO HYDERABAD | 13 | 7 | 0 | 19 |
| RTO ABBOTTABAD | 6 | 11 | 0 | 18 |
| RTO SIALKOT | 13 | 1 | 0 | 13 |
| RTO BAHAWALPUR | 9 | 3 | 0 | 12 |
| RTO SUKKUR | 8 | 2 | 0 | 10 |
| RTO SARGODHA | 6 | 2 | 0 | 8 |
| RTO SAHIWAL | 6 | 2 | 0 | 8 |
| TOTAL: | 1,501 | 1,593 | 258 | 3,352 |

Source: IR Ops Wing, FBR

Table-14: Tax Office-Wise Collection of Customs Duty during FY 2019-20*(Rs. in Billion)*

| Customs Collectorates | Customs Duty Collected (Net) |
|--|-------------------------------------|
| Port Muhammad Bin Qasim, Karachi | 196.965 |
| Appraisalment (East), Karachi | 158.935 |
| Appraisalment (West), Karachi | 99.006 |
| Preventive, Karachi | 35.298 |
| Jinnah International Airport, Karachi | 21.175 |
| Exports, Karachi | 6.821 |
| Exports, Port Qasim, Karachi | (3.653) |
| Hyderabad | 3.887 |
| Quetta (Appraisalment) | 4.709 |
| Quetta (Enforcement) | 0.361 |
| Gwadar | 10.679 |
| Lahore (Appraisalment) | 31.764 |
| Lahore (Enforcement) | 4.109 |
| Allama Iqbal International Airport, Lahore | 23.380 |
| Faisalabad (Appraisalment) | 15.478 |
| Sambrial, Sialkot | (2.299) |
| Multan (Enforcement) | 1.098 |
| Islamabad | 8.622 |
| Peshawar (Appraisalment) | 6.839 |
| Peshawar (Enforcement) | 0.922 |
| Gilgit, Baltistan | 2.299 |
| Total: | 626.458 |

Source: Customs Wing, FBR

5) Number of new taxpayers registered

Table-15: Tax office-wise, Percentage increase, Percentage of total population

| Tax Office | Income Tax | | | Sales Tax | | |
|----------------|--|--|-----------------------|---|--|-----------------------|
| | Income Tax Population (as on 30.06.2020) | New Registered from July 2019 to June 2020 | % of Total Population | Sales Tax Population (as on 30.06.2020) | New Registered from July 2019 to June 2020 | % of Total Population |
| RTO LAHORE | 1,148,338 | 189,315 | 16% | 50,552 | 6,273 | 12% |
| RTO-II KARACHI | 1,003,764 | 106,015 | 11% | 21,089 | 2,470 | 12% |
| RTO RAWALPINDI | 507,413 | 105,781 | 21% | 16,890 | 1,713 | 10% |
| RTO FAISALABAD | 456,200 | 97,227 | 21% | 21,009 | 5,247 | 25% |
| RTO MULTAN | 370,451 | 89,107 | 24% | 9,804 | 1,766 | 18% |
| RTO PESHAWAR | 355,614 | 68,269 | 19% | 11,285 | 2,078 | 18% |
| RTO ISLAMABAD | 326,965 | 35,929 | 11% | 12,036 | 1,442 | 12% |
| RTO SIALKOT | 305,851 | 72,427 | 24% | 16,539 | 2,981 | 18% |
| RTO-I KARACHI | 296,142 | 39,875 | 13% | 25,888 | 2,126 | 8% |
| RTO BAHAWALPUR | 264,516 | 70,081 | 26% | 5,695 | 1,234 | 22% |
| RTO HYDERABAD | 239,397 | 48,225 | 20% | 4,034 | 687 | 17% |
| RTO GUJRANWALA | 238,343 | 45,931 | 19% | 10,245 | 1,656 | 16% |
| RTO SARGODHA | 219,116 | 78,675 | 36% | 4,191 | 997 | 24% |
| RTO SAHIWAL | 185,128 | 47,062 | 25% | 3,984 | 712 | 18% |
| RTO SUKKUR | 175,910 | 39,589 | 23% | 2,766 | 400 | 14% |
| CTO KARACHI | 136,695 | 5,937 | 4% | 17,610 | 2,024 | 11% |
| RTO QUETTA | 124,802 | 28,661 | 23% | 6,079 | 733 | 12% |
| RTO ABBOTTABAD | 85,425 | 21,144 | 25% | 1,983 | 568 | 29% |
| CTO LAHORE | 66,749 | 6,104 | 9% | 12,207 | 1,526 | 13% |
| CTO ISLAMABAD | 28,847 | 6,654 | 23% | 7,182 | 1,174 | 16% |
| MTO KARACHI | 9,432 | 364 | 4% | 1,198 | 63 | 5% |
| LTO KARACHI | 3,400 | 51 | 2% | 1,249 | 33 | 3% |
| LTO LAHORE | 2,293 | 20 | 1% | 1,098 | 16 | 1% |
| LTO ISLAMABAD | 1,320 | 44 | 3% | 548 | 5 | 1% |
| LTO MULTAN | 348 | - | 0% | 298 | 12 | 4% |
| TOTAL: | 6,552,459 | 1,202,487 | 18% | 265,459 | 37,936 | 14% |

Source: IR Ops Wing, FBR

6) Number of Active taxpayers by tax instruments

Table-16: Income Tax registered taxpayers, Sales Tax registered taxpayers

| Tax Office | IT Registered Taxpayers | ST Registered Taxpayers |
|----------------|-------------------------|-------------------------|
| RTO LAHORE | 1,262,251 | 55,675 |
| RTO-II KARACHI | 1,044,617 | 23,394 |
| RTO RAWALPINDI | 563,418 | 18,495 |
| RTO FAISALABAD | 501,830 | 23,182 |
| RTO MULTAN | 427,896 | 11,488 |
| RTO PESHAWAR | 403,521 | 13,381 |
| RTO ISLAMABAD | 365,889 | 13,687 |
| RTO SIALKOT | 351,609 | 18,813 |
| RTO-I KARACHI | 341,029 | 27,774 |
| RTO BAHAWALPUR | 299,414 | 6,661 |
| RTO GUJRANWALA | 270,272 | 11,266 |
| RTO HYDERABAD | 260,018 | 4,681 |
| RTO SARGODHA | 256,278 | 7,828 |
| RTO SAHIWAL | 216,579 | 4,638 |
| RTO SUKKUR | 187,106 | 3,077 |
| CTO KARACHI | 141,928 | 19,217 |
| RTO QUETTA | 140,064 | 6,821 |
| RTO ABBOTTABAD | 94,381 | 2,182 |
| CTO LAHORE | 75,353 | 13,809 |
| CTO ISLAMABAD | 31,493 | 8,114 |
| MTO KARACHI | 9,470 | 1,239 |
| LTO KARACHI | 3,563 | 1,265 |
| LTO LAHORE | 2,294 | 1,116 |
| LTO ISLAMABAD | 1,324 | 559 |
| LTO MULTAN | 348 | 304 |
| TOTAL: | 7,251,945 | 298,666 |

Source: IR Ops Wing, FBR

KPI-2: Level of Automation**1) Percentage of processes that are completely automated:****Table-17: Percentage of processes that were completely automated during FY 2019-20**

| S # | Nature of Process | Level of Automation |
|-----|---|---------------------|
| 1 | Automation of collection of Provincial Cess module | 100% |
| 2 | Automation of Duty and Tax Remission for Exports module | 100% |
| 3 | Automation of WeBOC-Export of Courier module | 100% |
| 4 | Automation of Manufacturer cum-exporter module | 100% |
| 5 | Automation of Frustrated Cargo | 100% |
| 6 | Automation of Exhibition of Goods module | 100% |
| 7 | Automation of Gems and Jewelry module | 100% |
| 8 | Automation of International Mail Office-IMO module | 100% |
| 9 | Amnesty Scheme 2019: Declaration under Assets Declaration Ordinance 2019 Revision of Declaration under Assets Declaration Ordinance 2019 | 100% |
| 10 | Withholding Taxes: <ul style="list-style-type: none"> • Section 165(1) (Statement of Biannual withholding taxes filed voluntarily); • Section 165(1) (Statement of Biannual withholding taxes filed after revision); • Section 165(4) (Extension Process for filing of Statement of Biannual withholding taxes); • Process for imposition of penalty u/s 182 for failure to furnish biannual statement u/s 165); • Show Cause Notice to pay tax not deducted/collected u/s 161(3); • Explanation on Show Cause Notice to pay tax not deducted/collected u/s 161(3); • 161(3) (Order to pay tax not deducted / collected from taxpayer) | 100% |
| 11 | Income Tax Return 2020: <ul style="list-style-type: none"> • Section 114(6) (Return of Income for a person deriving income only from salary and other sources where salary is more than 50% of income filed after revision for complete year); • Provision of multilingual option in Income Tax Return 2020 such as (Urdu, Punjabi, Sindhi, Balochi, Pashto); • Development & Implementation of Simplified Income Tax Return for Manufacturers; • Development & Implementation of Simplified Income Tax Return for Retailers | 100% |

| | | |
|----|--|------|
| 12 | Registration of Income Tax & Sales Tax: <ul style="list-style-type: none"> • Notice to Cancel Registration of Taxpayer under Rule 82(5); • Explanation on Cancellation of Registration of Taxpayer under Rule 82(5); • Order to Cancel Registration of Taxpayer under Rule 82(5); • Registration Process for Pakistan Origin Card Holders (POC) | 100% |
| 13 | Builder Developer Registration/ Declaration: <ul style="list-style-type: none"> • Registration of Builder / Developer • Registration as Purchaser u/s 100D(4) | 100% |
| 14 | e-Appeals: End-to-End implementation of CIR Appeals Processes | 100% |
| 15 | Designated non-financial businesses and professions (DNFBP): End-to-End Implementation of Phase-1 & Phase-2 of the directorate of DNFBPs | 100% |
| 16 | Advance Income Tax: Automation of end-to-end process of Advance Tax and issuance of Advance Tax memo system through pre-defined criteria | 100% |
| 17 | Taxpayer Ledger: Development of Ledger Account | 100% |
| 18 | DOT Web portal: Implementation of DOT Web Portal (Phase-1) | 100% |
| 19 | Agreed Assessment Process: Implementation of Agreed Assessment Process in the light of Income Tax Business Rules | 100% |
| 20 | Automatic exchanges of information (AEOIs): Implementation of CBC AEOIS system | 100% |
| 21 | FATF Website: Development & Implementation of FATF Website | 100% |
| 22 | Green Field Exemption Process: End-to-End process of Exemption for Green Field | 100% |
| 23 | Modification in Sales Tax Refund Process: Modification in ST Refund process to make it faster refund system | 100% |
| 24 | Updation in Knowledge Based Portal: User Guides / Help Articles related to various domain in Knowledge Based Portal | 100% |
| 25 | Single Return / Single Portal: Development of Single Return / Single Portal Project | 60% |
| 26 | Integration with Ministry of e-Commerce: Development & Implementation of Services for collaborating with Ministry of e-Commerce | 100% |

Source: IT Wing (IR)/Customs Wing, FBR

2) Percentage of processes that are re-designed for efficiency:

Table-18: Percentage of processes that were redesigned for efficiency during FY 2019-20

| S # | Nature of Process | Level of Implementation |
|-----|--|-------------------------|
| 1 | Income Tax Return-2020 (Web): <ul style="list-style-type: none"> • Wizard Based Return for Web Users • Simplified Sales Tax Registration through Iris Web Application (Iris) | 100% |
| 2 | IT Return-2020 (Mobile): Wizard Based Return for Mobile Users | 100% |
| 3 | IT & ST Registration: Simplified Sales Tax Registration through Mobile Application | 100% |
| 4 | Online Verification Portal: Revamping Online Verification Portal to make it more user friendly | 100% |
| 5 | Point of Sale (POS): Multiple enhancement in POS to facilitate Taxpayers & Retailers, Including Alert Management System | 100% |
| 6 | Automation of Income Tax Refund Process: Automation of issuance of Income Tax Refund directly in the accounts of Taxpayer through CITRO (Chief Income Tax Refund Office) | 100% |
| 7 | Structured Customs Examinations | 80% |
| 8 | Bond to Bond Warehousing of goods | 80% |
| 9 | Temporary Imports improvement | 80% |
| 10 | Re-Import under Section 22 of Customs Act | 80% |
| 11 | Export Processing Zone module | 80% |
| 12 | DTRE for WeBOC Exports | 100% |
| 13 | Appeals Management System | 80% |

Source: IT Wing (IR)/Customs Wing, FBR



Revenue Division
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Salaried Individual Taxpayers

Filing Made Friendly

One Window Access

FBR's Website reshaped with specific icons to give taxpayers prompt and easy access to all online filing portals under following Link:

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New Simplified Return

Tax Return Form for Salaried Taxpayer has been made more simplified and easier



Wizard Based Interface

In order to make tax return user-friendly and self-explanatory a new Wizard Based Interface has been introduced which also provides navigational help for convenient filing.



Updated Tax Asan mobile App

Which contains;

- New Simplified Returns
- Wizard Based Interface
- Tutorial Help
- Income Tax Registration
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 LAST DATE**



INTERLINK

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3) Number of IT systems developed, equipped and launched:

Table-19: IT systems that were developed, equipped and launched during FY 2019-20

| S # | Nature of Process | Level of Implementation |
|------------|---|--------------------------------|
| 1 | DIRBS (Device Identification Registration Blocking System) | 100% |
| 2 | Currency Declaration System (CDS) | 100% |
| 3 | GTAS (Global Travel Assessment System) | 100% |
| 4 | Payment System: Development of Payment Gateway for online payments through OTC | 100% |
| 5 | TaxRay System: Development of TaxRay for Taxpayer and Tax Collector | 100% |
| 6 | Designated non-financial businesses and professions (DNFBP): Development of DNFBP Processes | 100% |
| 7 | Business Intelligence Analytics: Addition of TaxRay in Tax Assan Mobile Application | 100% |

Source: IT Wing (IR)/Customs Wing, FBR

4) Number of online facilities like mobile application introduced:

Table-20: Online facilities/mobile applications that were introduced during FY 2019-20

| S # | Nature of Process | Level of Implementation |
|------------|--|--------------------------------|
| 1 | DIRBS (Device Identification Registration Blocking System) | 100% |
| 2 | WeBOC mobile application for imports/ exports | 100% |
| 3 | Income Tax Return 2020: Finalization of uploading of Income Tax Return 2020 for all taxpayers (individual/AOP/Company) in Iris, Tax Assan (Mobile App) | 100% |

Source: IT Wing (IR)/Customs Wing, FBR



FOR

E-payment of duties/taxes by Importers & Exporters

A major facilitation initiative in wake of COVID-19

- Features:**
- A facilitation initiative in wake of COVID-19 for safety of taxpayers and to promote secure online transactions.
 - This facility is for all registered importers/exporters
 - Federal and Provincial Government duties/levies/taxes are payable through this system
 - Transparent online tracking of GD transactions

STEP-BY-STEP E-PAYMENT PROCEDURE THROUGH WEBOC



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Easiest way to file
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for Salaried
Person



HOW TO FILE YOUR INCOME TAX RETURN



Log on to IRIS with username and password
<https://iris.fbr.gov.pk/public/txplogin.xhtml>

Click on DECLARATION tab after logging in

Select the TAX YEAR

Select the form for RELEVANT CATEGORY

Click on VERIFICATION after entering details
 (Such as Salary Slip, Bank Statement, Utility Bill,
 Tax Statement, expenditure and assets etc.)

Click on SUBMIT button

Remember: Filing of Income Tax Returns is mandatory for all persons with annual income of Rs. 400,000/- or more.

LAST DATE: 31 DECEMBER



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Alternate Delivery Channels-Multiple Options
for Tax Payment

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- Internet Banking
- Direct Debit from Bank Account
- ATM
- Credit Card

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A Privileged Citizen

FBR  HELPLINE

Disadvantages of not being on Active Taxpayers List:

- Withholding Tax will be charged at double rates
- FBR will assess the applicable tax without serving any notice
- Legal action will be taken resulting into imprisonment of 1 to 3 years
- Fine will be charged on late submission of Income Tax Returns

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5) Number of initiatives taken for reducing dwell time at ports by Pakistan Customs:

Table-21: Initiatives taken for reducing dwell time at ports by Pakistan Customs

| S # | Nature of Process | Level of Automation |
|-----|---|---------------------|
| 1 | Smart Examinations | Fully Implemented |
| 2 | Risk Management System implementation | Fully Implemented |
| 3 | Electronic Data Interchange with Terminal operators | Fully Implemented |
| 4 | Increase of WeBOC Coverage | Fully Implemented |
| 5 | Inclusion of new stations in WeBOC | Fully Implemented |
| 6 | E-payment system implementation | Fully Implemented |
| 7 | Online GD filing improvements | Fully Implemented |

Source: Customs Wing, FBR

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KPI-3: Taxpayer's Facilitation

1) Percentage of taxpayers reporting satisfaction with point of contact services

FBR is utilizing Customer Relationship Management (CRM) Software to improve customer's contact experience by tracking, monitoring and archiving issues reported by the taxpayers. Taxpayers lodge complaints by sending emails to helpline@fbr.gov.pk, calling the helpline UAN, and also by visiting the FBR's website www.fbr.gov.pk. FBR has point of contact with taxpayers through FBR's CRM and Prime Minister Delivery Unit (PMDU). The satisfaction level of taxpayers varies at different point of time. For the period from July 2019 to June 2020, CRM System received and replied 197762 emails. The satisfaction indicator of taxpayers remained 95% for CRM and 65 % for complaints received through PMDU.

[Source: FATE Wing (IR), FBR]

2) Percentage time reduction in filing of tax returns

There was around 30% time reduction in filing of tax returns during 2019-20.

3) Percentage of refund claims processed through IT systems developed by FBR

Around 85% of refund claims were processed through IT systems developed by FBR during 2019-20.

4) Percentage improvement in Paying Taxes Indicator

Pakistan made paying taxes easier by introducing online payment modules for sales tax and corporate income tax, and less costly by reducing the corporate income tax rate. Due to these measures, there was 75% improvement in Paying Taxes Indicator.

5) Percentage reduction in average time required to process Income Tax and Sales Tax refunds

There was around 80% time reduction in average time required to process Income Tax and Sales Tax refunds during 2019-20.

6) Percentage reduction in physical examination to facilitate trade across borders

During the Fiscal Year 2019-20, in order to facilitate trade across borders, the physical examination of goods was reduced by 6% and 4% for imports and exports respectively compared with the previous Fiscal Year 2018-19.

Source: IT Wing (IR)/Customs Wing, FBR

7) Percentage increase in post clearance audits

The table given below shows that number of contravention cases made as a result of post clearance audits during FY 2019-20 increased by 18% and amount detected increased by 469% when compared with performance of FY 2018-19.

Table-22: Percentage increase in post clearance audits

| PCA related Contravention Reports (CRs) issued during FY 2018-19 | | PCA related Contravention Reports (CRs) issued during FY 2019-20 | | % Increase / Decrease | |
|--|-------------------------------------|--|-------------------------------------|--------------------------|--------------------|
| Total Number | Amount Detected (Rs. in million) | Total Number | Amount Detected (Rs. in million) | Total Number | Amount Detected |
| 799 | 708.77 | 949 | 4034.40 | +18% | +469% |

Source: Audit & Accounting Wing (Customs), FBR

8) Number of processes automated to strengthen RMS for facilitating trade

- The Risk Management System was upgraded from rule based system to a data model based on predictive analysis leveraging artificial intelligence through 'Import Risk Evaluation Engine' (IREE) module.
- Parameters/rules for RMS were improved for increasing the percentage of Green Channel clearance and to reduce the clearance through Red and Yellow Channels to improve trade facilitation.
- Physical examination of goods was reduced by 4% and 6% in Exports and Imports respectively.
- Feedback mechanism was improved to get regular feedback from local Risk Management Committees and interventions were made to improve RMS.
- Monthly Risk Management Committee meetings were held where risk rules/parameter were evaluated and where detections were low, the rules were updated.
- The system was updated by covering the risk related to risky origins and risky PCTs etc.
- The compliance checks were reviewed, and parameters were improved for effective Risk Management System.

Source: Customs Wing, FBR

9) Number of taxpayers' representation disposed off during the fiscal year by Audit Wing

Nine taxpayers' representation were disposed off during FY 2019-20 by Audit Wing.

Source: Audit & Accounting Wing (Customs), FBR

KPI-4: Integration of FBR with other revenue agencies & departments

1) Number of functional data bridges established with provincial revenue agencies and other state departments across nation

Around 20 functional data bridges were established with provincial revenue agencies and other state departments across nation such as Banks/NADRA/SECP/PITB/AGPR/SBP/I-LINK/TELCOS, Punjab Land Record, four Provinces.

2) Number of data generating processes initiated with other agencies

Around 60 data generating processes were initiated with other agencies.

3) Integration of third party databases inflowing data into IRS system

About 50 third party databases inflowing data into IRS system were integrated.

4) Percentage of POS systems integrated in each region/province

About 10% POS systems were integrated in each region/province.

5) Percentage of designated imports and domestic production track and traced.

Since the Track and Trace system was not fully functional during 2019-20, no designated imports and domestic production were tracked and traced.

Source: IT Wing (IR), FBR

KPI -5: Revenue Laws Simplification

1) Number of Withholding Lines reduced during the Fiscal Year 2019-20

Table-23: Number of withholding lines reduced during FY 2019-20 vide Finance Act, 2020

| S # | Section | Description |
|-----|---------|--|
| 1 | 148A | Tax on local purchase of cooking oil or vegetable ghee by certain person |
| 2 | 156B | Withdrawal of balance under pension fund |
| 3 | 235B | Tax on steel meters and composite unites |
| 4 | 236D | Advance tax on functions and gatherings |
| 5 | 236F | Advance tax on cable operators and other electronic media |
| 6 | 236J | Advance tax on dealers, Commissions agents and arthis, etc. |
| 7 | 236R | Advance tax on education related expenses remitted abroad |
| 8 | 236U | Advance tax on insurance premium |
| 9 | 236X | Advance tax on tobacco |

Source: IR Policy Wing, FBR

2) Number of tariff lines rationalized during Fiscal Year 2019-20

Table-24: Number of tariff lines rationalized during Fiscal Year 2019-20

| Number of Tariff Lines Rationalized | Rate of Customs Duty during 2018-19 (Before Rationalizing) | Rate of Customs Duty during 2019-20 (After Rationalizing) |
|--|--|---|
| 1640 | 3 | 0 |
| 5 | 11 | 3 |
| 8 | 16 | 11 |
| 2 | 20 | 11 |
| 1 | 20 | 16 |
| Total: 1656 | | |

Source: Customs Wing, FBR

The above table shows that during FY 2019-20, FBR took substantial step for incentivizing the industry through tariff-based measures. In the budget FY 2019-20, the rate of customs duty on 1640 tariff lines of raw materials and intermediary goods was reduced from 3% to 0%. Similarly, customs duty on multiple other tariff lines pertaining to raw materials and intermediary goods were also reduced substantially. During FY 2019-20, a total of 1656 tariff lines of Pakistan Customs Tariff were rationalized, as evident from the below table.

KPI-6: Risk Based Audits Conducted by FBR**a) Number of cases selected by FBR through random balloting**

Number of cases selected by FBR through random balloting = 14,164

b) Percentage of Risk Based Audits completed during the Fiscal Year

Percentage of Risk Based Audits completed during the Fiscal Year = 37.5%

c) Monthly evaluation of performance reports in respect of audit cases under Section 214C of Income Tax Ordinance, 2001

Table-25: Monthly evaluation of performance reports in respect of audit cases under Section 214C of Income Tax Ordinance, 2001

| Month | Opening Balance of Audit Cases | Added during the month | Deleted during the month | Finalized during the month | Pending | Demand Created (Rs. in Million) | Demand Collected (Rs. in Million) |
|---------------|--------------------------------|------------------------|--------------------------|----------------------------|--------------|---------------------------------|-----------------------------------|
| Jul-19 | 47181 | 511 | 413 | 622 | 46657 | 704.814 | 21.034 |
| Aug-19 | 46657 | 57 | 146 | 788 | 45780 | 591.986 | 43.176 |
| Sep-19 | 45780 | 2296 | 45 | 1210 | 46821 | 2,357.491 | 49.524 |
| Oct-19 | 46821 | 272 | 53 | 1247 | 45793 | 2,503.458 | 44.993 |
| Nov-19 | 45793 | 664 | 91 | 1004 | 45362 | 1,919.535 | 40.997 |
| Dec-19 | 45362 | 229 | 15 | 2162 | 43414 | 5,215.821 | 108.337 |
| Jan-20 | 43414 | 1540 | 37 | 1406 | 43511 | 3,652.772 | 113.619 |
| Feb-20 | 43511 | 1356 | 1740 | 1399 | 41728 | 2,372.640 | 204.712 |
| Mar-20 | 41728 | 185 | 9 | 846 | 41058 | 676.602 | 26.540 |
| Apr-20 | 41058 | 132 | 38 | 215 | 40937 | 72.020 | 8.703 |
| May-20 | 40937 | 237 | 1 | 690 | 40483 | 2,522.240 | 9.450 |
| Jun-20 | 40483 | 2037 | 41 | 10001 | 32478 | 58,886.300 | 83.763 |
| Total: | 47181 | 9516 | 2629 | 21590 | 32478 | 81,475.679 | 754.848 |

Source: Audit & Accounting, IRS Wing, FBR

Table-26: Monthly evaluation of performance reports in respect of audit cases under Section u/s 72B of Sales Tax Act, 1990

| Month | Opening Balance of Audit Cases | Added during the month | Deleted during the month | Finalized during the month | Pending | Demand Created (Rs. in Million) | Demand Collected (Rs. in Million) |
|---------------|--------------------------------|------------------------|--------------------------|----------------------------|-------------|---------------------------------|-----------------------------------|
| Jul-19 | 8892 | 50 | 35 | 109 | 8798 | 202.168 | 13.062 |
| Aug-19 | 8798 | 119 | 10 | 112 | 895 | 237.928 | 13.672 |
| Sep-19 | 8795 | 9 | 41 | 192 | 8571 | 654.315 | 30.398 |
| Oct-19 | 8571 | 27 | 2 | 254 | 8342 | 1,189.125 | 7.784 |
| Nov-19 | 8342 | 37 | 29 | 223 | 8127 | 1,025.612 | 5.996 |
| Dec-19 | 8127 | 0 | 45 | 293 | 7789 | 640.846 | 25.470 |
| Jan-20 | 7789 | 419 | 21 | 225 | 7962 | 982.973 | 9.628 |
| Feb-20 | 7962 | 62 | 15 | 250 | 7759 | 651.204 | 18.165 |
| Mar-20 | 7759 | 18 | 3 | 60 | 7714 | 72.835 | 16.849 |
| Apr-20 | 7714 | 84 | 2 | 38 | 7758 | 1,219.602 | 4.734 |
| May-20 | 7758 | 3 | 1 | 39 | 7721 | 110.846 | 1.015 |
| Jun-20 | 7721 | 25 | 2 | 501 | 7243 | 21,856.450 | 86.985 |
| Total: | 8892 | 853 | 206 | 2296 | 7243 | 28,843.904 | 233.758 |

Source: Audit &Accounting, IRS Wing, FBR

Table-27: Monthly evaluation of performance reports in respect of audit cases under Section u/s 42B of Federal Excise Act, 2005

| Month | Opening Balance of Audit Cases | Added during the month | Deleted during the month | Finalized during the month | Pending | Demand Created (Rs. in Million) | Demand Collected (Rs. in Million) |
|---------------|--------------------------------|------------------------|--------------------------|----------------------------|-----------|---------------------------------|-----------------------------------|
| Jul-19 | 39 | 2 | 0 | 0 | 41 | 0 | 0 |
| Aug-19 | 41 | 0 | 0 | 0 | 41 | 0 | 0 |
| Sep-19 | 41 | 0 | 0 | 1 | 40 | 0 | 0 |
| Oct-19 | 40 | 0 | 0 | 2 | 38 | 0.612 | 0 |
| Nov-19 | 38 | 1 | 0 | 3 | 36 | 2.760 | 0 |
| Dec-19 | 36 | 0 | 0 | 2 | 34 | 18.941 | 0 |
| Jan-20 | 34 | 3 | 0 | 2 | 35 | 4.877 | 2.080 |
| Feb-20 | 35 | 0 | 0 | 0 | 35 | 0 | 0 |
| Mar-20 | 35 | 0 | 0 | 0 | 35 | 0 | 0 |
| Apr-20 | 35 | 0 | 0 | 0 | 35 | 0 | 0 |
| May-20 | 35 | 0 | 0 | 1 | 34 | 4.025 | 0 |
| Jun-20 | 34 | 0 | 0 | 0 | 34 | 0 | 0 |
| Total: | 39 | 6 | 0 | 11 | 34 | 31.215 | 2.080 |

Source: Audit &Accounting, IRS Wing, FBR

KPI-7: Formulation of National Tax / Customs Policy

1) Execution and successful implementation of annual budgetary proposals related to Customs/Inland Revenue Laws, Rules, procedures and allied laws.

- a) Annual budgetary proposals related to Customs laws, rules and procedures successfully executed and implemented during FY 2019-20 are given below:

Relief Measures

- i. Exemption of Customs Duty on 18 medicinal inputs/items, Modular/Particle Free Operation Theatre and medicines for certain rare diseases
- ii. Incentive to promote tourism by reducing duty on pre-fabricated structures for hotels
- iii. Duty free import of good quality art paper to standardize printing and preservation of Holy Quran.

Measures for Incentivizing Local Industry

- i. Exemption of Customs Duty on more than 1650 raw materials/industrial inputs
- ii. Exemption of CD on raw material for hemodialyzers used by kidney patients, preparations for Metal Surfaces as input for Solar Panels and Foundation Cloth, Hydrocracker Industry for oil refining
- iii. Reduction of CD on Writing & Printing Papers, Raw- materials of Paper Industry, Wood, Glass Board for LED Panel manufacturing, input goods for paper based Liquid Food Packaging Industry, Acetic Acid, Nonwoven fabrics, Machinery Parts / Accessories for Textile Sector, Elastomeric Yarn, Base Oil as input for Coning Oil, White Oil and other Textile Oils and Raw Material for Manufacturing of Pre-Sensitized Printing Plates, Wooden Sheets for Veneering, Oxalic Acid, Raw Material of Powder Coating Industry, Raw Material for Paper Sizing Agents, Bobbins & Spools of Paperboard
- iv. Rationalization of CD on Aluminium Beverage Cans & Inputs thereof
- v. Tariff rationalization on Home Appliance Sector and SIM card manufacturing industry
- vi. Reduction of RD on mobile phones and tyres, other smuggling prone items and other industrial inputs

Revenue Measures

- i. Increase in rate of Additional Customs Duty for non-essential items
- ii. Withdrawal of exemption on import of LNG

- b) Annual budgetary proposals related to Inland Revenue laws, rules and procedures successfully executed and implemented during FY 2019-20 are narrated below:

Sales Tax & Federal Excise Related Budgetary Measures

Relief Measures

- i. Expansion in scope of exemption allowed in respect of Tribal Areas
- ii. Withdrawal of 3% value addition tax on petroleum products and mobile phones
- iii. Fixed Sales Tax on brick kilns
- iv. Reduced rate of Sales Tax on food supplied by restaurants, bakeries, caterers, concentrated milk (powder)
- v. Removal of bar on export of PMC and PVC to Afghanistan
- vi. Withdrawal of exemption of FED on internet services and foreign satellite bandwidth service
- vii. Reforming of extra tax regime by its abolishment and items like electric and gas appliances, foam, confectionary, lubricants (in retail packing), batteries, tyres / tubes, etc, were moved to Third Schedule (retail price taxation) of the Sales Tax Act, 1990 to realize full revenue potential thereon.
- viii. Allowing zero-rating on supply of tobacco to exporters
- ix. Exclusion of government bodies from purview of extra tax and further tax

Revenue Measures

- i. Increase in FED on aerated waters
- ii. Withdrawal of zero-rating of sales tax on inputs and products of five export-oriented sectors, i.e. textile, leather, carpets, sports goods and surgical goods
- iii. Restoration of normal regime for steel sector
- iv. Restoration of normal procedure for increase in FED on ghee/cooking oil
- v. Increase in fixed value of gas supplied to CNG dealers
- vi. Increase in FED on cigarettes
- vii. Increase in rate of sales tax on sugar from 8% to 17%
- viii. Review of exemptions under Sixth Schedule of Sales Tax Act, 1990
- ix. Redefining exemption of cottage industry
- x. Imposition of 5% FED on packaged non-aerated sugary / flavored juices, syrups & squashes
- xi. Increase in Federal Excise Duty on cement from Rs. 1.5 per kg to Rs. 2 per kg

- xii. Increase in rate of FED on LNG from Rs. 17.18 per 100 cubic meter to Rs. 10 per MMBTU bringing it to same level as for local gas
- xiii. Insertion of Gold, Silver, Diamond and Jewelry in Eighth Schedule to the Sales Tax Act, 1990 at reduced rate
- xiv. Increase in scope of FED on locally manufactured / assembled cars
- xv. Expansion of scope of ICT (Tax on Services) sales tax on services
- xvi. Abolishing special procedure for marble industry and imposition of standard of 17% sales tax

Streamlining Measures

- i. Simplification of law and reduction in number of rules/instruments dealing with sales tax
- ii. Transposition of SROs to the Sales Tax Act, 1990
- iii. Simplification of sales tax registration – ease of doing business
- iv. Decreasing the legislative burden of federal government / cabinet
- v. Limiting scope of federal government’s power to grant exemptions and zero-rating
- vi. Change in provisions relating to withholding tax

Income Tax Related Budgetary Measures

Relief Measures

- i. Payment of refunds through promissory notes
- ii. Rationalization of punitive measures for late filers
- iii. Tax credit for persons employing fresh graduates
- iv. Exemption for allowances of Armed Forces Personnel

Revenue Measures

- i. Gift to be treated as income
- ii. Enhancing the rate of minimum turnover tax
- iii. Abolishing tax credit for investment in balancing, modernizing & replacement (BMR)
- iv. Special provisions for persons not appearing on Active Taxpayer’s List
- v. Additional slabs of income introduced for property
- vi. Increase in tax rates for services
- vii. Withholding tax on royalty to a resident person
- viii. Revising the threshold of taxable income

- ix. Increase in tax rates for Salaried and Non Salaried persons
- x. Freezing of Corporate Tax Rate
- xi. Taxation of Capital Gains on immoveable properties, Real Estate Sector, Profit on Debt, dividend income
- xii. Transition from Final Tax Regime to Minimum Tax Regime
- xiii. Computation of income for super tax for banking, insurance, oil and mineral exploration Cos
- xiv. Abolishing initial allowance on buildings
- xv. Measures to avoid profit shifting to dealer by manufacturers
- xvi. Reduction in limit of foreign remittance as source of investment
- xvii. Streamlining taxation of banking companies
- xviii. Redefining useful life of intangibles
- xix. Enhancing withholding tax rate on dealers, commission agents & middlemen

Procedural Measures

- i. Purchase of assets through banking channel
- ii. Simplification of tax regime for small businesses, construction businesses, medical practitioners, hospitals, educational institutions, and any other sector specified
- iii. Streamlining of tax credits under section 100C of Income Tax Ordinance, 2001
- iv. Independent evaluation of non-arm's length transactions between associates
- v. Introduction of Below Threshold Business Registration Scheme
- vi. Amendment in the definition of resident individual
- vii. Automated Impersonal Tax Regime
- viii. Restricting the scope of power of the Federal Government to grant exemption
- ix. Proceedings against persons committing financial malpractices

Source: Annual Budget Document 2019-20

2) Number of tax treaties executed with foreign countries in order to facilitate investment

No tax treaty was executed with foreign country during FY 2019-20. However, Pakistan has so far executed tax treaties with many countries which provide certainty to international investors, specify clear income allocation rules, spell out method of double tax relief, and contain clear rules on the taxation of investment income. These bilateral tax treaties have been executed to make Pakistan a more attractive investment location by removing tax barriers to investment, including international double taxation. In addition, these bilateral tax treaties provide an avenue for resolving tax disputes, and reduce uncertainties about the tax regime the investor may confront. These tax treaties provide a positive tax incentive for investment in Pakistan by residents of developed countries. Bilateral tax treaties also help reduce the risk of international tax evasion by providing a framework for cooperation between the tax authorities of contracting states.

Source: International Taxes Wing (IR), FBR

KPI-8: FBR Outreach & Human Resource Development

1) Number of field projects completed during the Fiscal Year

Table-28: Details of field projects completed during FY 2019-20

| S # | Name of Project | Amount (Rs. in Million) | Status |
|-----|--|----------------------------|-----------|
| 1 | Strengthening Tax System and Building Tax Policy Analysis Project | 512.880 | Completed |
| 2 | Construction of Additional Floor on Existing Transit Accommodation (Inland Revenue), Sutluj Block, Allama Iqbal Town, Lahore | 32.852 | Completed |
| 3 | Construction of Additional Office Block for Model Customs Collectorate at Hyderabad. | 57.500 | Completed |
| 4 | Construction of Regional Tax Office at D.I. Khan | 54.880 | Completed |
| 5 | Construction of State Warehouse at Baleli Customs Check Post, Quetta | 24.930 | Completed |
| 6 | Construction of Warehouse for Model Customs Collectorate at Thokar Niaz Baig, Lahore | 54.171 | Completed |

Source: Admn/HR Wing, FBR

2) Number of officers sent abroad for official trainings during the Fiscal Year

During July 2019 to June 2020, around 81 officers were nominated for different trainings. Moreover, due to Covid pandemic situation, online trainings on financial crime investigations were imparted to 25 officers of IRS/Customs by UK based organization named as Sustainable Criminal Justice Solution.

Source: Admn/HR Wing, FBR

3) No. of cases in which disciplinary action under E&D Rules has been taken during FY 2019-20

Table-29: Disciplinary action under E&D Rules taken during FY 2019-20

| BPS of Officers | Number of Cases Where Disciplinary Action Taken During FY 2019-20 |
|------------------------|--|
| 19-22 | 8 |
| 17-18 | 12 |
| 16 | 22 |
| 15 | 1 |
| Total: | 43 |

Source: Admn/HR Wing, FBR

4) Number of reward cases processed under Reward Rules

Table-30: Number of reward cases processed under Reward Rules during FY 2019-20

| S # | Nature of Reward Case | Number of officers | Reward Amount | Sanction date |
|------------|---|---------------------------|-------------------------|----------------------|
| 1 | Introduction of 24 hours Customs Operations at Customs Border Station Torkham | 5 | 4/2 months basic salary | 04.01.2019 |
| 2 | Launching of modern version of automated customs clearance system named WeBOC-Glo | 7 | 4 months basic salary | 18.07.2019 |
| 3 | Implementation of Valuation Gateway Version-2019 in WeBOC | 2 | 4 months basic salary | 29.01.2020 |
| 4 | Enforcement/Anti-smuggling operations | 6 | Rs. 959,663 | 25.06.2020 |


Source: Admn /HR/Customs Wing, FBR

5) Number of media campaigns launched for taxpayers facilitation


Table-31: Media campaigns were launched for taxpayers facilitation during FY 2019-20

| S # | Nature of Media Campaign | Medium | Dates |
|-----|--------------------------------|------------|---|
| 1 | Income Tax Return Filing, 2019 | Print | 27 th to 30 th Sept, 2019 |
| | | Electronic | 25 th to 29 th Sept, 2019 |
| | | Radio | 25 th to 29 th Sept, 2019 |
| | | Digital | 25 th Sept 2019 to 25 th Oct, 2019 |
| 2 | Point of Sale (POS) | Print | 4 th & 6 th Oct, 2019 |
| 3 | Anti-Smuggling | Print | 9 th to 11 th May, 2020 |
| | | Electronic | 9 th to 13 th May, 2020 |
| | | Radio | 9 th to 13 th May, 2020 |
| 4 | Anti- Smuggling Ordinance | Print | 28 th May, 2020 1 st & 2 nd June, 2020 |
| | | Electronic | 1 st to 5 th June , 2020 |
| | | Radio | 20 th to 24 th May, 2020 |
| 5 | WEBOC | Print | 3 rd , 4 th & 5 th June, 2020 |
| | | Electronic | 25 th , 26 th , 28 th , 29 th & 30 th May, 2020 |
| | | Radio | 20 th to 24 th May, 2020 |
| 6 | Construction Industry | Print | 21 st , 22 nd & 23 rd May, 2020 |
| | | Electronic | 20 th to 24 th May, 2020 |
| | | Radio | 20 th to 24 th May, 2020 |
| 7 | Refund (IBAN) | Print | 27 th , 30 th & 31 st May, 2020 |
| | | Electronic | 27 th , 29 th to 31 st May 2020 |
| | | Radio | 27 th 29 th to 31 st May 2020 |

Source: FATE Wing, FBR



Let's build the nation's way to prosperity
A revolutionary Incentive Package for Construction Industry
A promise of activity and opportunity for over 40 sectors of economy



FBR offers incentives for Builders and Developers:

- 90% discount in tax on financing for Naya Pakistan Housing Scheme
- Source of investment for construction sector will not be probed
- Fixed tax regime; tax to be paid in quarterly installments
- Easy and simplified tax registration
- Exemption from Income Tax and Capital Gain Tax for Builders and Developers
- One time exemption of tax on capital gain on sale of personal accommodation of size upto 500 sq yard house or 4000 sq feet apartment
- Exemption of withholding tax on building material and services (except cement & steel)

Please visit our website for further details

helpline@fbr.gov.pk 051 111 772 772 www.fbr.gov.pk


6) Number of taxpayers complaints redressed during the year

Table-32: Number of taxpayers complaints redressed during the FY 2019-20

| Period | July 2019 to June 2020 |
|-------------------------------------|------------------------|
| Total Number of Complaints Received | 9800 |
| Total Number of Complaints Resolved | 9800 |
| In-Process Complaints | 0 |
| Percentage of Resolution | 100%* |
| Total Number of Dashboards | 83 |
| Citizen Satisfaction Level | 49% |

* Disposal as on the date of this report

Source: FATE Wing, FBR








Federal Board of Revenue
Revenue Division
Government of Pakistan

COMPLAINTS REDRESSAL

REGARDING CORRUPTION & MALPRACTICES
MADE SIMPLE

Launch of Integrity Management Cell (IMC) and Regional Integrity Committees (RICs) for valued taxpayers.

Register your complaints against Corruption and Malpractices of Tax Authorities by

-  Calling at 051-111-772-772
-  Visiting IMC/RIC at field offices
-  Submitting via Post
-  emailing at complaints@fbr.gov.pk
-  Filing complaints on FBR portal

HOW IT WORKS

- 1 A tracking number and response will be generated and assigned to complainant requesting for the complaint's evidence.
- 2 IMC will inquire/investigate the complaint forwarding it to the respective RIC and place it before Probe Committee.
- 3 Complaint will be sent to Incharge IMC for an appropriate action.

FBR HELPLINE
051 111 772 772

helpline@fbr.gov.pk www.fbr.gov.pk

KPI-9: FBR representation before various legal forums**1) Representation of cases where FBR (HQs) is the sole respondent at Supreme Court/High Courts or FTO****Table-33: Representation of cases where FBR (HQs) is the sole respondent during FY 2019-20**

| S # | Forum | Total Number of Cases | Representation Filed | Representation Not Filed |
|---------------|-----------------------|-----------------------|----------------------|--------------------------|
| 1 | Supreme Court | 2 | 2 | 0 |
| 2 | High Court | 46 | 46 | 0 |
| 3 | Federal Tax Ombudsman | 3 | 3 | 0 |
| Total: | | 51 | 51 | 0 |

Source: Legal Wings, FBR

2) Individual performance appraisal of each Panel Advocate & Special Public Prosecutors through devised SOP on yearly basis.

Mechanism for individual performance appraisal of each Panel Advocate & Special Public Prosecutors was devised during 2019-20 and their performance is given in Table-34 below:

Table-34: Performance appraisal of each Panel Advocate & Special Public Prosecutors

| Total Number of Panel Advocates / Special Public Prosecutors | Performance Evaluation | | |
|--|------------------------|--------------|------------------------------|
| | Good | Satisfactory | Unsatisfactory Below Average |
| 526* | 222 | 274 | 30 |

* In addition to 526 figure, there are 294 panel advocates who are currently inactive.

Source: Legal Wings, FBR

KPI-10: Implementation of Public Account Committee (PAC) directives**1) Preparation and timely submission of Working Papers in PAC for settlement of Audit Paras.****a) Performance of Customs Wing**

The table-35 & 36 given below shows that all working papers pertaining to PAC meetings were timely prepared and submitted to the PAC for settlement of audit paras during 2019-20.

Table-35: Submission of Working Papers in PAC for settlement of Audit Paras (Customs Wing)

| S # | Date of PAC Meeting | Date of Submission of Working Papers To PAC | Timely Submission of Working Papers to PAC |
|-----|---------------------|---|--|
| 1. | 10.07.2019 | 08.07.2019 | 100% |
| 2. | 18.09.2019 | 16.09.2019 | 100% |
| 3. | 15.10.2019 | 10.10.2019 | 100% |
| 4. | 19.11.2019 | 18.11.2019 | 100% |
| 5. | 04.03.2020 | 02.03.2020 | 100% |
| 6. | 12.03.2020 | 10.03.2020 | 100% |

Source: Audit & Accounting Wings, FBR

b) Performance of IR Wing**Table-36: Submission of Working Papers in PAC for settlement of Audit Paras (IRS Wing)**

| S # | Date of PAC Meeting | Date of Submission of Working Papers To PAC | Timely Submission of Working Papers to PAC |
|-----|---------------------|---|--|
| 1. | 10.07.2019 | 09.07.2019 | 100% |
| 2. | 18.09.2019 | 16.09.2019 | 100% |
| 3. | 15.10.2019 | 10.10.2019 | 100% |
| 4. | 19.11.2019 | 18.11.2019 | 100% |
| 5. | 04.03.2020 | 02.03.2020 | 100% |
| 6. | 12.03.2020 | 10.03.2020 | 100% |

Source: Audit & Accounting Wings, FBR

2) Timely dissemination of PAC directives among field formations for completing requisite actions.

a) Performance of Customs Wing

The tables-37 & 38 given below shows that PAC directives were timely disseminated to the field formations for completing requisite actions during 2019-20.

Table-37: Dissemination of PAC directives among field formations (Customs Wing)

| S # | Date of PAC Meeting | Date of Dissemination of PAC Directives to Field Formations |
|------------|----------------------------|--|
| 1. | 10.07.2019 | 25.07.2019 |
| 2. | 18.09.2019 | 03.10.2019 |
| 3. | 15.10.2019 | 22.11.2019 |
| 4. | 19.11.2019 | 06.12.2019 |
| 5. | 04.03.2020 | 16.03.2020 |
| 6. | 12.03.2020 | 15.06.2020 |

Source: Audit & Accounting Wings, FBR

b) Performance of IR Wing

Table-38: Dissemination of PAC directives among field formations (IRS Wing)

| S # | Date of PAC Meeting | Date of Dissemination of PAC Directives to Field Formations |
|------------|----------------------------|--|
| 1. | 10.07.2019 | 15.07.2019 |
| 2. | 18.09.2019 | 20.09.2019 |
| 3. | 15.10.2019 | 18.10.2019 |
| 4. | 19.11.2019 | 22.11.2019 |
| 5. | 04.03.2020 | 09.03.2020 |
| 6. | 12.03.2020 | 16.03.2020 |

Source: Audit & Accounting Wings, FBR

Chapter-4

Implementation of FBR's Reform Agenda

To respond to the changing needs and expectations of the taxpayers and other stakeholders, FBR has embarked on a journey of reforms to become an efficient and more taxpayer friendly organization. It aims to ensure that it can deliver best possible services to the people of Pakistan. FBR wants to be trusted, fair and helpful, whether it is processing and reviewing tax returns, delivering tax refund payments, enforcing compliance, or providing advice to the taxpayers. By encouraging both continuous improvement and exploring ways to leverage emerging technologies, FBR is innovating to maximize the quality and efficiency of its services. In keeping with the Government policy of enhancing automation, FBR is enhancing its digital services to make them increasingly available to all taxpayers and traders.

In response to the Federal Government's strong emphasis on revenue mobilization, FBR has developed and is implementing a transformation roadmap. This transformation roadmap envisages FBR's transformation into a world-class, technology-savvy, taxpayer-centric and semi-autonomous revenue authority with a degree of financial, managerial, and operational autonomy. FBR has already completed several initiatives under the roadmap:

- a) Review of tax policy to guide measures to reduce tax expenditure/exemptions.
- b) Review of tax laws and regulations to simplify and make them more accessible to taxpayers and enable improvements in tax administration.
- c) Compliance enforcement measures.
- d) Taxpayer facilitation measures such as online, mobile, and ATM payment options for taxpayers.
- e) Initiatives to strengthen performance of FBR.

This roadmap emphasizes investments in ICT and streamlined business processes to facilitate taxpayers and control compliance. Effective compliance control in modern tax administrations relies on collection and analysis of taxpayer/trader data from various sources such as provincial tax authorities, other government entities, foreign jurisdictions, and withholding agents. However, FBR lacks both access to many of these data sources and the capacity to analyze big data to detect tax evasion.

Although FBR's main IT systems have automated some business processes, such as filing of tax returns and goods declarations (GDs), however these systems do not share data and lack important functionalities. The FBR therefore needs the required ICT infrastructure and technical skills to integrate and analyze big data with adequate data security.

The reform agenda of FBR is based on ‘low rate-broad base’ principle, whereby a sustainable increase in revenues is to be achieved by expanding the tax base and increasing compliance, rather than introducing new taxes or raising tax rates. The reform agenda therefore focuses on implementation of a simplified and strengthened tax and customs administration equipped with the needed ICT tools and technical skills to make effective use of taxpayer information, with big data techniques and modern risk-based tools for more efficient, targeted compliance control and taxpayer and trade facilitation.

In order to modernize and overhaul its antiquated business processes and adopt modern tax administration practices based on big data and business intelligence (BI), FBR has embarked upon a path of reform with the assistance of international donor agencies. Since 2016, UK Department for International Development (DFID) and the World Bank have supported tax policy and tax administration reforms in Pakistan through Trust Fund for Accelerating Growth and Reforms (TAGR) (2016-19) and Pakistan Raises Revenue (PRR) Project October (2019-24). Continued collaboration of FBR with the World Bank consultants in various reforms areas under PRR is underway with following main objectives:

- a) Broadening of tax base and sustainable increase in domestic tax revenues
- b) Reducing scope of withholding tax regime
- c) Bringing more transparency in tax system by publicly disclosing and analyzing tax exemptions/concessions.
- d) Automatic exchange of taxpayer data with provinces to harmonize the methods for taxation on services and real estate
- e) Electronic monitoring of production in key sectors with high risk of tax evasion such as tobacco, beverages, sugar, cement, fertilizer
- f) Identification of new taxpayers through automated data sharing and ICT based Business Intelligence
- g) Risk-based audit
- h) Reduction of frequency of physical inspections and documental checks at the borders
- i) Simplification and automation of FBR core business processes
- j) Enhancing organizational effectiveness and transparency through systematically measuring and publicly reporting its performance based on key performance indicators.

The FBR is also currently leading the implementation of the Integrated Transit Trade Management System (ITTMS) project financed by the Asian Development Bank (US\$ 300 million). This project envisages establishment of state-of-the-art facilities at Wagah, Torkham and Chaman border crossing points to facilitate cross border legitimate trade and passenger movement by reducing the dwell time, eliminating bottlenecks and improving procedures and upgrading infrastructure and introducing one-window ICT based operations at these border stations without compromising on regulatory controls and security. This project supports customs control infrastructure at these three customs stations on Pakistan's land borders in line with the new business needs arising from automated business processes and data-intensive tax and customs administration practices. Civil works at Torkham and Chaman continues and expected completion date is 31st December, 2021.

Moreover, with technical assistance from development partners specifically USAID, IFC and ADB, Pakistan Customs has initiated the National Single Window project with a cost USD 163 million in order to eliminate need for physical engagement between the traders and regulators besides simplifying the procedures and improving predictability. It will facilitate electronic submission of documents and risk based parallel processing and issuance of regulatory approvals relying on data/process harmonization while using modern technology. The business model for execution and operations as well as alignment of participating departments was approved by the Steering Committee in April, 2019. Pakistan Single Window is an ICT-based system and a facility that allows parties involved in trade and transport to lodge standardized information and documents at a single-entry point to fulfill all import, export, and transit-related regulatory requirements. PSW will connect relevant government departments with each other and with economic operators like importers, exporters, customs agents, shipping agents and transporters in Pakistan for efficient management of cross border trade. It will provide the ease and transparency in achieving compliance with relevant regulatory requirements, through an online facility, that will intelligently handle the information for each transaction without the need to provide same information more than once or to physically visit such government departments. Pakistan is committed to implement various provisions of World Trade Organization's (WTO) Trade Facilitation Agreement that includes implementation of a National Single Window (NSW) system before February 2022.

Meanwhile, automation and reform efforts yielded positive results for FBR. Introduction by Pakistan Customs of DIRBS (Device identification, registration & blocking system) for registration of mobile devices and payment of taxes which prevented use of smuggled phones and resulted in collection of Rs 54 billion as revenue through DIRBS without involving any human intervention and completely eliminating the usage of smuggled devices in Pakistan.

Such automation related initiatives by FBR are the manifestation of its commitment to reform and modernization. With continued support from the government and the development partners particularly the USAID, ADB, the World Bank Group, and UK's Department for International Development, the FBR is confident of meeting its reform objectives. In transforming itself into a taxpayer friendly organization, FBR is also examining its internal processes and structures closely. This involves breaking down organizational silos, improving internal communications, and taking the necessary steps to foster a productive and engaged workforce where employees feel a sense of responsibility and are encouraged to serve the public in an efficient manner.

CONCLUSION

With government having to grapple with projections of decline in economic growth owing to the global pandemic, FBR was under more pressure to collect every rupee of tax payable. The global crisis intensified this pressure during FY 2019-20. Thus, the clear message for tax administration was to improve its efficiency and performance in order to maximize tax collection and to provide better services to the taxpayers.

Despite immense pressure in the wake of the pandemic, FBR almost accomplished its revised revenue collection target for 2019-20 and remained committed to its reform agenda, fulfilling its oversight responsibilities, exploring innovative methods to streamline its procedures and providing strategic advice and guidance to the field formations for achieving strategic objectives.

The revenue collection target of Rs. 4,963 billion requiring a growth of 24.2% for financial year 2020-21 is significant but achievable. This requires consistent raising of level of performance by FBR in key areas, such as, broadening of tax base, facilitating compliance, enhancing automation, streamlining core operations, effective use of data analytics and third party data, providing clarity and certainty about tax obligations, modernizing the infrastructure and rigorous performance benchmarking and monitoring.

In this quest to get greater compliance and improve effectiveness and efficiency, this effort of benchmarking the performance and understanding its own performance can help FBR to create an environment where citizens have a strong will to discharge their tax liabilities honestly with much ease, and where the tax administration is seen as legitimate and fair.

The way forward is thus through technology solutions focusing on helping FBR to improve trust between taxpayers and government by creating a more efficient and transparent tax system. It can only be done by augmenting efficiency and overall capacity within FBR through the use of technology to digitize and automate various tax processes, and to increase overall tax compliance by both broadening the tax base and making it easier for taxpayers to pay taxes, as well as through identifying and eliminating sources of persistent fraud.

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Every effort has been made to ensure accuracy of the data used in this publication.

For more information on the Federal Board of Revenue and its activities, visit online at www.fbr.gov.pk or call 051-111-772-772.