



ReveNews

ISSUE MONTH - OCTOBER 2021



**Federal Board of Revenue (HQs), Constitution Avenue,
Islamabad**



“

If we want to make this great state of Pakistan happy and prosperous, we should wholly and solely concentrate on the wel-being of the people, and especially of the masses and the poor.

”

QUAID-E-AZAM

MUHAMMAD ALI JINNAH

DECEMBER 25, 1876 - SEPTEMBER 11, 1948

Vision, Mission & Values

OUR VISION

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

OUR MISSION

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.

OUR VALUES

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

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IN THIS ISSUE

Editorial

Chairman's message

Historic Revenue Collection Growth
of 37% from (July - October, 2021)

Track & Trace System inaugurated

Lord Wajid Calls on Chairman FBR

MOU signed with Board of Revenue
& Estate, KP for Data Sharing

FATF Actions on DNFBPs
Completed Ahead of Deadline

Single Sales Tax Portal to Facilitate
Taxpayers

Highlights of Customs Duty Collection
(July - October, 2021)

Editorial

The October 2021 edition shines with a spotlight on FBR's continuing growth towards achieving the annual collection target. The 30.5% collection growth in October 2021 builds further upon the outstanding first quarter collection. The Honourable Prime Minister, Imran Khan and Adviser to Prime Minister on Finance & Revenue, Mr. Shaukat Tarin, appreciated FBR's performance for exceeding its monthly target for the fourth consecutive month.

FBR has rolled out Track & Trace System for Tobacco products, which will help in preventing leakages of revenue, under-reporting of production and sales of tobacco products and ensuring proper payment of Federal Excise Duty and Sales Tax on the manufacture and sale of the products. FBR is also gearing up its efforts to implement this system of Track & Trace System in Sugar, Fertilizer, Beverages and Cement Sectors, in the near future.

In order to improve efficiency and transparency in the tax collection system, and promote digital integration, FBR has achieved another milestone by signing a Memorandum of Understanding with Board of Revenue and Estate, Khyber Pakhtunkhwa for data sharing.

To curb the menace of money laundering in the business sectors like real estate, gold, jewellery and precious stones, FBR has completed actions on Designated Non-Financial Businesses and Professions (DNFBPs) under the FATF action plan in just one reporting cycle, ahead of the deadlines in September, 2022.

Furthermore, for digitization and automation of various processes involved in revenue collection, FBR has developed "Single Sales Tax Portal" to facilitate the taxpayers by integrating all revenue authorities of the country while ensuring the Ease of Doing Business (EoDB).



Dr. Muhammad Ashfaq Ahmed

Chairman's Message

Team FBR has once again proved its mettle during the first quarter of the current year, exceeding the collection target set for the month of October, 2021 by registering an overall growth of 37% from July-October, 2021. The on-going growth in revenue collection for the fourth consecutive month is due to the untiring efforts of team FBR who continue to work with utmost devotion in order to meet the ambitious target for the second quarter starting (October to December 2021) of the current Financial Year.

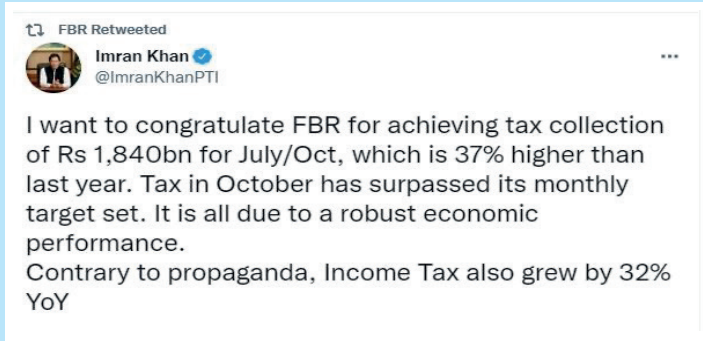
In order to strengthen our efforts towards broadening of tax base, FBR has decided to speed up the measures to document the economy through Point of Sale System (POS) and fast track implementation of Track and Trace System on Tobacco, Sugar, Fertilizers, Cement, Beverages, Petroleum and Pharmaceutical sectors. In continuation of these steps for increasing revenue collection, FBR has achieved another important milestone by signing an agreement for data sharing with Board of Revenue and Estate, Khyber Pakhtunkhwa. Under this agreement, the two organizations will share specified digital data, including data about land/property ownership and agricultural income, helping both organizations to improve their tax collection activities in their respective domains.

Furthermore, the development of Single Sales Tax Portal will significantly contribute to simplification and harmonization of the tax procedures. We have developed the portal in order to facilitate the taxpayers to reduce compliance cost. Undoubtedly, it is a giant leap towards harmonization processes amongst the federal and provincial governments.

The completion of tasks related to anti-money laundering and terror financing on Designated Non-Financial Businesses and Professions (DNFBPs) in the FATF action plan, one year ahead of the deadlines, is indicative of the fact that FBR has effectively and efficiently embarked upon the prerequisites of international community in AML/CFT by ensuring the implementation of the new financial regime.

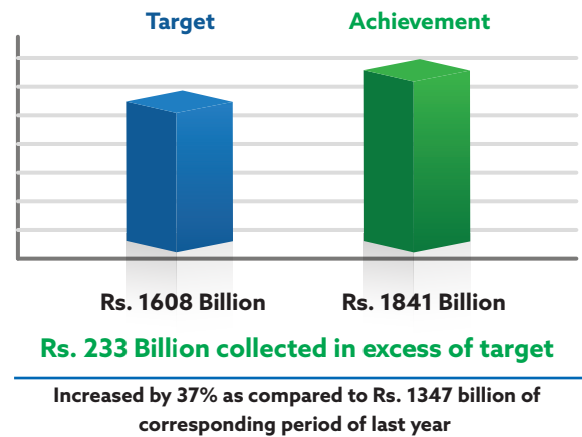
It is quite reassuring to witness that FBR has received the highest number of returns ever in the history of the organization. It was possible due to extensive print, electronic and social media campaign by FBR which resulted in collection of 2.8 million tax returns and Rs. 52 billion tax paid with returns.

FBR Registers Historic Revenue Collection Growth of 37% from (July - October, 2021)



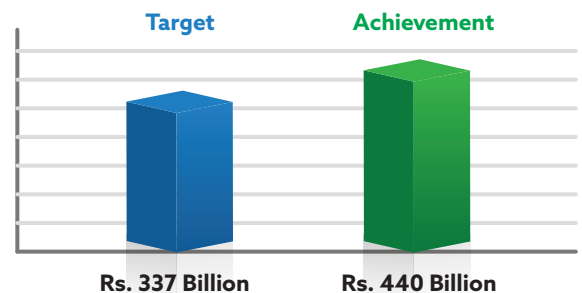
FBR has released the provisional revenue collection figures for the months July - October of current Financial Year, 2021-22. It has collected net revenue of Rs. 1,841 billion during July - October of current Financial Year, which has exceeded the target of Rs. 1,608 billion by Rs. 233 billion. This represents a growth of about 37% over the collection of Rs. 1,347 billion during the same period, last year.

Net Revenue Collection (July - October 2021)



Likewise, the net collection for the month of October, 2021 realized Rs. 440 billion, representing an increase of 30.5% over Rs. 337 billion revenue target set for October, 2021. These figures would further improve after book adjustments have been taken into account.

Net Revenue Collection (October, 2021)



On the other hand, the gross collections increased from Rs. 1,413 billion during July - October, 2020 to Rs. 1,932 billion in current Financial Year, showing an increase of 37%. The amount of refunds disbursed was Rs. 91 billion during July - October, 2021 compared to Rs. 66 billion paid last year, showing an increase of 37.7%.

Gross Revenue

July - October 2020	July - October 2021
Rs. 1413 billion	Rs. 1932 billion

Increased by 37% as compared to last year

Payment of Refunds

July - October 2021	Rs. 91 billion
July - October 2020	Rs. 66 billion

Increased by 37.7%



Minister for Finance & Revenue Inaugurates Track & Trace System at Jhelum

Federal Minister for Finance & Revenue, Mr. Shaukat Tarin, inaugurated the much awaited Track & Trace System (TTS) of Federal Board of Revenue (FBR) at Pakistan Tobacco Company, Jhelum. The ceremony was also attended by Chairman FBR Dr. Muhammad Ashfaq Ahmed along with Mr. Qaiser Iqbal, Member (IR Operations) and Mr. Tariq Sheikh, Project Director (TTS). The CEO of Pakistan Tobacco Company, Mr. Ali Khan welcomed the Chief Guest and other dignitaries present on the occasion.

The Minister congratulated FBR for rolling out this significant project which would help prevent leakage of revenue, under-reporting of production and sales of tobacco products and ensure proper payment of Federal Excise Duty and Sales Tax on the manufacture and sale of the products.

"TTS is a very comprehensive and robust electronic monitoring system, which is a paradigm shift from conventional physical monitoring system. It is believed that installation of the Track and Trace System (TTS) in the notified sectors would be a game changer for improving revenue and curbing counterfeit products in the market." **Finance Minister**



It was also highlighted by the Minister that it was heartening to see that FBR had successfully issued a license and subsequently, signed a contract with AJCL/Mittas/Authentix Consortium for installation of Track and Trace System (TTS) on 5th March, 2021.

The Minister added that our prime objective was to take the Tax-to-GDP ratio to 20% in coming years which currently stood at 9.7% and that currently tax evasion of Rs. 70 billion was being done in tobacco sector which makes 37% of the market share. He also stated that Economic Advisory Council had been directed to identify more sectors where Track and Trace System could be installed to increase revenue.

Speaking on the occasion, Chairman FBR Dr. Muhammad Ashfaq Ahmed thanked the Minister and highlighted the features of the project. Chairman FBR contended that electronic monitoring of common-use products (TTS), right from the entry-point into the supply chain, is being viewed as a watershed development in maximizing revenue potential in the notified sectors.

"TTS entails application of Unique Identification Marks (UIMs) or Tax Stamps carrying covert, semi-covert, overt, forensic and digital features enabling electronic traceability of goods across the supply chain."
Chairman FBR

Chairman FBR further elaborated that the UIMs applied on industrial products would help identify, isolate, and curb the production, supply and movement of untaxed, counterfeit and smuggled goods thereby strengthening governance and rule of law in Pakistan.

"Presently, TTS is used in over 80 countries to apply about 10 trillion UIMs on various products, across the globe."
Chairman FBR

In addition to tobacco, FBR is also preparing to implement TTS in Sugar, Fertilizer, Beverages and Cement Sectors in the near future.

IREN Combating Tax Evasion

The Chairman has remarked that TTS would be further strengthened by vigilant, efficient and fully equipped Inland Revenue Enforcement Network (IREN) and the Federal Government had already allocated Rs. 435 million for purchase of vehicles, state of the art equipment and latest technology driven gadgets for the Enforcement Network.

"The IREN will be able to combat evasion and leakages of taxes and duties payable on notified goods, through the Enforcement Squads that shall patrol the designated routes on which specified goods are moving and check a vehicle or any place of storage, wherein reportedly such specified goods are being transported, stored or kept."
Chairman FBR

Lord Wajid Khan Calls on Chairman FBR

Lord Wajid Khan, a member of the House of Lords, England called on Chairman FBR at headquarters Islamabad. He congratulated the Chairman on assuming the office of the country's premier tax collecting organization and appreciated team FBR for showing an exceptional performance in maximizing revenue potential and broadening the tax base. He also commended FBR for exceeding the assigned revenue target in the first quarter of FY 2021-22.



Chairman FBR presenting memento to Lord Wajid Khan

"This meeting would provide an excellent opportunity to Chairman FBR to listen to the tax related issues of Pakistani community living in UK and to brief them about the recent initiatives taken by FBR for their facilitation." Lord Wajid

Lord Wajid Khan hoped to develop an enduring collaboration between Her Majesty's Revenue and Customs of UK and FBR to learn from each other's best practices.

Chairman FBR briefed the visiting dignitary about his focus on some of the key initiatives which would broaden the tax base and ensure transparency and accountability within FBR. He informed the visiting guest that the introduction of third party audit would minimize the trust deficit between taxpayers and FBR.

Key Administrative Decisions Taken

Performance Allowance for Females

The Board-In-Council (BIC) in its 4th meeting held on 02.10.2021, has approved the admissibility of Performance Allowance to female employees during "Special Leave" (on the death of her husband) granted under the rule.

Continued Professional Development (CPD)

Training & Development Section of Admn/HR wing, under Pakistan Raises Revenue Program (PRRP) of World Bank DLI-10, intends to initiate comprehensive training for FBR workforce. In order to execute the same, for the first quarter, Training Need Analysis (TNA) has been designed and rolled out in FBR's field formations to gather feedback. Based on the input received, course modules would accordingly be selected and designed for imparting requisite trainings.

More Promotion on Cards

The Admin/HR wing in order to maximize promotion prospects and to invigorate the cadre has held DPCs for promotion to BS-16 to BS-17 and from BS-17 to BS-18. More promotions are scheduled to be held in the coming months.



Member Admin/HR chairing the CPD meeting

FBR Signs MoU with Board of Revenue & Estate, KP for Data Sharing

Building further on its vision to improve efficiency and transparency in the tax collection system, and to promote digital integration, the Federal Board of Revenue (FBR) has achieved another important milestone by signing an Agreement (MoU) for data sharing with Board of Revenue and Estate, Khyber Pakhtunkhwa. Under this Agreement, the two organizations will share specified digital data, including data about land/property ownership and agricultural income, which will help both organizations in improving their tax collection. The Agreement was signed by the Senior Member, Board of Revenue and Estate, Khyber Pakhtunkhwa Mr. Zafar Shah and the Member IT, FBR Dr. Ashfaq Ahmed Tunio in a simple ceremony at FBR, attended by Member (FATE) FBR, Chief (FATE)/ Director Media FBR, Chief IT (BDT) and other officers of the two organizations.



The Agreement also envisages to develop integrated IT-based platforms through which automated exchange of data will be possible in future.

FBR Completes FATF Actions on DNFBPs Ahead of Deadline

FBR has completed actions on DNFBPs under the FATF action plan in just one reporting cycle and one year ahead of the deadline i.e September, 2022. The FATF plenary in its public statement has noted that Pakistan has now satisfied the requirements of most of its action items under the 2021 action plan, ahead of deadlines and in its first reporting cycle.

In June 2021, the FATF plenary had approved a seven point new action plan for Pakistan, focusing on combating money laundering. This action plan contained two actions specific to DNFBPs, in particular the real estate agents and Dealers in Precious Metals and Stones (DMPS). FBR was already designated as AML/CFT regulatory authority for real estate agents, DPMS and accountants other than those registered with ICAP and ICMAP under the Anti-Money Laundering Act, 2010, through amendments made in September 2020.

Since designation of FBR as the AML/CFT regulatory authority, FBR issued AML/CFT regulations for its regulated entities and also embarked upon an extensive outreach to educate and facilitate the DNFBPs on implementation of the new AML/CFT regime. A dedicated portal was made available on FBR website, besides customized Mobile App for the registration by DNFBPs, screening the lists of proscribed /designated persons and generating Suspicious Transaction Reports (STRs).

Since June 2021, FBR has carried out onsite inspections of a large number of DNFBPs and imposed a wide range of penalties on the delinquent entities. The real estate associations were also taken on board for implementation of the AML/CFT obligations.

The Chairman FBR Dr. Muhammad Ashfaq Ahmed congratulated DG DNFBPs, Mr. Mohammad Iqbal, and his team. The Chairman FBR, however, noted that FBR will continue implementing the AML/CFT regulations in order to curb the menace of money laundering through the real estate and precious metals and stones, including gold and jewellery.

FBR Develops Single Sales Tax Portal to Facilitate Taxpayers

Building further on its ongoing drive for digitization and automation of various processes involved in revenue collection, Federal Board of Revenue (FBR) has developed "Single Sales Tax Portal" to facilitate the taxpayers and ensure the Ease of Doing Business (EoDB). This watershed development of the Single Tax Portal developed by FBR is the outcome of various rounds of negotiations between FBR and the provincial revenue authorities.

It is pertinent to mention that till now, Sales Tax registered persons had to file their monthly Sales Tax returns separately to different tax jurisdiction. This was a cumbersome task, which often led to complications and disputes over jurisdiction.

Single Sales Tax Portal will also help in simplification of the tax procedures, and is a significant milestone towards taxpayers' facilitation and a big leap forward towards harmonization of taxes between the Federal Government and the provinces.

Commitment Shown to Maximize Revenue Collection

The 5th Board-in-Council meeting of Federal Board of Revenue was held under the chairmanship of Dr. Muhammad Ashfaq Ahmed, Chairman FBR. The Board-in-Council members deliberated upon the decent growth of 38.3 % in revenue collection for the first quarter (July - September) of the current FY 2021-22 and conveyed their appreciation for the field formations. The net revenue collection of Rs. 1,395 billion, exceeding the set target for the first quarter, has also been appreciated by the Prime Minister.

The Board-in-Council also devised a robust strategy to keep the same momentum of revenue collection in the second quarter starting (October - December, 2021) of the current Financial Year.

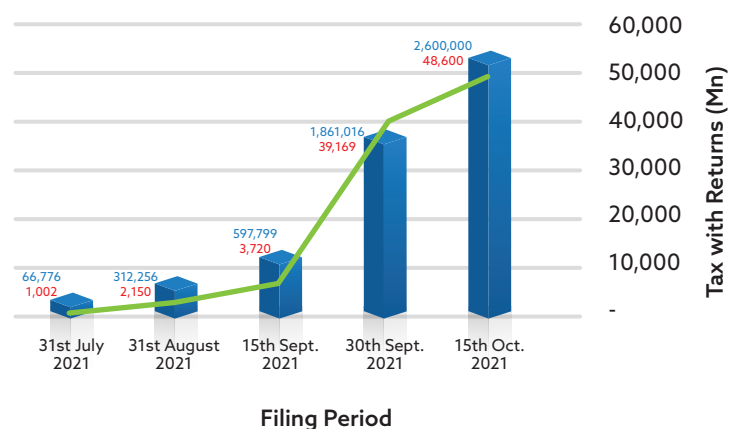
The Board-in-Council meeting also appreciated the comprehensive print and electronic media campaign launched by the FATE Wing which helped FBR receive massive number of 1.86 million returns till 30th September, 2021 garnering tax of Rs. 39 billion with the returns. The members, particularly, mentioned about the impact created by the videos of national heroes and renowned celebrities appealing the general public through social media to file their returns within due date. They thanked all the national heroes for their valued support in making this campaign highly successful. The members also lauded the initiative of FATE Wing to use all cellular companies for SMS outreach to the people to file their tax returns.

Furthermore, the Board-in-Council also decided to speed up the measures required to broaden the tax base, document the economy through POS and fast track implementation of Track and Trace System on Tobacco, Sugar, Fertilizers, Cement, Beverages, Petroleum and Pharmaceutical sectors.

Record High Number of Returns Received by FBR

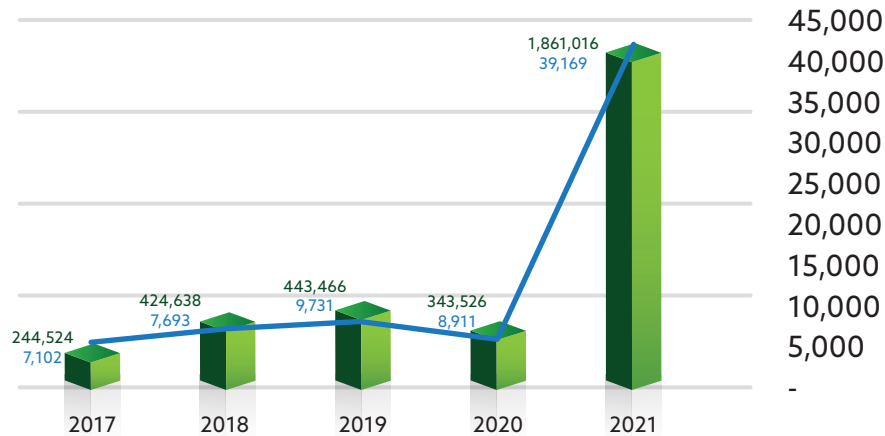
Federal Board of Revenue (FBR) has received the highest number of returns ever in its history on 15th October, 2021. As the fifteen days extended deadline ended at midnight on Friday, FBR had already received a staggering number of 2.6 million returns and collected Rs. 48.6 billion tax with returns as against 1.8 million returns and 29.6 billion tax paid with returns on 8th December, 2020, the closing date, last year. This signifies 45% growth in filing of tax returns while 64% growth in tax paid with returns.

Month-Wise Progress (Jul - Sep, 2021)



However, FBR had received only 0.5 million returns and Rs. 9.8 billion tax with returns on 15th October, 2020, registering almost five times higher growth both in returns filed & tax paid with returns on the same date, last year.

Returns Filed Up to 30th Sep - Last 5 Years



Therefore, it is quite reassuring to witness that FBR is already zeroing in on 3.0 million total returns received and 54.7 billion tax collected with returns against the entire TY-2020, as on 30th June, 2021.

Collection of Customs Duty (July - October, 2021)

Total Import Value (July - October, 2021)

Pakistan Customs has witnessed an outstanding 64% growth in terms of Pak Rupees (Rs. 4173 billion as compared to Rs. 2538 billion) and 65% growth in terms of US dollars (US\$ 25.0 billion as compared to US\$ 15.2 billion) in total import value in the months of July-October, 2021 as compared to previous year.

Import Values (Rs. in Billions)



Likewise, in the month of October, growth of 70% has been registered in total import value (Rs. 1,090 billion as compared to Rs. 640 billion) in comparison with previous year.

Similarly, in first four months, positive growth of 62% in dutiable imports and significant positive growth of 67% in duty free imports in terms of Pak Rupees was observed; whereas 63% growth in dutiable imports and 67% in duty free imports in terms of US Dollars was achieved.

Import Values (Jul-Oct)

(Rs. in Billion)			
Category	Jul-Oct-2021	Jul-Oct-2020	% Growth
Total Import Value	4,174	2,538	64
Dutiable Value	2,413	1,485	62
Duty Free Value	1,761	1,053	67

US\$ in Billion			
Category	Jul-Oct-2021	Jul-Oct-2020	% Growth
Total Import Value	25	15	65
Dutiable Value	15	9	63
Duty Free Value	11	6	67

It is reassuring to know that 25% growth both in terms of Pak Rupees (Rs. 1,568 billion as compared to Rs. 1,255 billion) as well as in terms of US dollars (US\$ 9.4 billion as compared to US\$ 7.5 billion) was observed in export value for the months of July-October, 2021 as compared to previous years.

Maintaining the momentum, Rs. 292 billion was collected against a target of Rs.254 billion under the head of customs duty in first four months of CFY whereas 45% growth was observed in collection of CD in the months of July-October, 2021 as compared to previous financial year (PFY).

Sales Tax at Import Stage

Rs.573 billion was collected as Sales Tax at import stage as compared to Rs.320 billion collected in PFY (with a growth rate of 79%) whereas Rs.88 billion was collected as withholding as compared to Rs.62 billion collected in PFY, achieving growth of 42%.

Overall Rs.962 billion as duty & taxes were collected as compared to Rs.590 billion collected in PFY, showing a positive growth of 63%.

Performance Appraisal of Directorate General of Intelligence and Investigation-Inland Revenue

Performance of DG-I&I-IR (October, 2021)

The directorate forwarded 32 Investigation Reports, 21 Contravention Reports and 16 Red Alert involving revenue amounting to Rs. 7,215 million to the field formations of FBR. It seized 2,95 cartons of cigarette whereby amount of FED & Sales Tax is under adjudication.

Performance of DG-I&I-IR (July-October, 2021)

The directorate forwarded 130 Investigation Reports, 85 Contravention Reports and 86 Red Alert involving revenue amounting to Rs. 34,540 million to the field formations of FBR. It conducted 10 raids wherein estimated revenue amounting to Rs. 424 million is involved. It also seized 5,503 cartons of cigarette whereby amount of FED & Sales Tax is under adjudication.

Member (Legal & Accounting-Customs) Reviews Performance

In order to assess the working of the Collectorates of Adjudication and Appeals, a meeting chaired by Member (Legal- Customs) was held on 14th October, 2021. The importance of deciding adjudication cases within the statutory period laid down under Section 179 (3) of the Customs Act, 1969 was also underlined and dilated upon.

FBR Extends Warehousing Period up to 25th November, 2021

Building further on its policy of ensuring ease of doing business, Federal Government has provided relief to the business community by extending the warehousing period and waiving off the penal surcharge on overstayed goods, lying un-cleared in the Customs Bonded warehouses till 25th November, 2021.

Taxpayers' Facilitation/ Education

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

In the month of October, 2021 FBR Helpline resolved 29,014 queries from email (helpline@fbr.gov.pk) and 17,616 through its helpline number (051-111-772-772).

Your Contribution & Feedback

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

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

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