FBR QUARTERLY REVIEW

Vol. 13 , No. 1, July September 2013-14

A Review of Resource Mobilization Efforts of Federal Board of Revenue

Federal Board of Revenue
Government of Pakistan

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Abbreviations

AOPs	Association of Persons
ATT	Air Travel Tax
BPR	Business Process Reengineering
CD	Customs Duties
CFY	Current Fiscal Year
CoD	Collection on Demand
DT	Direct Taxes
FBR	Federal Board of Revenue
FED	Federal Excise Duties
FY	Fiscal Year
GST	General Sales Tax
LTU	Large Tax Payers' Unit
MCC	Model Customs Collectorate
NTN	National Tax Number
PCT	Pakistan Customs Tariff
PAYE	Pay As you Earn
Q1CFY	Quarter 1 Current Fiscal Year
Q1PFY	Quarter 1 Previous Fiscal Year
RTO	Regional Tax Office
STARR	Sales Tax Automated Refund Repository
STD	Sales Tax Domestic
STM	Sales Tax Import
TARP	Tax Administration Reform Project
USAS	Universal Self-Assessment Scheme
VP	Voluntary Payments
VAT	Value Added Tax
WHT	Withholding Taxes

Foreword

Pakistan's economy is passing through a critical phase. Fiscal year 2012-13 was a challenging year for the economy as a whole; dwindling foreign exchange reserves and energy crisis seriously affected the economy. Since revenue realization is linked with macroeconomic framework, therefore the adverse impact on the economy leads to adverse affect on revenue realization. However, for the current fiscal year FBR has been assigned a challenging revenue target of Rs 2,475 billion, requiring a growth of 27.2% over the year 2012-13. FBR has collected Rs 481 billion at the end of first quarter of CFY: showing a positive growth of 17 percent over the corresponding period last year. This growth was achieved through policy and administrative interventions on the part of FBR and an improved macroeconomic environment. Prudent economic policies of the government have led to higher growth in the economy leading to better revenue mobilization.

The current edition of FBR Quarterly Review has been prepared in the light of all these factors. The publication provides an update on FBR revenue generating efforts. The in-depth analysis of data for the July-September 2013-14 provides an insight into various constituents of federal taxes. It also explains how the growth in tax yield is directly linked with the sectoral performance of the economy. The current issue includes an article on "Structural Reforms to Boost Economic Growth". This issue also includes an appendix reflecting tax-wise, month-wise and progressive collection of federal taxes collected by FBR during 2013-14 and 2012-13.

I appreciate the valuable efforts put in by the Strategic Planning Reform and Statistics Wing of the FBR in bringing out the publication and hope that the contents of the Review will be useful for the readers. We look forward to receiving your valuable comments and suggestions for improving this research effort.

(Tariq Bajwa)
Secretary Revenue Division/
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FBR Tax Collection:
An Analysis of Q1: 2013-14 Outturn[1]

I. The Economy

Pakistan's economy is slow and incremental in coming out of the vicious circle, in the face of challenges; both at the national and international front, the economic growth has been anemic. Due to this the positive imminent outcome for a robust economic activity remains weak. But, despite the challenges of the global downturn and an extraordinarily difficult security situation, the government has managed to stabilize the economy to some extent. The country's economy has now taken a positive turn as the economic indicators have gradually improved during first quarter of the current fiscal year. The large scale manufacturing sector has indicated a growth of 8.4 percent during the first quarter of CFY, as against 0.5 percent last year, this itself is a significant improvement. Not only the country's foreign exchange reserves have now reached to $8.9 billion but the other indicators have also shown considerable positive growth during the period under review. The inflation has dropped to 8.1 per cent from 9.1 percent in the comparable period of last year. The policy response of the new government to unclog the power sector from circular debt offer prospects for optimism regarding easing of power outages in the country which will provide support to economic activity in the country.

On the fiscal front, considerable efforts have been made to keep the budget deficit under control for which enhanced revenue mobilization is the key agenda item of the government. The ongoing tax administration reform program is being actively pursued by FBR with the objectives to have a credible tax reform to ensure fiscal sustainability and to create fiscal space for increasing the social safety net, and enhancing investment in human and physical capital. Moreover, in order to broaden the tax base and to correct the structural shortcomings in Pakistan's tax system and particularly, to ensure horizontal equity in the taxation system, a broad-based strategy has been evolved by FBR and implemented, covering audit, enforcement, automation liquidation of refunds and monitoring of withholding agents etc. It is anticipated that with the implementation of these and similar other initiatives, the resource mobilization efforts will get a momentum in the coming months.

II. FBR Tax Collection

Revenue Target for FY: 2013-14

Keeping in view the gradual turnaround of the economy, the revenue target for FY: 2013-14 was budgeted at Rs. 2,475 billion that required 27% growth over last year's collection of Rs. 1946 billion (Table 1). Based in the assumption that autonomous growth in tax base would not be sufficient to generate additional revenue, certain specific budgetary measures were also introduced essentially to cover those areas that had escaped tax net for various reasons. For example, WHT net has been

[1] The Research Team of the Strategic Planning and Statistics Wing of FBR has prepared this Chapter.

extended to marginal financing, trade financing and lending and WHT @ 10% has been imposed. Similarly, minimum tax has been revised and rate has been enhanced to 1% from 0.5%. WHT on cash withdrawal has also been increased to 0.3% from 0.2%. The rate of sales tax has been increased to 17% together with withdrawal of certain sales tax exemptions. Likewise the FED rate on aerated beverages has been increased to 9% from 6% with the introduction of two tiers tax structure for cigarettes sectors. The combined impact of these changes would largely be on the collection of sales tax, federal excise duties and direct taxes, as most of the new policy interventions relate to these three taxes. However, notwithstanding these changes, the share of sales tax in total FBR collection is expected to remain 42.6% -- the level slightly below the achievement during FY: 2012-13. The remaining amount is projected to be fetched through direct taxes, FED and Customs. Of this, the net collection of direct taxes would be 39.4%, followed by customs duty with a share of 11.3%, and the rest will be contributed by FED.

Table 1: Baseline Collection FY: 12-13 viz-a-viz Projections for FY: 13-14

(Rs. Billion)

Tax Heads	Collection FY: 12-13	Projections FY: 13-14	Growth (%)	Share (%) FY:13-14
Direct Taxes	743.4	975.0	31.2	39.4
Sales Tax	842.5	1,054.1	25.1	42.6
Federal Excise	121.0	166.9	37.9	6.7
Customs Duty	239.5	279.0	16.5	11.3
All Taxes	**1946.4**	**2,475.0**	**27.2**	**100**

FBR Revenue Position[2]

It is highly motivating that despite all economic odds like slow growth in GDP and negligible growth of 1.5% in the value of dutiable imports together with energy crisis etc, FBR has achieved the revenue target to the extent of 95% in the first quarter of CFY. The net collection during first quarter of FY: 2013-14 has been Rs. 481 billion against Rs. 411 billion in the corresponding period of last year (Table 2). The collection grew by 17% during Q1: CFY.

[2] Quarter 1 CFY analysis is based on PRAL data and subject to change after reconciliation with AGPR.

Table 2: Net Collection during Q1: 2013-14 Vs. Q1: 2012-13

(Rs. Billion)

Heads	Q1: 13-14	Q1: 12-13	Growth (Absolute)	Growth (%)
Direct Taxes	163.1	138.8	24.3	17.5
Sales Tax	234.6	197.5	37.1	18.8
Federal Excise	31.1	22.5	8.6	38.6
Customs Duties	52.2	52.3	-0.1	-0.3
All Taxes	**481.0**	**411.0**	**70.0**	**17.0**

Note: The figures are taken from PRAL and these are purely provisional subject to reconciliation with field formations and AGPR.

Direct taxes and sales tax have exhibited growths of 17.5% and 18.8% respectively during Q1:2013-14 as compared to previous year. On other hand, the collections of customs duty and federal excise have recorded growths of 38.6% and -0.2% during July-September, 2013-14.

Analysis of Refunds/Rebates

FBR is striving hard to clear refund backlog, it is evident from the information provided in Table 3, there has been 17.8% decline in these payments. The reason is that, as a policy, refund arrears related to different sectors stuck up for many years have largely been cleared. Similarly, to clear the large backlog, the sales tax pendency is being liquidated promptly but will take more effort and time to completely clear the deck. Finally, in the case of customs duty, the rebate claims are declining as compared to past years due to reduced volume of international trade transactions and introduction of the zero-rate slab.

Table 3: Comparative Position of Refunds/ Rebates Payments

(Rs.Billion)

	Refunds/ Rebates		Difference	
	Q1: 13-14	Q1: 12-13	Absolute	Growth (%)
Direct Taxes	7.7	9.4	-1.7	-18.9
Sales Tax	10.5	12.2	-1.7	-14.1
Federal Excise	0	0.1	-0.1	-100.0
Customs	1.7	2.5	-0.8	-29.9
All Taxes	**19.9**	**24.2**	**-4.3**	**-17.8**

Detailed Analysis of Individual Taxes

A detailed analysis of collection of individual taxes in relation to the economy is important for deeper understanding. This is also relevant because each year new budgetary measures are introduced to boost revenue, promote investment, and facilitate taxpayers for improved voluntary compliance.

***Direct Taxes*:**

The gross and net collection of direct taxes during the 1st quarter of CFY has been Rs. 170.7 billion and Rs.163 billion, against Rs. 148.2 billion and Rs. 138.8 billion respectively in the comparable period of PFY, indicating an increase of 15.2% in gross and 17.5% increase in net term (Table 4).

Table 4: Direct Taxes Collection July-September 2013-14

(Rs. Billion)

Heads	**July-September**		**Growth (%)**
	2013-14	**2012-13**	
Gross	170.7	148.2	15.2
Refund	7.6	9.4	-18.9
Net	163.1	138.8	17.5

Components of Income and Corporate Taxes:

Of three major components of direct taxes namely; collection on demand (CoD), voluntary payments (VP) and withholding taxes (WHT), 67.5% of gross income tax is contributed by the WHT, followed by VP having 26.7% and CoD 5.2%. In general, the performance of these sources of revenue has been almost consistent with the overall state of the economy. The WHT has registered a growth of 38.9% while CoD has yielded a negative growth of 4%. The better performance of WHT is due to establishment of RWUs (Regional Withholding Units) for operational reasons. Resultantly, a separate and independent monitoring mechanism has been developed which was previously been assigned to enforcement and collection division. The collection from CoD depends on the departmental efforts and the lesser collection invites the concerned quarters to review the causes of decline in collection which was mainly for stalled audit activities due to court’s intervention. The voluntary payment has registered a negative growth of 6.8% during the 1st quarter of CFY. On the other hand, the other component of voluntary compliance is payment with return, where negative growth has been recorded mainly due to extension in return filing date till December 2015. Similarly, other direct taxes have also registered negative growth during the period under review. A detailed analysis of three components is presented below.

Collection on Demand (CoD): The collection on account of demand creation has decreased during the 1st quarter by 4% during CFY. Of the two components of CoD, the collection under arrear demand has significantly increased by 35.9% over the PFY. This growth is mainly due to tax drive initiatives by the income tax department against tax defaulters and partially due to the disposal of the 'Brought Forward' cases. The second component, i.e., current demand has yielded a negative growth of 19.6% over the corresponding period of PFY due to stalled audit activity. It is expected to receive a boost during the 2nd quarter of the year after commencement of audit activity and when initial assessment of the returns will be completed and cases will be ripe for audit/ assessment through random selection criteria.

Table 5: Head-wise Performance of Direct Taxes

(Rs. Million)

Heads	2013-14	2012-13	Change (%)
Collection on Demand (i+ii)	9,063	9,463	-4.0
i-Arrears	3,608	2655	35.9
ii-Current	5,474	6808	-19.6

Voluntary Payments(VP): VP comprises of payments with returns and advance tax payments on the basis of self-assessed expected income within the PAYE regime. On the whole Rs. 46.4 billion have been generated during the 1st quarter of CFY on account of VP as compared to Rs. 49.8 billion in the corresponding period of last year. Thus, there has been a negative growth of 6.8%.

Table 6: Collection of Income Tax by Voluntary Compliance Q1 CFY

(Rs. Million)

	Collection 2013-14	Collection 2012-13	Change (%)
Voluntary Payments (A+B)	46,466	49,864	-6.8
A) With Returns	472	6,021	-92.2
B) Advance Tax	45,993	43,843	4.9

Withholding Taxes: This component has been the major contributor of the income tax gross collection. As indicated, the share of WHT in gross collection has substantially increased from 58.3% to 67.5% in Q1: 13-14 mainly due to establishment of Regional Withholding Units which resulted in better monitoring.

Within WHT, the major share in the collection has been from major sources, namely, contracts/supplies (21.1%), imports (26.5%), salary (10.3%), telephone (8.7%), bank interest/ securities (8.6%) and exports (4.9%). Among these sources, negative growth of 8.9%in collection has been recorded in electricity bills. The collection will improve in the next quarter mainly due to increase in the electricity tariff and increase in consumption by the users. Increase in contract and supplies can be attributed to following reasons.

i) Enhanced allocation and activity in PSDP.

ii) The Scope of prescribed person for the purpose of section 153 has been extended to a person registered under the Sales Tax Act 1990. It means that every person registered under the Sales Tax Act shall also deduct income tax at the prescribed rate.

Telephone has showed a phenomenal growth 431.3% mainly due to increase of rate from 10% to 15% in the case of subscribers of mobile telephone and pre-paid cards and also the fact that refunds were paid back in July 2012 against the advances taken in June 2012-13. Similarly, more than 44.1% growth was recorded in WHT on imports due to increase in rates through rationalization of tariff and introduction of WeBoc which is a more automated and transparent system and better monitoring by directorate of withholding taxes. Similarly, the increase of 21.5% from salary can be attributed to revision of salary slabs and increase in the salaries of the government servants and better monitoring of the private salary persons. Growth of 33.2% in bank interest is due to the consistent good performance by the banking sector. The increase in the collection of dividends by 70.3% is mainly due to declaration of dividend by the companies due to increased economic activities and change in section 8 of Income Tax Ordinance through which dividend received by a corporate taxpayer in now taxable at the rate of 10% as fixed & final tax. The increase of 59.6% in the collection from cash withdrawals is due to increased liquidity in economy and increased rates of cash withdrawals in the budget during CFY.

Table 7: A comparative Position of Withholding Taxes

(Rs. Million)

Heads	2013-14	2012-13	Change (%)	Share (%)
Contracts	24,744	21,992	12.5	21.1
Imports	31185	21556	44.7	26.5
Salary	12,137	9,989	21.5	10.3
Telephone	10,174	1,915	431.3	8.7
Bank Interest	10,120	7,599	33.2	8.6
Exports	5,782	4,848	19.3	4.9
Cash Withdrawal	3,936	2,466	59.6	3.3
Electricity	3,438	3,772	-8.9	2.9
Dividend	4,369	2,566	70.3	3.7
Sub-Total	***105,885***	***76,703***	**38.0**	**90.1**
Other WHT	11,616	7,897	**47.1**	**9.9**
Total WHT	**117,501**	**84,600**	**38.9**	**100.0**

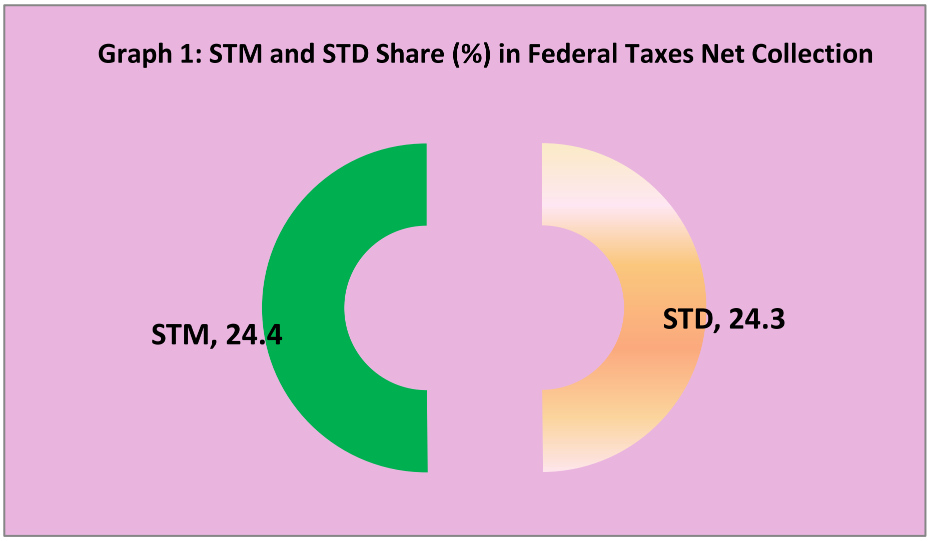
Sales Tax: The sales tax is one of the leading sources of federal tax revenues. It contributes about 49% of the total federal taxes. The gross and net collection of sales tax has been Rs.245.1 billion and Rs. 234.6 billion showing growth of 16.9% and 18.8% in gross and net collection respectively over the corresponding period last year (Table 8). It has two components (i) sales tax imports and (ii) sales tax domestic. The share of sales tax at import stage in the total sale tax collection is 50.1% in Q1 of CFY and the rest i.e. 49.9% is contributed by sales tax domestic.

Table 8: Net Collection of Sales Tax during Quarter 1 CFY

(Rs. Million)

Revenue Heads	Collection		Growth (%)	Share (%) in Sales Tax Total
	July-Sept. 2013-14	July-Sept. 2012-13		
Sales Tax (Domestic)	117,044	85,635	36.7	49.9
Sales Tax (Imports)	117,543	111,852	5.1	50.1
Sales Tax Total	**234,587**	**197,487**	**18.8**	**100.0**

The share of sales tax imports and sales tax domestic in total federal taxes during first quarter of CFY was 24.4% and 24.3% respectively (Graph 1).



Sales Tax (Domestic) Collection: The gross and net collection of sales tax (domestic) has been Rs. 127.5 billion and Rs.117 billion respectively during July-September, 2013. The gross and net collection grew by 30.3% and 36.7% respectively during the period under review.

The sales tax collection from ten major commodities continued to contribute a major proportion i.e. 72% in overall sales tax domestic collection. These include petroleum, natural gas, sugar, fertilizers, cigarettes, beverages, cement, tea and scraps of iron & steel.

Sectoral Analysis: The collection from petroleum products has recorded a growth of 30.2% as compared to collection of same period last year (Table 9). The input/output ratio has declined from 64% in Q1 2012-13 to 57.4% in Q1 2013-14.

The collection from natural gas has plummeted by 32.9% due to increased refund payments of around Rs. 2 billion as compared to nil refunds in the first quarter of PFY. The input/output ratio has also increased from 64.8% to 74.1% during the same period. A healthy growth of around 50% has been witnessed in the collection of fertilizers during July-September 2013-14 as it sales increased from 68 billion to Rs.84 billion. The collection from cement grew by 120.4% due to increase in sales from 64 billion to 71 billion. Beverages have manifested a growth of 24.5% during quarter 1 of CFY. An exorbitant growth in the net collection of electrical energy is due to 91% lower refund payments in July-September 2013-14 as compared to corresponding period last year and 5% additional tax on electrical bills and increase in total sales. During quarter 1 of PFY an amount of Rs.2.6 billion were paid as refunds against Rs. 238 million in CFY. The collection from sugar has declined by 7% as its input/output ratio increased from 22.6% to 26.3% during July-September 2013-14. Similarly, a decline of 5.1% has been noted in the in collection of cigarettes. A substantial increase in the collection of tea is due to decreased input/output ratio during the period under review.

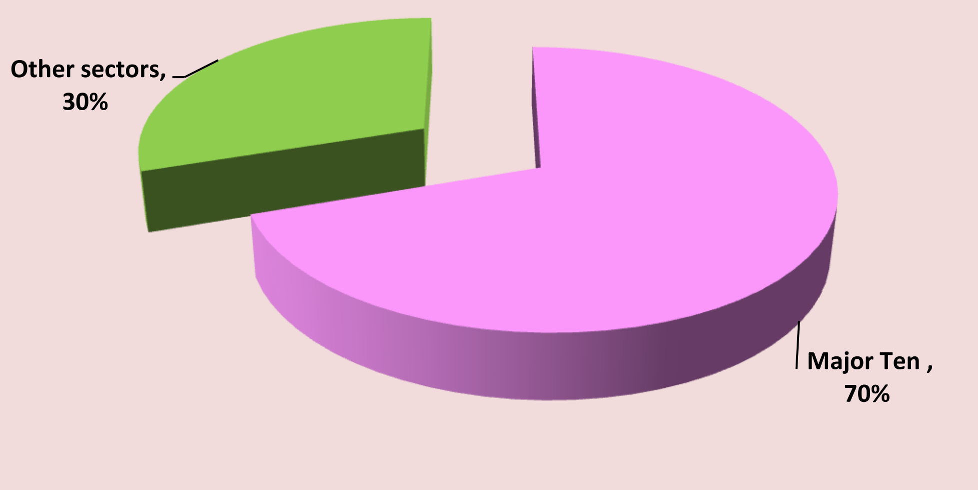
Table 9: Sector-Wise Net Collection of Sales Tax Domestic during Quarter 1 CFY

(Rs. Million)

Commodities	2013-14	2012-13	Growth (%) 2013-14
POL Products	51,757	39,744	30.2
Natural Gas	5,629	8,384	-32.9
Fertilizers	8,273	5,522	49.8
Cement	3,814	1,731	120.3
Aerated Waters/Beverages	3,363	2,701	24.5
Electrical Energy	2,788	512	444.5
Sugar	2,163	2,326	-7.0
Cigarettes	2,125	2,239	-5.1
Tea	1,980	1,175	68.5
Scraps of Iron of Steel	1,951	260	650.4
Sub Total	**81,734**	**64,594**	33.9
Other sectors	35,310	24,595	43.6
Sales Tax (Domestic) Net	**117,044**	**85,635**	**36.7**

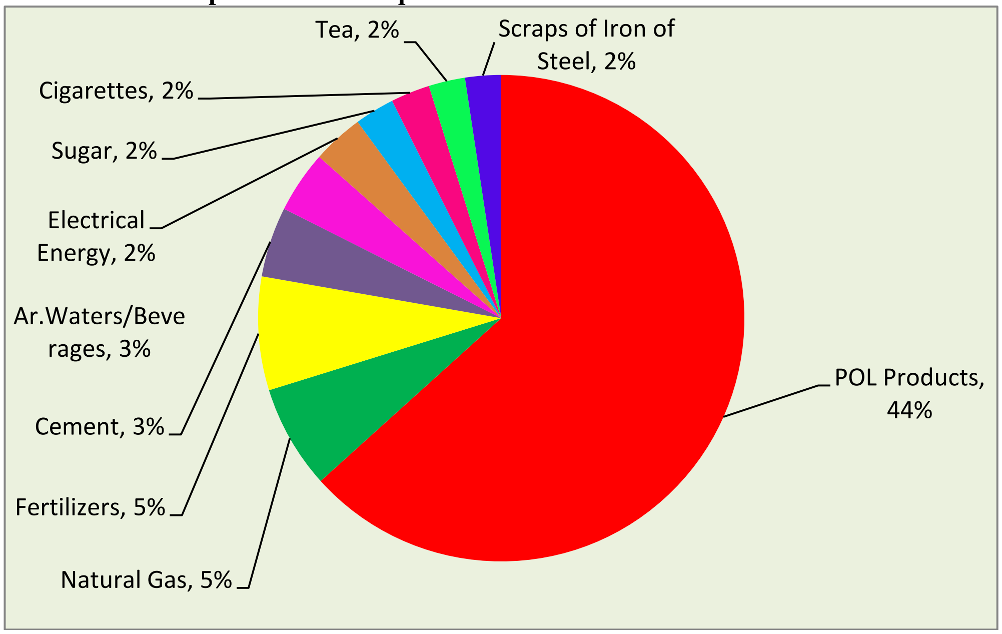
A detailed look into the major ten commodities indicates that their share in sales tax domestic collection is 70%, in other words Rs. 82 billion out of Rs. 117 billion have been contributed by ten sectors (Graph 2).

Graph 2: Share of Top ten Commodities Vs. other Sectors in STD



Among these ten contributors, POL is on top with 44% share and followed by natural gas with 5% share (Graph 2). The base of STD is highly skewed towards few items as it is evident from the graph 1 and graph 2. Only two items i.e. POL products and natural gas contribute around 50% of the STD revenues.

Graph 3: Share of top Ten Commodities in STD Collection



Sales Tax Collection at Import Stage

The net collection from sales tax imports has recorded a growth of 5.1% when compared with the corresponding period of last year. In absolute terms, the net collection of sales tax imports has been Rs. 117.5 billion in July-September, FY 2013-14 against Rs.111.9 billion during July-September 2012-13. The collection from top 10 commodities groups has been presented in Table 10. Almost 73% of the sales tax collection at imports has been generated by these major commodities.

The sectoral analysis indicates that POL products have been the leading revenue source of sales tax during July-September 2013-14 by contributing Rs. 45.1 billion in collection of sales tax at import stage. Its collection has increased by only 2.7% as compared to 6.9% increase in its import value during Q1 CFY as compared to Q1 PFY.

The collection from plastic has recorded a growth of 27.2% mainly due to 18.7% growth in its import value during Q1: 2013-14 as compared to corresponding period last year. Mechanical appliances witnessed 9.3% growth in collection, whereas it's import value increased by 16.4%.

A substantial growth of 41.3% in the collection of organic chemicals has been witnessed mainly due to 16% growth in its import value. Other items which recorded healthy growth were iron, & steel, electrical machinery and miscellaneous chemical products.

On the other hand, three items out of major ten have recorded negative growth in the collection during Q1 of CFY. The collection from edible oil has registered a negative growth of 8.4% during Q1 of CFY. The reason of this decline is 16.4% negative growth in its imports during the same period. Another major item the vehicles, has recorded a negative growth in its collection by 18.3% against 23.1% decline in the value of dutiable imports in first quarter of CFY. Similarly, collection of fertilizers has recorded a negative growth by 28.2% mainly because of a negative growth in imports value by 31.3%.

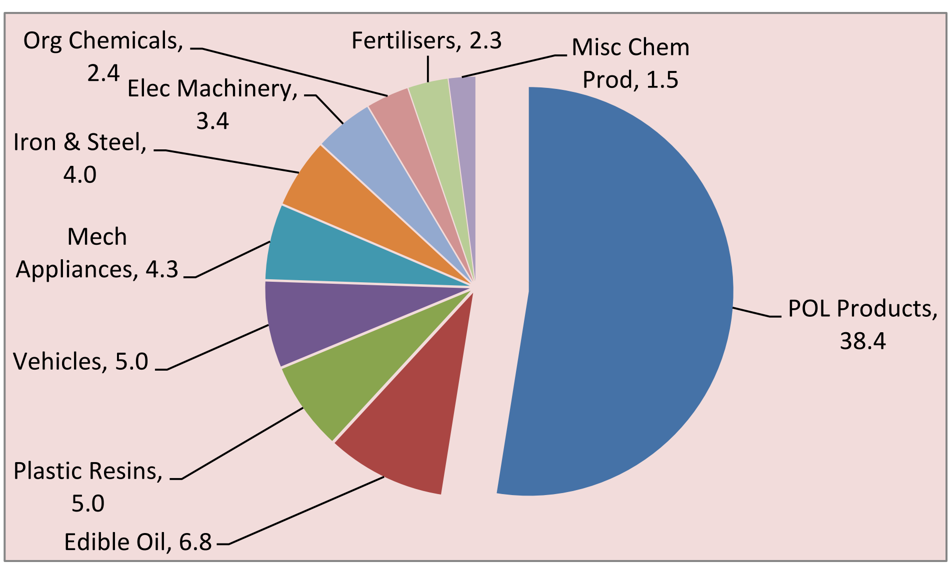
Table 10: Chapter-Wise Collection of Sales Tax on Imports

(Rs Million)

PCT	Description	Q1: 13-14	Q1: 12-13	Growth (%)
27	POL Products	45,165	43,968	2.7
15	Edible Oil	8,031	8,771	-8.4
39	Plastic Resins etc.	5,932	4,665	27.2
87	Vehicles (Non-Railway)	5,835	7,138	-18.3
84	Mechanical Appliances	5,081	4,650	9.3
72	Iron and Steel	4,667	4,117	13.4
85	Electrical Machinery	3,944	2,972	32.7
29	Organic Chemicals	2,864	2,028	41.3
31	Fertilizers	2,691	3,748	-28.2
38	Misc Chemical Products	1,801	1,331	35.3
	Sub Total	**86,011**	**83,388**	3.1
	Others	**35,649**	**28,464**	10.8
	Gross	**117,547**	**111,852**	5.1
	Refund/Rebate	**4**	**-**	
	Net	**117,543**	**111,852**	**5.1**

Like sales tax domestic, the collection of sales tax imports is also depended on few items. Major ten items contribute around 73%. Major share of 38.4% goes to POL products, followed by edible oil (6.8%), plastic (5%), vehicles (5%) and mechanical appliances (4.3%). The combined share of top five items is around 60% in the collection of sales tax imports.

Graph 4: Share (%) of Top Ten Commodities in Collection of Sales Tax Imports



Customs Duty:

The gross and net collection of customs duty grew marginally during first three months of the current fiscal year. The comparison of the net collection during first quarter has been presented in the Table 11**.**

Table 11: Collection of Customs Duties and Refund/Rebate During Q1: 2013-14

Rs. Billion)

Heads	Q1: 13-14	Q1: 12-13	Difference	
			Absolute	Percent
Gross	54.9	54.8	0.1	-1.6
Refund/Rebate	1.7	2.5	-741	-29.9
Net	52.2	52.3	0.1	-0.3

There are two broad components of value of imports i.e. dutiable imports and duty free imports. The base of customs duty is dutiable imports. Around 34% of the total imports has been dutiable while the remaining portion is duty free. Moreover, duty free imports have improved strongly by 18.5% while dutiable imports grew by only 1.5%. Hence, this is a major reason for marginal growth in the collection of customs.

Major Sectors of Revenue Generation

While analyzing the customs duty by sectors, it highlights that ten major revenue spinners have contributed around 70% in the dutiable imports and 68% of total imports. Similarly, 53% of the customs duty realized by these sectors during first three months of CFY. The detail of collection of customs duty has been highlighted in Table 12.

Table 12: Sector Wise Collection of Customs Duties During Q1: 2013-14

(Rs. Million)

Ch.	Description	CD Collection July-September		
		FY:13-14	FY:12-13	Growth (%)
87	Vehicles	8,353	11,093	-24.7
15	Edible Oils & Waxes	5,135	5,119	0.3
27	POL Products	3,635	2,849	27.6
84	Machinery	2,939	2,609	12.6
39	Plastic Articles	2,357	2,046	15.2
85	Electrical Machinery	2,291	2,576	-11.1
48	Paper & Paperboard	1,279	1,037	23.3
72	Iron and Steel	1,151	1,540	-25.3
29	Organic Chemicals	934	878	6.4
54	Textile Materials	928	808	14.9
	Sub Total	**29,002**	**30,555**	**-5.1**
	Other	24,908	24,229	2.8
	Grand Total	**53,910**	**54,784**	**-1.6**

Automobile (Ch:87) has been the top revenue generator of customs duty during first quarter of CFY. The collection of customs duty from automobile has reflected a decline of 24.7% against negative growth of 23.1% in dutiable imports.

During Q1:2013-14, edible oils (Ch: 15) has been the second major source of collection of customs. It grew marginally. Edible oils are subject to specific customs duty

A double-digit growth in the collection of mechanical machinery has been recorded against a growth of 19.1% in the dutiable imports. Around 50% of value of imports of mechanical machinery is dutiable value of imports and remaining is duty free. As far as electrical machinery is concerned, a reduction of 11.1% has been recorded in the collection of customs duty due to 15.1% decline in the dutiable imports during first quarter of 2013-14.

The collection of customs duty from petroleum products (Ch:27) has manifested a robust growth of 27.6% against 3% growth in the dutiable imports. The growth in the collection of customs from POL products is mainly driven by 33% growth in the collection of customs from HSD. Interestingly, only 11.9% of the import of petroleum products is dutiable while remaining chunk is duty free. All the major energy items of petroleum products except HSD are out of the net of customs duty.

The collection from iron and steel has come down by 25% which can be attributable to decline of 30.7% in the dutiable imports during quarter 1 2013-14. All the remaining items of ten major spinners of customs grew their collections due to growths in the dutiable imports.

Federal Excise Duties: Federal excise duty is levied at import and domestic stage like sales tax. The federal excise duty is dependent on the revenue generation of only few items. The contribution of FED in total collection has been 6% despite a narrow base tax. The collection under FED has been Rs 31.1 billion during July-September, 2013-14 entailing a growth of 38.6% (Table 13).

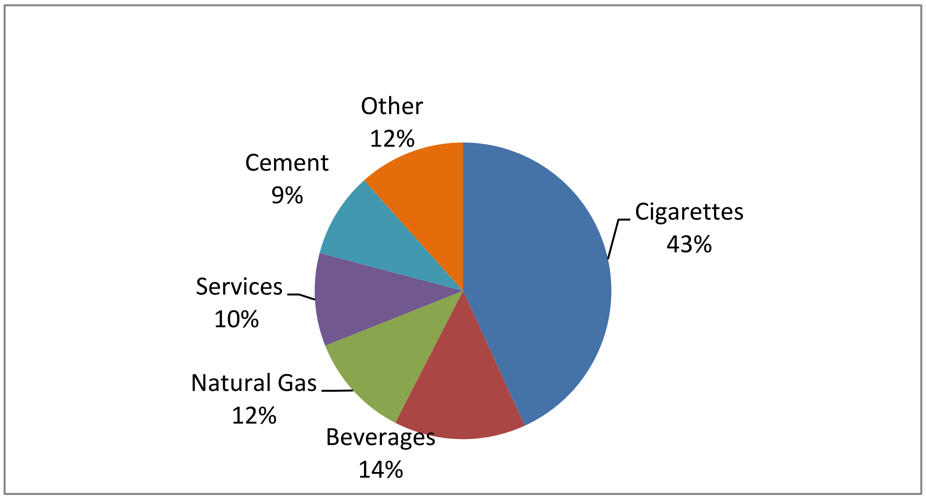
Table 13: Federal Excise Duty Collection

(Rs. in Million)

Heads	July-September		Growth (%)
	FY: 13-14	FY: 12-13	
Gross	31,137	22,536	38.2
Refund	0	74	-100
Net	31,137	22,462	38.6

It is clear from Graph that 88% of the collection is emanated from only 5 items. Only cigarettes contributed 43% of the total federal excise collection followed by beverages (14%), natural gas (12%), services (10%) and cement (9%). The remaining portion covers other items.

Graph 5: Composition of Collection of Federal Excise During Q1:2013-14



In order to gauge the sector-wise performance of FED, the tax receipts of all major revenue spinners have been highlighted in Table 14.

Table 14: Sector-wise Collection of FED During Q1:2013-14

(Rs Million)

Commodities	2013-14	2012-13	Growth (%)
Cigarettes	10,944	10,319	6.1
Beverages	3,654	2,844	28.5
Natural Gas	2,894	2,984	-3.0
Services(Foreign Air Travel)	2,572	1,531	68.0
Cement	2,351	2,328	1.0
Sub- Total	**22,415**	**20,006**	**12.0**
All Other	8,722	2,530	244.7
Gross	**31,137**	**22,536**	**38.2**

Cigarette is the top contributor of FED with 43% share in total collection of FED. Its collection has recorded a growth of 6.1% during the Q1 CFY. Moreover, the rates of cigarettes were rationalized in the Budget 2013-14.

The collection of FED from services has been Rs. 2.6 billion during Q1:2013-14 as compared to Rs. 1.5 billion in the corresponding period last year. The collection of services grew by around 10%. This item includes foreign air travel. The collection from cement has exhibited low growth in the collection due to low production of cement during Q1: 2013-14 as compared to corresponding period last year. Similarly, the collection of beverages has reflected a robust growth of 28.5% in the collection mainly due to 17% growth in the production of beverages. Similarly, the collection from natural gas has shown a decline of 3%.

III. Challenges and Way forward

Keeping in view the various fiscal challenges, FBR has embarked upon various strategies to broaden the tax base and enhance resource mobilization. This is a gigantic step as it would improve the tax-GDP ratio from 8.5% in 2012-13 to 9.5% in one financial year. Moreover, a target of 0.7% increase in each fiscal year during 2014-15 and 2015-16 is a major goal which would further improve tax-GDP ratio and bring the country at par the competing/ emerging economies. In order to achieve these goals, FBR is fully committed to broaden its tax base and improve tax administration significantly. For the purpose, FBR has chalked out a comprehensive plan for FY: 2013-14 and onwards which has been discussed below:

Broadening of Tax Base

For broadening of tax base several initiatives have been taken and some are in pipeline. Initially the objective is to incorporate 300,000 new taxpayers. In this regard 49,440 notices have already been issued, and a total of 100,000 notices will be issued by June 30, 2014. Similarly, a detailed plan for outreach program including provisional assessment, collection procedures, penal actions and prosecution proceedings has been chalked out.

Rationalization of SROs

In order to remove distortions and discrimination in tax structure and to abolish unnecessary concessions a plan for tariff rationalization and SROs reduction is being chalked out. A Committee headed by Chairman, FBR would submit the plan by December 31, 2013.

Addressing inadmissible input adjustment and illegal refunds in sales tax

Since VAT is primarily a tax based on value addition at source, and exports are zero-rated, there is an inbuilt need for the documentation of transactions involved in entire supply chain. While textiles caters is for major exports of Pakistan, various intermediary manufacturing and processing activities are largely carried out in the unorganized and undocumented sector. This gap is filled by fake invoicing to inflate refunds and suppress local supplies, consequently the refund issue assumed staggering intensity and emerged as a big challenge for the VAT administration in Pakistan. In order to resolve these issues FBR has successfully prepared and implemented Computerized Risk Based Evaluation of Sales Tax (CREST).

Taxpayers Facilitation

Introduction of an e-filing process accessible to taxpayers for income tax, sales tax and excise at e-FBR portal has been ensured. Automation of systems has helped in minimizing the contact between taxpayer and tax officer and as a consequence the complaints of harassment has been reduced accordingly.

Strengthening Tax Audit

A risk based audit has been reintroduced to accompany the self-assessment scheme and to overcome weak tax compliance. Substantial progress has been achieved for infrastructure up-gradation and development with the introduction of the integrated tax management system (ITMS), which is available to all the field formations.

Customs Modernization and control

Customs modernization reforms are being introduced, aiming at simplifying, standardizing and automating customs clearance procedures supported with strong post-clearance audit controls. Online connectivity of Customs posts has been developed. Risk management principles have been adopted and a Vehicle and Container Tracking System for monitoring transit trade is now in place. The Afghan Pakistan Transit Trade Agreement (APTTA) 2010 has replaced the 1965 agreement, with better controls and enhanced facilitation.

An integrated, risk-based automated customs clearance system (WEBOC) has been indigenously developed which minimizes interaction between taxpayers and tax collectors, thereby minimizing malpractices.

Administrative Improvement Initiatives

Initiatives for administrative improvement in all the taxes have been finalized and implementation strategy is also being developed which shall be launched within 6 months. Certain policy reforms have already been taken and GST coverage has been expanded. Exemptions have been restricted to food items, health, education and agriculture produce.

Human Resource Management

Human Resource Management has been improved and major structural initiatives are being taken by FBR in its organizational reform program.

IV. Structural Reforms to Boost Economic Growth

By

Umar Wahid and Zafar ul Hassan Almas[3]

Recently, a working paper of IMF[4] after analyzing a sample of 107 countries and 79 episodes of public debt reduction driven by discretionary fiscal adjustments during 1980–2012 showed that expenditure-based, front-loaded fiscal adjustments can dampen growth when there are credit supply restrictions. Contrary to this, fiscal adjustments that are gradual and rely on a mix of revenue and expenditure measures can support output expansion while reducing public debt. The paper also concluded that protecting public investment is critical for medium-term growth, as is the implementation of supply-side, productivity-enhancing reforms.

In the light of this paper if we look into the design of the IMF backed stabilization program of Pakistan, the inclusive growth is at the center stage of the program. This program is unique in a sense that it not only tried to endogamies the economic growth but also make it more inclusive. Another important component of this program is to enhance the effectiveness of social protection by guaranteeing budgetary allocations. This program is trying to distribute the burden of adjustment evenly on both tax and expenditure reforms.

The adjustment burden of expenditure is mainly placed at phasing out unproductive and untargeted subsidies. The fiscal deficit of the last 5 years is higher by 2.6% over average deficit of 2000-07 and 1.7% age points were contributed by rise in subsidies alone. The current expenditure was higher by 2 percentage points which implies that only 0.3 percentage points only came from other components of current expenditure [See Table-1]. The tax-to-GDP ratio had declined by 0.1 percentage points in this period.

Table-1: Determinants of Fiscal Deficit

(% of GDP)

	2000-07	2008-12
Total Revenue	**13.5**	**13.8**
- Tax revenue	10.4	10.3
Total Expenditure	**17.6**	**20.3**
- Current expenditure	**14.7**	**16.7**
- Interest	4.3	4.4
- Subsidy	0.8	2.5
- Development expenditure	3.0	3.4
Fiscal Deficit	**-4.0**	**-6.6**

Source: Ministry of Finance

The positive thing is that rise in fiscal deficit also came from increase in development expenditure by 0.4 percentage points. The development expenditure had borne the brunt of adjustment in the aftermath of the SBA, 2008 which proved counter-productive. Pakistan is facing large infrastructure gaps and developmental needs and in this backdrop slashing development spending constrains the

[3] Mr Umar Wahid is Chief (SPR&S) FBR and Mr Zafar ul Hassan, *Chief Planning Commission the views expressed are this paper is of the authors and does not represents the government's vies but the views expressed are purely personal.*

[4] http://www.imf.org/external/pubs/ft/wp/2013/wp13238.pdf

country's growth potential. The government has rightly realized that the growth enhancing expenditures has to be raised so that job creating potential of the economy may not be jeopardized and thus to transform the economy by scaling up investment in infrastructure and human capital. Public investment has a high economic and social rate of return and is highly complementary toward private sector investment. Resources needed to finance public investment are not adequately available as fiscal space remains constrained by rigidities in the structure of the current spending and the government embarked upon a plan to put burden on taxation.

Fiscal adjustment remained the key problem area for the last five years as the fiscal deficit averaged 6.6 percent of GDP per annum. Half hearted reforms in tax administration and policy, power sector, restructuring PSEs and governance remained major bottlenecks towards fiscal situation. Tax and expenditure slippages and problems in financing the deficit remained the hallmark of fiscal situation and as a result:

- ***Tax-to-GDP ratio*** fell from 11.1% in 2007-08 to 9.3% in 2012-13. Provincial tax collection stagnated at around 0.5% of GDP.
- ***FBR Tax-to-GDP ratio*** actually fell from 10.3% in 2007-08 to 8.5% in 2012-13. Pakistan yields one of the world's lowest tax-to-GDP ratios (ranks 115th out of 179 countries).
- The tax administration and structure are planned to be reformed to contribute adjustment to the tune of 0.7 percentage points each year by reforming existing tax system;
    - With lopsided structure, almost one-fourth of the entire tax collection or more than 25 % comes from POL at various stages.
    - In customs tariff, 54 % of tariff lines have different tariff rates for different importers through SROs
    - Around 86% of tariff lines are affected by an SRO in one way or the other and 44% of the value of imports affected by SROs.
    - Multiple rates are applied on sales tax – (0, 5%, 7%, 16%, 19.5%, & 3% additional tax on commercial importers). Effective Sales Tax rate is 3.6% which is very low because of exemptions, and huge input adjustments.
    - Tax gap is almost half of the actual tax collection.

The reforms are aimed at de-politicizing the recruitment, transfer/ postings in the FBR which must be based upon merit. This will enhance administrative efficiency. Another area of concern remained the tracking of non-filers who enjoy decent living and huge ability to pay. This is weakening the overall writ of the government and institutional degeneration in the country which has also impacted the functional and operational efficiency of the country in recent past and efforts are underway to make FBR a vibrant organization. However, FBR alone could not make headway in boosting revenues substantially unless it is not equipped with effective legislation.

The structure and the legal framework governing the taxation need to be reviewed by the parliament. The international best practices, technology and political will could play an important role in restructuring the taxation environment. The SRO culture has detrimental effect on competitive environment and nurturing entrepreneurship. This is retarding economic growth and by bringing those in normal tariff lines could help enable to raise revenues. Taxation policy has to be complemented by other macroeconomic policies as it is just a small component of the big pie.

Going forward, Pakistan has to implement massive public investment programs to steer the economy to a higher growth trajectory. The government has to review its development framework as well to ensure that resources contributed by the people of Pakistan are not spent in non-productive projects. Increasing public investment will not be sufficient for the increased well being of the common man as the country faces important capacity constraints. A solid public investment framework has to be in place to ensure that projects selected are aligned to the present government's priorities and are efficiently evaluated and selected based on their value for money assessment. A proper accountability framework for making the bureaucracy responsible should also be put in place to avoid unnecessary delays in project completion and wrong appraisal.

By increasing the efficiency of public investment over time, it is possible to yield higher economic returns which may increase the growth dividend for a given level of investment spending, or alternatively achieve the same growth dividend with reduced reliance on new tax revenue or borrowing. Social sector need substantial resources in the years to come to improve our social indicators compatible with peer countries.

A high growth trajectory would require adequate investments financed through a high rate of domestic savings. Historically, savings rate in Pakistan has been low and consequently the country has to depend on foreign inflows to finance its growth and development needs. Increasing the national savings in order to finance the investment needs will be critical for putting Pakistan back on the high growth trajectory in the long-term. In order to channelize investment in key sub-subsectors having the potential to lift the economy from a low growth equilibrium, it is important to sequence and prioritize the public sector investments to crowd in private investment and bolster economic growth.

The structural reforms under the IMF program (both pertaining to expenditure or revenues) should be implemented in holistic form and piecemeal approach will not work as has been proved in the past. The economic growth has to be boosted to around 7% in the medium-term and tax policy will enhance the much needed allocative efficiency of factors of production. The expenditure policy should also support growth enhancing efforts.

STATISTICAL APPENDIX

Comparative Statements of

Month – to – Month and Progressive

Collection for the period 2013-14 & 2012-13

Collection of Federal Taxes 2013-14 Vs. 2012-13

(Rs Million)

MONTHS	M/P	Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	142,972	8,833	134,139	117,011	10,135	106,876	25,961	-1302	27,263	22.2	-12.8	25.5
AUGUST	M	151,083	6,396	144,687	131,144	7,785	123,359	19,939	-1389	21,328	15.2	-17.8	17.3
	P	294,055	15,229	278,826	248,155	17,920	230,235	45,900	-2691	48,591	18.5	-15.0	21.1
SEPTEMBER	M	206,806	4,676	202,130	187,079	6,305	180,774	19,727	-1629	21,356	10.5	-25.8	11.8
1st Quarter		**500,861**	**19,905**	**480,956**	**435,234**	**24,225**	**411,009**	**65,627**	**-4320**	**69,947**	**15.0**	**-17.8**	**17.0**
OCTOBER	M				140,541	5,407	135,134						
	P				575,775	29,632	546,143						
NOVEMBER	M				147,022	7,313	139,709						
	P				722,797	36,945	685,852						
DECEMBER	M				210,804	7,679	203,125						
2nd Quarter					**498,367**	**20,399**	**477,968**						
Upto 2nd Qtr					**933,601**	**44,624**	**888,977**						
JANUARY	M				147,655	14,969	132,686						
	P				1,081,256	59,593	1,021,663						
FEBRUARY	M				145,928	5,662	140,266						
	P				1,227,184	65,255	1,161,929						
MARCH	M				200,365	10,008	190,357						
3rd Quarter					**493,948**	**30,639**	**463,309**						
Upto 3rd Qtr					**1,427,549**	**75,263**	**1,352,286**						
APRIL	M				158,531	5,334	153,197						
	P				1,586,080	80,597	1,505,483						
MAY	M				177,613	4,344	173,269						
	P				1,763,693	84,941	1,678,752						
JUNE	M				276,266	8,658	267,608						
4th Quarter					**612,410**	**18,336**	**594,074**						
Annual					**2,039,959**	**93,599**	**1,946,360**						

DIRECT TAXES

(Rs Million)

MONTHS	M/P	Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	43,628	5,707	37,921	26,878	5,024	21,854	16,750	683	16,067	62.3	13.6	73.5
AUGUST	M	41,250	658	40,592	33,946	1,588	32,358	7,304	-930	8,234	21.5	-58.6	25.4
	P	84,878	6,365	78,513	60,824	6,612	54,212	24,054	-247	24,301	39.5	-3.7	44.8
SEPTEMBER	M	85,849	1,299	84,550	87,379	2,833	84,546	-1530	-1534	4	-1.8	-54.1	0.0
1st Quarter		**170,727**	**7,664**	**163,063**	**148,203**	**9,445**	**138,758**	**22,524**	**-1781**	**24,305**	**15.20**	**-18.9**	**17.52**
OCTOBER	M				48,548.0	3,244.0	45,304.0						
	P				196,751.0	12,689.0	184,062.0						
NOVEMBER	M				51,649.0	3,209.0	48,440.0						
	P				248,400.0	15,898.0	232,502.0						
DECEMBER	M				110,300.0	5,278.0	105,022.0						
2nd Quarter					**210,497**	**11,731**	**198,766**						
Upto 2nd Qtr					**358,700**	**21,176**	**337,524**						
JANUARY	M				47,947	7,786	40,161						
	P				406,647	28,962	377,685						
FEBRUARY	M				51,755	3,012	48,743						
	P				458,402	31,974	426,428						
MARCH	M				86,389	7,740	78,649						
3rd Quarter					**186,091**	**18,538**	**167,553**						
Upto 3rd Qtr					**544,791**	**39,714**	**505,077**						
APRIL	M				51,786	3,325	48,461						
	P				596,577	43,039	553,538						
MAY	M				63,493	2,511	60,982						
	P				660,070	45,550	614,520						
JUNE	M				136,736	7,847	128,889						
4th Quarter					**252,015**	**13,683**	**238,332**						
Annual					**796,806**	**53,397**	**743,409**						

INDIRECT TAXES

(Rs Million)

MONTHS	M/P	Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	99,344	3,126	96,218	90,133	5,111	85,022	9,211	-1985	11,196	10.2	-38.8	13.2
AUGUST	M	109,833	5,738	104,095	97,198	6,197	91,001	12,635	-459	13,094	13.0	-7.4	14.4
	P	209,177	8,864	200,313	187,331	11,308	176,023	21,846	-2444	24,290	11.7	-21.6	13.8
SEPTEMBER	M	120,957	3,377	117,580	99,700	3,472	96,228	21,257	-95	21,352	21.3	-2.7	22.2
1st Quarter		**330,134**	**12,241**	**317,893**	**287,031**	**14,780**	**272,251**	**43,103**	**-2539**	**45,642**	**15.02**	**-17.2**	**16.76**
OCTOBER	M				91,993	2,163	89,830						
	P				379,024	16,943	362,081						
NOVEMBER	M				95,373	4,104	91,269						
	P				474,397	21,047	453,350						
DECEMBER	M				100,504	2,401	98,103						
2nd Quarter					**287,870**	**8,668**	**279,202**						
Upto 2nd Qtr					**574,901**	**23,448**	**551,453**						
JANUARY	M				99,708	7,183	92,525						
	P				674,609	30,631	643,978						
FEBRUARY	M				94,173	2,650	91,523						
	P				768,782	33,281	735,501						
MARCH	M				113,976	2,268	111,708						
3rd Quarter					**307,857**	**12,101**	**295,756**						
Upto 3rd Qtr					**882,758**	**35,549**	**847,209**						
APRIL	M				106,745	2,009	104,736						
	P				989,503	37,558	951,945						
MAY	M				114,120	1,833	112,287						
	P				1,103,623	39,391	1,064,232						
JUNE	M				139,530	811	138,719						
4th Quarter					**360,395**	**4,653**	**355,742**						
Annual					**1,243,153**	**40,202**	**1,202,951**						

SALES TAX (TOTAL)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	73,237	2,535	70,702	68,136	4,263	63,873	5,101	-1728	6,829	7.5	-40.5	10.7
AUGUST	M	82,102	5,088	77,014	69,775	5,076	64,699	12,327	12	12,315	17.7	0.2	19.0
	P	155,339	7,623	147,716	137,911	9,339	128,572	17,428	-1716	19,144	12.6	-18.4	14.9
SEPTEMBER	M	89,748	2,877	86,871	71,800	2,885	68,915	17,948	-8	17,956	25.0	-0.3	26.1
1st Quarter		**245,087**	**10,500**	**234,587**	**209,711**	**12,224**	**197,487**	**35,376**	**-1724**	**37,100**	**16.9**	**-14.1**	**18.8**
OCTOBER	M				62,278	992	61,286						
	P				271,989	13,216	258,773						
NOVEMBER	M				67,614	3,211	64,403						
	P				339,603	16,427	323,176						
DECEMBER	M				70,506	1,526	68,980						
2nd Quarter					**200,398**	**5,729**	**194,669**						
Upto 2nd Qtr					**410,109**	**17,953**	**392,156**						
JANUARY	M				71,938	5,736	66,202						
	P				482,047	23,689	458,358						
FEBRUARY	M				66,570	1,498	65,072						
	P				548,617	25,187	523,430						
MARCH	M				74,239	1,682	72,557						
3rd Quarter					**212,747**	**8,916**	**203,831**						
Upto 3rd Qtr					**622,856**	**26,869**	**595,987**						
APRIL	M				74,336	962	73,374						
	P				697,192	27,831	669,361						
MAY	M				80,181	1,230	78,951						
	P				777,373	29,061	748,312						
JUNE	M				94,842	626	94,216						
4th Quarter					**249,359**	**2,818**	**246,541**						
Annual					**872,215**	**29,687**	**842,528**						

SALES TAX (IMPORTS)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	37,375	2	37,373	36,706	-	36,706	669	2	667	1.8	-	1.8
AUGUST	M	38,425	-	38,425	37,022	-	37,022	1,403	0	1,403	3.8	-	3.8
	P	75,800	2	75,798	73,728	-	73,728	2,072	2	2,070	2.8	-	2.8
SEPTEMBER	M	41,747	2	41,745	38,124	-	38,124	3,623	2	3,621	9.5	-	9.5
1st Quarter		**117,547**	**4**	**117,543**	**111,852**	**-**	**111,852**	**5,695**	**4**	**5,691**	**5.1**	**-**	**5.1**
OCTOBER	M				31,798	5	31,793						
	P				143,650	5	143,645						
NOVEMBER	M				33,598	1	33,597						
	P				177,248	6	177,242						
DECEMBER	M				32,503	-	32,503						
2nd Quarter					**97,899**	**6**	**97,893**						
Upto 2nd Qtr					**209,751**	**6**	**209,745**						
JANUARY	M				34,391	1	34,390						
	P				244,142	7	244,135						
FEBRUARY	M				31,665	-	31,665						
	P				275,807	7	275,800						
MARCH	M				36,520	4	36,516						
3rd Quarter					**102,576**	**5**	**102,571**						
Upto 3rd Qtr					**312,327**	**11**	**312,316**						
APRIL	M				36,961	-	36,961						
	P				349,288	11	349,277						
MAY	M				41,039	1	41,038						
	P				390,327	12	390,315						
JUNE	M				39,516	-	39,516						
4th Quarter					**117,516**	**1**	**117,515**						
Annual					**429,843**	**12**	**429,831**						

SALES TAX (DOMESTIC)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	35,862	2,533	33,329	31,430	4,263	27,167	4,432	-1730	6,162	14.1	-40.6	22.7
AUGUST	M	43,677	5,088	38,589	32,753	5,076	27,677	10,924	12	10,912	33.4	0.2	39.4
	P	79,539	7,621	71,918	64,183	9,339	54,844	15,356	-1718	17,074	23.9	-18.4	31.1
SEPTEMBER	M	48,001	2,875	45,126	33,676	2,885	30,791	14,325	-10	14,335	42.5	-0.3	46.6
1st Quarter		**127,540**	**10,496**	**117,044**	**97,859**	**12,224**	**85,635**	**29,681**	**-1728**	**31,409**	**30.3**	**-14.1**	**36.7**
OCTOBER	M				30,480	987	29,493						
	P				128,339	13,211	115,128						
NOVEMBER	M				34,016	3,210	30,806						
	P				162,355	16,421	145,934						
DECEMBER	M				38,003	1,526	36,477						
2nd Quarter					**102,499**	**5,723**	**96,776**						
Upto 2nd Qtr					**200,358**	**17,947**	**182,411**						
JANUARY	M				37,547	5,735	31,812						
	P				237,905	23,682	214,223						
FEBRUARY	M				34,905	1,498	33,407						
	P				272,810	25,180	247,630						
MARCH	M				37,719	1,678	36,041						
3rd Quarter					**110,171**	**8,911**	**101,260**						
Upto 3rd Qtr					**310,529**	**26,858**	**283,671**						
APRIL	M				37,375	962	36,413						
	P				347,904	27,820	320,084						
MAY	M				39,142	1,229	37,913						
	P				387,046	29,049	357,997						
JUNE	M				55,326	626	54,700						
4th Quarter					**131,843**	**2,817**	**129,026**						
Annual					**442,372**	**29,675**	**412,697**						

FEDERAL EXCISE

(Rs Million)

MONTHS	M/P	Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	8,943	-	8,943	6,089	-	6,089	2,854	0	2,854	46.9	-	46.9
AUGUST	M	11,009	-	11,009	8,541	-	8,541	2,468	0	2,468	28.9	-	28.9
	P	19,952	-	19,952	14,630	-	14,630	5,322	0	5,322	36.4	-	36.4
SEPTEMBER	M	11,185	-	11,185	7,906	74	7,832	3,279	-74	3,353	41.5	-100.0	42.8
1st Quarter		**31,137**	**-**	**31,137**	**22,536**	**74**	**22,462**	**8,601**	**-74**	**8,675**	**38.2**	**-100**	**38.6**
OCTOBER	M				11,650	62	11,588						
	P				34,186	136	34,050						
NOVEMBER	M				9,037	63	8,974						
	P				43,223	199	43,024						
DECEMBER	M				8,835	(59)	8,894						
2nd Quarter					**29,522**	**66**	**29,456**						
Upto 2nd Qtr					**52,058**	**140**	**51,918**						
JANUARY	M				8,932	13	8,919						
	P				60,990	153	60,837						
FEBRUARY	M				9,899	-	9,899						
	P				70,889	153	70,736						
MARCH	M				10,082	-	10,082						
3rd Quarter					**28,913**	**13**	**28,900**						
Upto 3rd Qtr					**80,971**	**153**	**80,818**						
APRIL	M				10,404	-	10,404						
	P				91,375	153	91,222						
MAY	M				12,470	-	12,470						
	P				103,845	153	103,692						
JUNE	M				17,272	-	17,272						
4th Quarter					**40,146**	**-**	**40,146**						
Annual					**121,117**	**153**	**120,964**						

C U S T O M S

(Rs Million)

MONTHS		Collection											
		FY 2013-14			FY 2012-13			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	17,164	591	16,573	15,908	848	15,060	1,256	-257	1,513	7.9	-30.3	10.0
AUGUST	M	16,722	650	16,072	18,882	1,121	17,761	-2160	-471	-1689	-11.4	-42.0	-9.5
	P	33,886	1,241	32,645	34,790	1,969	32,821	-904	-728	-176	-2.6	-37.0	-0.5
SEPTEMBER	M	20,024	500	19,524	19,994	513	19,481	30	-13	43	0.2	-2.5	0.2
1st Quarter		**53,910**	**1,741**	**52,169**	**54,784**	**2,482**	**52,302**	**-874**	**-741**	**-133**	**-1.6**	**-29.9**	**-0.3**
OCTOBER	M				18,065	1,109	16,956						
	P				72,849	3,591	69,258						
NOVEMBER	M				18,722	830	17,892						
	P				91,571	4,421	87,150						
DECEMBER	M				21,163	934	20,229						
2nd Quarter					**57,950**	**2,873**	**55,077**						
Upto 2nd Qtr					**112,734**	**5,355**	**107,379**						
JANUARY	M				18,838	1,434	17,404						
	P				131,572	6,789	124,783						
FEBRUARY	M				17,704	1,152	16,552						
	P				149,276	7,941	141,335						
MARCH	M				29,655	586	29,069						
3rd Quarter					**66,197**	**3,172**	**63,025**						
Upto 3rd Qtr					**178,931**	**8,527**	**170,404**						
APRIL	M				22,005	1,047	20,958						
	P				200,936	9,574	191,362						
MAY	M				21,469	603	20,866						
	P				222,405	10,177	212,228						
JUNE	M				27,416	185	27,231						
4th Quarter					**70,890**	**1,835**	**69,055**						
Annual					**249,821**	**10,362**	**239,459**						