YEAR BOOK
2006-2007

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE
REVENUE DIVISION
ISLAMABAD

Fiscal Research and Statistics (FR&S) Wing, FBR

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Our Vision

To be 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 Capacity 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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Foreword

The Federal Board of Revenue has successfully surpassed the assigned target of Rs. 835 billion for fiscal year 2006-07. This is the fifth consecutive year that the start-of-the-year-target has been accomplished. The buoyant tax collection has not only enabled FBR to surpass its target, it has also resulted into marked improvement in Tax/GDP ratio from 9.4% in 2005-06 to 9.7% in 2006-07. In fact, this is the 2nd consecutive year that the Tax/GDP ratio has increased by 0.3% per year, which is consistent with the ten-year revenue vision of the organization. Surely, the unprecedented outcome signals an improvement in the tax structure, which has become more responsive to growth and discretionary tax measures.

The current edition of Revenue Division Year Book 2006-07, third in the series, presents an elaborate analysis of Goals and Targets assigned to FBR under the Prime Minister's Goal/Target initiative. For FBR, Resource Mobilization has been at the top of the Goal/Target initiative list. Therefore, the volume provides a detailed analysis of tax collection. Besides providing an up-date on various projects/ initiatives under the tax administration reform program (TARP), the Year Book also highlights the details of major events that took place during the year. It was a special occasion in the history of FBR when the President and the Prime Minister of Pakistan visited FBR to provide guideline to senior management on its ten-year revenue vision. The President was also kind enough to be among the participants of the First Tax Reform Conference held in Karachi during the year.

While deeply commending the efforts of research team of FBR for the preparation and publication of Revenue Division Year Book 2006-07, I invite our valued readers to offer their comments on this effort.

(M. Abdullah Yusuf)
Secretary General Revenue Division/ Chairman, FBR

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Chapter 1

The Structure of the Revenue Organization

The Revenue Division, in its present shape, has a checkered history of its establishment. 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 31^{st} 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 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 again re-established on December 01, 1998. The Revenue Division continues to exist since then. In the wake of restructuring of its functions, CBR has adopted new Act under which it has been renamed as Federal Board of Revenue (FBR) since July 2007.

Functions of Revenue Division/ FBR

In the existing setup, the Chairman, FBR, being the executive head of the Board as well as Secretary of the Revenue Division[1] has the responsibilities of:

- Formulation and administration of taxation policy;
- Levy and collection of federal taxes;
- Quasi-judicial function of hearing of appeals;
- Enter into double-taxation treaties with other countries;
- Liaise with all Ministries as well as Chambers of Trade and Industry; and
- Provide an up-date on FBR activities to the President and the Prime Minister of Pakistan.

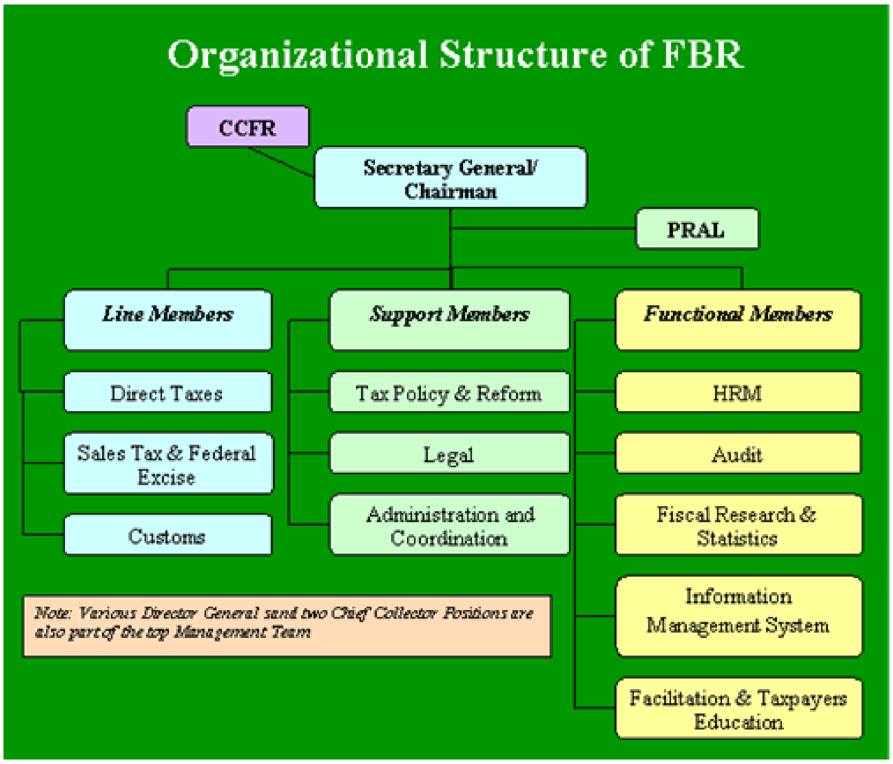
Organizational Set-up

In the present setup, the Secretary General, Revenue Division/ Chairman, FBR is assisted by the three *Line Members* (one each for Direct Taxes, Sales Tax and Federal Excise Duties, and Customs), three *Support Members* (Legal, Tax Policy and Reforms, and Administration and Coordination); and five *Functional Members* (Human Resource Management, Information Management System, Audit, Facilitation and Taxpayers Education, and Fiscal Research and Statistics). The functional members have been inducted from the private sector as part of the restructuring of the FBR and its field

[1] The present Chairman also holds the position of Secretary General, Revenue Division.

formations. Besides this top tier, senior management also includes various Director General and Chief Collector positions (Figure 1).

During 2006-07, the indirect taxes (sales tax, federal excise duties, and customs) were handled by 19 Collectorates situated all across the country and two Large Taxpayer Offices (LTUs). Now all internal taxes, i.e., income and corporate taxes, sales tax (GST) and Federal Excise have nearly been co-located within Regional Tax Offices (RTOs), and trade related taxes are increasingly being handled by Model Customs Collectorates (MCCs) with two regional hubs at Karachi and Lahore.



Secretary General / Chairman FBR and Members photographed with President, Prime Minister, Advisor to the Prime Minister, and Minister of State on Finance & Revenue

Front Row (Left to Right):, Mr. Salman Nabi (Member DT), Mr. Omar Ayub Khan (MOS), Mr. Shaukat Aziz (Prime Minister), General Pervez Musharraf (President of Pakistan), Mr. Abdullah Yusuf (Secretary General/ Chairman), Dr. Salman Shah (Advisor), Maj. Gen ® Muhammad Yasin (Member Administration)

Back Row (Left to Right): Mr. Shahid Rahim (Member Customs), Mr. Mohammad Talha (Member HRM), Mr. Abdul Razzaque (Member Audit), Mr. Mumtaz Ahmad (Member Legal), Mr. Aamir Z. Chaudhary (Member IMS), Mr. Habib Fakhruddin (Member Tax Policy & Reforms), Ms. Mussarat Jabeen (Member Sales Tax and Federal Excise), Dr. Ather Maqsood Ahmed (Member Fiscal Research & Statistics), and Mr.Hafeez Mughal (PRO).

The names of Secretaries/ Ex-officio Chairmen, full time Chairmen; Secretary General Revenue Division/ Chairmen and Vice Chairmen, who headed the Revenue Division/ CBR from August 14, 1947 onwards, are presented below for ready reference.

Finance Secretaries/ Ex-Officio Chairman, CBR

1)	Sir Victor Turner	14.08.1947	01.02.1950
2)	Mr. Abdul Qadir	01.02.1950	25.02.1952
3)	Mr. Mumtaz Hasan	25.02.1952	01.11.1958
4)	Mr. H. A. Majid	01.11.1958	29.07.1960
5)	Mr. M. Ayub	29.07.1960	19.06.1961
6)	Mr. Mumtaz Mirza	19.06.1961	06.03.1963
7)	Mr. M. M. Ahmed	06.03.1963	30.05.1966
8)	Mr. Ghulam Ishaq Khan	31.05.1966	08.09.1970
9)	Mr. A.G.N. Kazi	08.09.1970	10.10.1971

Chairman, CBR

1)	Mr. M. Zulfiqar	11.10.1971	17.11.1973
2)	Mr. Riaz Ahmad	17.11.1973	30.09.1974
3)	Mr. M. Zulfiqar	01.10.1974	12.11.1975
4)	Mr. N.M. Qureshi	12.11.1975	14.12.1980
5)	Mr. Fazlur Rahman Khan	14.12.1980	11.08.1985
6)	Mr. I.A. Imtiazi	11.08.1985	20.08.1988
7)	Syed Aitezazuddin Ahmed	20.08.1988	02.01.1989
8)	Mr. Ghulam Yazdani Khan	22.01.1989	11.08.1990
9)	Mr. Ahadullah Akmal	16.08.1990	24.07.1991
10)	Mr. Sajjad Hasan	24.07.1991	03.10.1991

Secretary Revenue Division/ Chairman, CBR

1)	Mr. Sajjad Hasan	03.10.1991	03.11.1992
2)	Mr. M. Mubeen Ahsan	03.11.1992	03.05.1993
3)	Qazi M. Alimullah	03.05.1993	17.07.1993
4)	Mr. Javed Talat	26.07.1993	01.07.1994
5)	Mr. A.R. Siddiqi	11.07.1994	11.01.1995

Chairman, CBR

1)	Mr. Alvi Abdul Rahim	13.07.1995	28.08.1996
2)	Mr. Shamim Ahmed	28.08.1996	11.11.1996
3)	Mr. Hafeezullah Ishaq	11.11.1996	02.01.1998
4)	Mr. Moinuddin Khan	02.01.1998	06.11.1998

Secretary Revenue Division/ Chairman, CBR/ FBR

1)	Mian Iqbal Farid	07.11.1998	06.11.1999
2)	Mr. Riaz Hussain Naqvi	08.11.1999	02.07.2001
3)	Mr. Riaz Ahmad Malik	03.07.2001	11.03.2004
4)	Mr. M. Abdullah Yusuf	12.03.2004	14.06.2006

Secretary General Revenue Division/ Chairman, CBR/ FBR

1)	Mr. M. Abdullah Yusuf	14.06.2006	To-date

Chapter 2

Achievements on Prime Minister's Goals - Targets Initiative

FBR during the past few years has under taken wide ranging reforms on policy and administrative side. In order to keep track of these developments, the Prime Minister Secretariat started the Goal-Target Initiative in 2004-05. Since then a progress report on the selected indicators is being submitted regularly to the PM Secretariat on quarterly basis. Like previous years, FBR has accomplished most of the goals/ targets fixed for 2006-07. Following is the list of assigned goals and targets.

1. Collection of Federal Tax Receipts more than the assigned budgetary targets;
2. Broadening of Income Tax base by 20% at the end of the year;
3. Broadening of Sales Tax base by 10% at the end of the year;
4. Liquidation of Income Tax refunds by 40% at close of the year;
5. Liquidation of Sales Tax refunds by 40% at close of the year;
6. Establishment of model tax units;
7. Effective Dispute Resolution (all taxes) – Reduction of Pending Appeals;[2]

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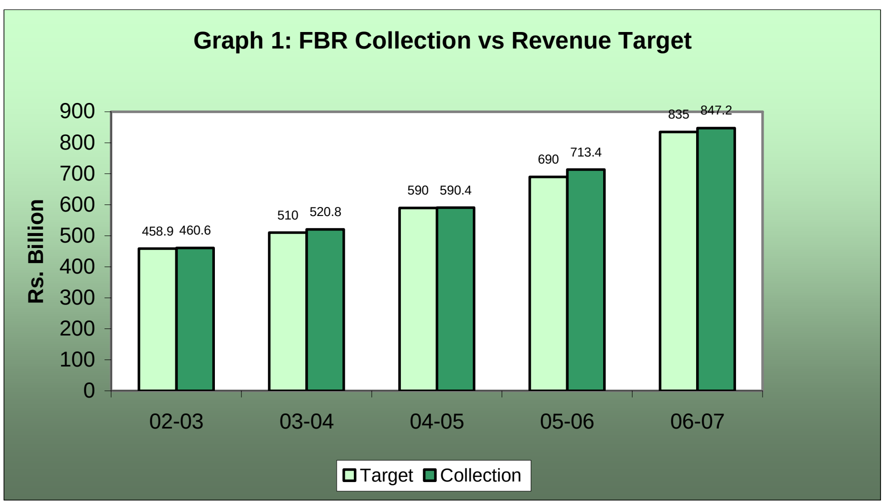
[2] Besides these Targets, the update on Installation of Scanners and adoption of Crash Program for Assessment of under and over-invoicing was also monitored by the Prime Minister Secretariat.

Tax Revenue Target

Unlike past performance, the FBR has been successfully achieving the start of the year targets since 2002-03 (Graph 1). During 2006-07, the revenue organization was able to mobilize resources to the tune of Rs. 847.2 billion against the target of Rs. 835 billion, entailing higher collection of Rs.12.2 billion. The (net) collection has been 18.8% higher than Rs.713.4 billion collected during last year, resulting into improvement in Tax/GDP ratio by 0.3 percentage points. This achievement has been consistent with the overall ten year revenue vision of the organization presented to the President and Prime Minister of Pakistan when they visited FBR on February 22, 2007.



This is the fifth consecutive year that the assigned target has been surpassed. The remarkable performance by FBR has been possible due to multiple factors including the overall stability and growth of the economy resulting into robust growth in tax bases and efficiency gains emanating from tax policy and administrative reforms that have changed the culture of tax collection from full-assessment to self-assessment. Now the focus is on reduction and rationalization of tax and tariff rates on the one hand and facilitating environment for taxpayers to understand tax obligations on the other.

Broadening of Tax Base

Income Tax: Ever since the initiation of the reform program, the number of return filers is increasing gradually. From a modest number of close a million return filers, the number has increased to 1.81 million in 2006-07. Similarly, there has been a substantial increase in voluntary compliance due to various initiatives. The promulgation of the Income Tax Ordinance, 2001 was the first step towards this objective. This together with simplified rules and procedures has enabled taxpayers to comply relatively easily. At the same time, a simplified system of self-assessment (USAS) has been introduced. Under the USAS all the taxpayers automatically qualify for self-assessment. The returns filed by them are considered as final unless their cases are selected for audit through pre-announced audit parameters.

Sales Tax (GST): Within the GST regime, a number of steps have been taken in order to broaden the tax base. These include introduction of simplified schemes for small taxpayers, and broadening the coverage of tax, by bringing various services into the tax net so that the burden of taxation is shared by all sectors that are also contributing to GDP. Furthermore, an ‘outreach’ program has been developed and launched in collaboration with trade associations to educate small and medium traders and business concerns about their tax responsibilities. With the help of these measures, the number of registered persons has increased from 116,686 in 2005-06 to 128,380 in 2006-07, showing a growth of 10%.

Liquidation of Refunds (Income Tax and Sales Tax)

In the light of continuous complaints regarding delayed disposal of refunds, both from the taxpayers and tax collectors, the entire system required revisiting. The implementation of STARR/ STREAMS project under the tax administration reforms program was the initial break through. Since then the system has been further enhanced and has now been up-graded with a new system CREAST. Currently, the automated refund processing system based on risk assessment – the RRAS (Risk-based Refund Analysis System) is running successfully and has helped in substantial liquidation of pending refund claims. Similarly, within the income tax system, the Tax Management System is being used to process refund claims and payments. During 2006-07, an amount of Rs.32.2 billion was issued to 195,820 claimants and resultantly the pendency was reduced to only Rs.7 billion.

Establishment of Model Tax Offices

The future set up of field formations envisages a clear segregation into internal (domestic) taxes and international trade taxes. The domestic taxes will operate through Regional Tax Offices (RTOs), whereas the international trade taxes will be handled by Model Custom Collectorates. The One-Customs setup will be gradually replaced by PaCCS currently being used within the CARE project. Most of the RTOs are now in place where the offices of Income and Sales Tax and excise duties have been co-located. Similarly, sufficient progress has been made on MCCs and appointments of Chief Collector North and South have also been made.

Effective Dispute Resolution

FBR has made tremendous progress in disposing off pending appeals. Around 46,537 were decided in 2004-05. As a result, only 4175 cases were pending on July 2006. By June 2007 30,920 cases including the pending cases have been decided and there is no further long-term pendency. The new strategy of FBR is that all new appeals and adjudication cases should be settled within 90 days of their filing as per law. This policy has been actively pursued to provide relief to the taxpayers. Similarly, as a result of hectic efforts a large number of cases at the higher legal fora have also been decided.

Other Important Achievements

Crash Program for under and over-invoicing

Under and over-invoicing is an international phenomenon. The complexity in technical calculation and the delicacy of it usually leads to tax evasion. In order to curb this menace, FBR has established the Valuation Wing so that assessment of the imports is carried out on scientific lines all across the country.

e-Filing: During the last decade, the electronic transfer of business information has expanded very rapidly in the world. Tax return is no exception and electronic filing has become a common practice in most of the advanced world. As part of major initiative to facilitate taxpayers and collect and process data more accurately, FBR has introduced e-filing of income and sales tax returns from December 2005. As expected, this initiative has been widely been appreciated and majority of FBR corporate clients are now using this facility, which has also reduced their cost of compliance substantially.

Simplification of Tax Return Forms: The cumbersome and lengthy tax return forms both of sales tax and income tax have been simplified and reduced to one page only. The new tax returns forms will be applicable from September 2008. The requirement of annexure with returns has been done away with especially for the corporate taxpayers filing their returns electronically. However, if deemed necessary at the time of desk audit a need is felt for detailed accounts, the same would be requested from the relevant taxpayer.

Table: Goals/Targets Monitoring and Evaluation Report for Revenue Division Financial Year 2006-07

S.No.	Goals/Targets	FY 2006-07				Comp. Status	Review
		Q1	Q2	Q3	Q4		
G: 1	**Revenue collection of Rs. 690 billion(FY 05-06)**						Actual Collection during FY2005-06 was Rs. 713.4 billion
T: 1	Collection of Rs. 145.5 billion					Yes	
T: 2	Cumulative : Rs. 308.6 billion					Yes	
T: 3	Cumulative : Rs. 476.4 billion					Yes	
T: 4	Additional Rs. 213.6 billion to achieve target of Rs. 690 billion					Yes	
	Revenue collection of Rs. 835 billion(FY 06-07)						
T: 5	Collection of Rs. 178.4 billion	Collected Rs. 183.9 billion				Yes	Target Achieved
T: 6	Cumulative : Rs. 381.1 billion		Collected Rs. 410.5 billion			Yes	Target Achieved
T: 7	Cumulative : Rs. 579.8 billion			Collected Rs. 597.0 billion		Yes	Target Achieved
T: 8	Additional Rs. 255.2 billion to achieve target of Rs. 835 billion				Collected Rs. 847.2 billion		Target for FY: 2006-07 Rs. 835 Billion Collection Rs. 847.2 Billion Target Achieved
G: 2	**Broadening of Taxpayers Base: Increase income tax return filers by 20% (Filers End June 2005: 1.23 million) (FY 2005-06)**						Total return filers at the end of FY: have been increased to 1.49 million.
T: 1	Increase in income tax return filers by 5%					Yes	

T: 2	Ensure increase in income tax return filers by another 5%					Yes	
T: 3	Ensure increase in income tax return filers by another 5%					Yes	
T: 4	Increase in income tax return filers by 5% to achieve cumulative increase of 20%					Yes	
	Broadening of Taxpayers Base: Increase income tax return filers by 20% (Filers End June 2006: 1.49 million) (FY 2006-07)						
T: 5	Increase in income tax return filers by 5%	1.45 million returns received.				Yes	September to September growth in return filing has been 25.6%. Target achieved.
T: 6	Ensure increase in income tax return filers by another 5%		1.51 million returns received.			Yes	December to December growth in return filing has been 18.9%. Target achieved.
T: 7	Ensure increase in income tax return filers by another 5%			1.66 million returns received.		Yes	March to March growth in return filing has been 22%. Target achieved.
T: 8	Increase in income tax return filers by 5% to achieve cumulative increase of 20%				1.81 million returns received.	Yes	FY;2006-06 to FY:2006-07 growth in return filing has been 21.5%. Target achieved.
G: 3	**Broadening of Taxpayers Base: Increase sales tax registration by 15% (Base:101,851) (FY 05-06)**						At the end of the FY:2005-06 total new registration added to base figure has reached to 1,16,686
T: 1	Increase in sales tax return filers by 3%					Yes	

T: 2	Ensure increase in sales tax return filers by another 4%					Yes	
T: 3	Ensure increase in sales tax return filers by another 4%					Yes	
T: 4	Increase in sales tax return filers by 4% to achieve cumulative increase of 15%					Yes	
	Broadening of Taxpayers Base: Increase sales tax registration by 10% (Base:1,16,686) (FY 06-07)						
T: 5	Increase in sales tax return filers by 2%	New registration = 2650				Yes	Target for the Quarter= 2334 Achievement = 2650 Target achieved.
T: 6	Ensure increase in sales tax return filers by another 3%		New registration= 2750			Yes	At the end of 2nd Quarter 5400 new registration has been made against the target of 5835. Thus target Achievement has been 92.5%
T: 7	Ensure increase in sales tax return filers by another 2%			New registration =2574		Yes	Target of new registration for 3rd Quarter= 2334. New registrations = 2574 Target Achieved
T: 8	Increase in sales tax return filers by 3% to achieve cumulative increase of 10%				New registration =3720	Yes	Target of new registration for Fy:2006-07= 11669. New registrations = 11694 . Target achieved
G: 4	**Liquidation of Refunds: Reduce stocks of available refunds of income tax. Opening Balance (Rs. 13.4 billion Non Banking) (FY 05-06)**						Closing Balance has been reduced to Rs. 8.04 billion

T: 1	Reduce stock of available refunds by 10%					Yes	
T: 2	Reduce stock of available refunds by additional 10%					Yes	
T: 3	Reduce stock of available refunds by additional 10%					Yes	
T: 4	Reduce stock of available refunds by additional 10%					Yes	
	Liquidation of Refunds: Reduce stocks of available refunds of income tax. Opening Balance (Rs. 9.86 billion Non Banking) (FY 06-07)						
T: 5	Reduce stock of available refunds by 10%	Closing Balance Rs. 9.0 billion				Yes	Target achieved
T: 6	Reduce stock of available refunds by additional 10%		Closing Balance Rs. 9.09 billion				The refund pendency has slightly increased due to fresh institutions
T: 7	Reduce stock of available refunds by additional 10%			Closing Balance Rs. 8.7 billion		Yes	Target achieved
T: 8	Reduce stock of available refunds by additional 10%				Closing Balance Rs. 5.98 billion	Yes	Target achieved
G: 5	**Liquidation of Refunds: Reduce stocks of available refunds of sales tax. Opening Balance (Rs. 6.85 billion) (FY 05-06)**						At the end of FY:2005-06 closing balance with fresh arrival has been Rs. 5.5 billion

T: 1	Reduce stock of available refunds by 10%					Yes	
T: 2	Reduce stock of available refunds by additional 10%					Yes	
T: 3	Reduce stock of available refunds by additional 10%					Yes	
T: 4	Reduce stock of available refunds by additional 10%					Yes	
	Liquidation of Refunds: Reduce stocks of available refunds of sales tax. Opening Balance (Rs. 5.5 billion) (FY 06-07)						
T: 5	Reduce stock of available refunds by 10%	Closing Balance Rs. 4.5 billion (*)				Yes	Target achieved. (*) Relates to refund paid out of the balance stock at the end of 4th Quarter of FY: 2005-06.
T: 6	Reduce stock of available refunds by additional 10%		Closing Balance Rs. 2.0 billion			Yes	Do
T: 7	Reduce stock of available refunds by additional 10%			Closing Balance Rs. 0.8 billion		Yes	Do
T: 8	Reduce stock of available refunds by additional 10%				Closing Balance Rs. 0.4 billion	Yes	Target achieved
G: 6	**Improvement of efficiency of organization and promote taxpayer facilitation: Establishment of model tax units.(FY 05-06)**						Target achieved
T: 1	Establish one MTU					Yes	

T: 2	One-Customs concept to be rolled out at 12-Stations					Yes	
	Improvement of efficiency of organization and promote taxpayer facilitation: Establishment of model tax units. (FY 2006-07)						
T: 5	Establishment of 3 RTOs and 3 TFCs		3 RTOs and 3TFCs are Functional			Yes	On Target
T: 6	Establishment of 2 RTOs and 2 TFCs			2 RTOs and 2TFCs are Functional		Yes	On Target
T: 7	Establishment of 5 RTOs and 5 TFCs					No	Target missed and to be rolled out in FY:2007-08
T: 8	Establishment of 2 RTOs and 2 TFCs						
T: 9	Establishment of 1 RTOs and 1 TFCs						
T: 10	Establishment of 20 Additional TFCs					No	Target missed and to be rolled out in FY:2007-08
T: 11	Establishment of 1 Model Customs Collectorate					No	Target missed and to be rolled out in FY:2007-08
T: 12	Establishment of 5 Model Customs Collectorates						
T: 13	Establishment of 2 Model Customs Collectorates						
T: 14	Establishment of 2 Model Customs Collectorates						
T: 15	Establishment of one LTU.					No	Target missed and to be rolled out in FY:2007-08

G: 7	**Effective dispute resolution (all taxes): Reduce the pending appeals (at all stages) (Baseline: Number of cases as of July 1, 2005: 6,919) (FY 2005-06)**						Total number 6934 pending appeals have been disposed off during FY:2005-06.
T: 1	Reduce the pending appeals (at all stages) by 50%					Yes	
T: 2	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.					Yes	
T: 3	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.					Yes	
T: 4	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.					Yes	
	Effective dispute resolution (all taxes): Reduce the pending appeals (at all stages) (Baseline: Number of cases as of July 1, 2006: 4175) (FY 2006-07)						
T: 5	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.	Appeals decided= 3379 cases				Yes	Total with Fresh institutions = 4830 . Decided= 3379 cases. Target Achieved
T: 6	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.		Appeals decided= 8771			Yes	Total number of 12,150 appeals at all stages hav been decided at the end of December,2006. There is no pendency, CBR is current with appeal cases.
T: 7	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.			Appeals decided= 7403		Yes	Total number of 20,347 have been decided at the end of March,2007. Ttarget achieved.
T: 8	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.				Appeals decided= 19,045		Total number of 30,920 cases have been decided at the end of Fy: 2006-07. Target

							achieved.
G: 8	**Adoption of E-Government Strategy(FY 05-06)**						E- filing of income tax and sales tax returns has started. E-clearance of goods at customs stations also started.
T: 1	Initiative towards e-government					Yes	
G: 9	**Installation of Scanners at various customs stations**						Target Achieved.
T: 1	Installation at Port Qasim Karachi					Yes	
T: 2	Installation at NLC, Mughalpura Port Lahore					Yes	
	Installation at Jamrud		Scanner installed			Yes	
T: 3	Installation at Wahga, Chaman, and Sust						
G: 10	**Crash program for assessment of under and over invoicing**						Target Achieved.
T: 1	Custom to custom cooperation					Yes	
T: 2	Setting of Post Custom Assessment (PCA)					Yes	
T: 3	Purchase of valuation modules.					Yes	

Chapter 3

FBR Revenue Collection vis-à-vis Target

The final collection of Rs. 847.2 billion during 2006-07 exceeds the target of Rs. 835 billion by Rs. 12.2 billion or higher by 1.5% (Table 1). The feature that FBR has surpassed the start-of-the-year revenue target for the fifth year in a row is not only encouraging from effective economic management standpoint, it is even more inspiring as it reflects improved tax management and compliance without putting undue burden on taxpayers. Nonetheless, it is also pertinent to mention that in view of the unprecedented performance of income and corporate taxes during 2006-07 and due to sluggish growth of GST and customs duties, the start-of-the-year targets of individual taxes were revised during the year without altering the overall target.

The outcome reveals that the net collection of direct taxes has exceeded the original target by 26.1% and the upwardly revised target has also been surpassed by 4.9%. Regrettably, a similar performance could not be recorded for indirect taxes. Whereas the collection of excise duties exceeded the original target by 3.9%, it remained short of the revised target by a small margin of Rs. 0.2 billion only. On the other hand, the year-end collection of GST and customs duties missed the respective original as well as revised targets due to constantly shrinking base.

Table 1: A Comparison of Collection vis-à-vis Targets

	Revised Targets *(Rs. Billion)*	Collection: 2006-07 *(Rs. Billion)*	Difference from Revised Targets	
			Absolute	Percent
Direct Taxes	318.0	333.7	15.7	4.9
Sales Tax (GST)	311.0	309.4	-1.6	-0.5
Federal Excise	72.0	71.8	-0.2	-0.3
Customs Duties	134.0	132.3	-1.7	-1.3
All Taxes	835.0	847.2	12.2	1.5

Source: FBR Data Bank

Revenue Collection in 2006-07 vis-à-vis 2005-06

The gross and net collection during 2006-07 has been Rs.929.4 billion and Rs. 847.2 billion, showing an increase of 16.4% and 18.8%, respectively over 2005-06. In the process of crossing the Rs. 800 billion threshold, several interesting features have emerged, some of which are presented below.

Firstly, the net collection has more than doubled within a short span of six years starting from Rs. 404.6 billion in 2001-02 (Table 2). The increase of around Rs. 134 billion over and above last year's net collection of Rs. 713.4 billion has been the highest in a single year since FY: 47-48. Previously an increase of Rs. 123 billion was observed during 2005-06. This confirms that there is a definite improvement in tax effort.

Secondly, the buoyant tax collection has not only enabled FBR to surpass its target, it has also resulted into marked improvement in Tax/GDP ratio from 9.4% in 2005-06 to 9.7% in 2006-07. In fact, this is the 2nd consecutive year that the Tax/GDP ratio has increased by 0.3% per year, which is consistent with the ten-year revenue vision of the organization. Surely, the unprecedented outcome signals an improvement in the tax structure, which unlike previous years is becoming more responsive to growth and discretionary tax measures.

Thirdly, the income and corporate taxes have emerged as the leading contributors to federal tax receipts followed fairly closely by GST. There is a subtle change in the tax mix as 76% of entire net collection now originates from income and consumption taxes.

Fourthly, riding on the overwhelming performance of the corporate sector, especially banking and, oil and gas sectors, the direct taxes have recorded an unprecedented growth of 48.3% during the year. In fact, this high growth performance was sustained all through the year. Similarly, the continuous strong domestic demand was largely instrumental in achieving 29.9% growth in excise duties. However, a similar strength was not achieved in the case of domestic sales tax, as quite unexpectedly, the growth in gross as well as net collection remained below 10%. Regarding import related taxes, namely, sales tax at import stage and customs duties, there has been an adverse revenue impact of slowdown of imports and dutiable imports, even though some may appreciate this decline on account of improvement in the balance of trade position.

Finally, it will not be out of merit to mention that a number of additional factors have also been responsible for improved revenue performance during the past few years. These include the lowering of tax and tariff rates of capital goods to promote investment and boost economic activity in the country, reduction of up-front cost of doing business through automation of business processes, continuous reduction in corporate tax rates to cultivate corporate culture, drastic reduction in litigation burden, and most importantly, offering a hassle-free environment to the taxpayers through dedicated tax units and efficient workforce.

Table 2: A Comparison of Net Collection in 2006-07 and 2005-06

(Rs. Billion)

	Collection 2006-07	Collection 2005-06	Difference	
			Absolute	Percent
Direct Taxes	333.7	225.0	108.7	48.3
Sales Tax (GST)	309.4	294.8	14.6	5.0
Federal Excise	71.8	55.3	16.5	29.9
Customs Duties	132.3	138.4	-6.1	-4.4
All Taxes	847.2	713.4	133.8	18.8

Source: FBR Data Bank

Detailed Analysis of Individual Taxes

Direct Taxes: The direct taxes have surpassed the original as well as upwardly revised targets of Rs. 264.7 billion and Rs. 318 billion, respectively. The net collection has recorded an all time high growth of 48.3% whereas the overall growth in gross collection has been 41.3% (Table 3). In terms of value, the net collection has reached Rs. 333.7 billion, which is Rs. 108.7 billion higher than last year. Some of the important features of direct taxes are as follows.

Firstly, compared to 2003-04 when the net collection was Rs. 165 billion, there has been more than 100% increase in net collection within a short span of three years, which is a sure sign of improvement in the taxation system in general and of direct taxes in particular. Consequently, the direct tax to GDP ratio has increased from 3% in 2005-06 to 3.8% in 2006-07.

Table 3: Head-wise Performance of Direct Taxes

(Rs. Billion)

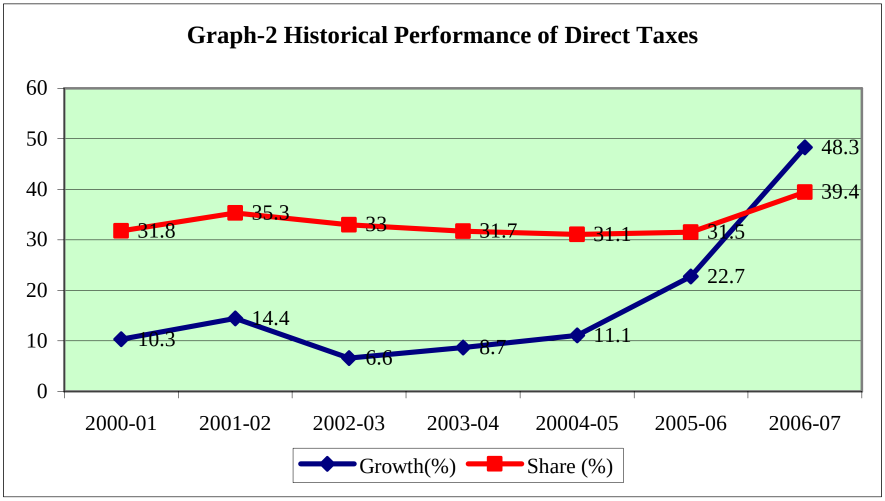
	2006-07	2005-06	Change (%)
Voluntary Payments	165.2	87.4	89.0
Collection on Demand	11.0	16.8	-34.5
Deductions at Source (WHT)	170.7	139.6	22.3
Gross Receipts	346.9	243.7	42.3
Refunds	32.2	34.0	-5.3
Other DT	19.0	15.3	24.2
Net Direct Taxes	333.7	225.0	48.3

Secondly, the refund pendency of direct taxes has almost been exhausted. To completely liquidate pending refunds, Rs. 32.2 billion have been paid back to taxpayers during 2006-07 in addition to Rs. 34 billion paid during 2005-06. This change is expected to have a favorable impact on corporate performance in coming years.

Thirdly, with improved tax efforts and effective implementation of tax policy and administrative reforms, the share of direct taxes in federal tax receipts has increased from around 15% in early 1990s to 32% in 2000-01. It has now touched new heights of 39.4% in 2006-07 (Graph 2). One of the implications of this change has been that direct taxes have now emerged as the leading revenue contributors of federal tax receipts – a transition that had always been desired on equity and efficiency grounds.

Fourthly, through a combination of policy interventions, such as the introduction of Universal Self-assessment (USAS) and revised regime of advance tax Payments on the one hand, and better human resource management on the other, the voluntary compliance has improved tremendously.

Fifthly, with improvement in voluntary compliance, the reliance of income and corporate taxes on withholding taxes (WHT) has decreased from 57.3% in 2005-06 to 49.2% in 2006-07. This feature together with improvement in the share of direct taxes in total federal tax receipts confirms that the overall taxation system in Pakistan is becoming less and less regressive as compared to earlier years.



Finally, two additional achievements during 2006-07 are the enhancement of direct tax base and the completion of the process of re-organization of field offices on functional lines. With 20% increase in tax base, the number of NTN holders has jumped from 2.1 million to 2.52 million during the last two years.

Sales Tax: GST is now operating as a value added tax and a vital source of federal tax revenues collection. The gross and net collection of sales tax during 2006-07 stood at Rs. 346.4 billion and Rs. 309.4 billion, entailing growth of 5.9% and 5% respectively over last year. Although the revised target of sales tax has been achieved to the extent of 99.5%, but the overall collection has remained below the expected level – for both of the components of sales tax i.e., sales tax domestic and sales tax imports. Consequently, the share of sales tax in FBR tax collection has also declined from 41.3% in 2005-06 to 36.5% in 2006-07. Some of the factors that have impeded the desired outcome were: (a) less than expected growth in imports, (b) decline in collection from two leading revenue spinners, namely, the automobile industry and the iron & steel sector, and (c) huge refund payments to energy sector combined with significant refunds to textile sector despite zero-rating of export oriented five industries (Table 4).

Collection of Sales Tax (Domestic) and Major Revenue Spinners: The net collection from sales tax (domestic) [ST (D)] recorded an overall growth of 8.2% partly due to 14.3% increase in refund payments. It appears that improved economic activity could not be translated into better compliance by the sales tax registered persons. It could very well be due to the prevalent stagnation in ST (D) operations, whereby the continuous risk of heavy dependence on small number of revenue spinners has not been mitigated.

The sectoral analysis confirms the premise that the GST tax base remains narrow. Around 90% of net receipts (Rs. 119.8 billion out of Rs. 133.5 billion), and 80% of gross receipts (Rs. 135.9 billion out of Rs. 170.5 billion) have been generated by only fifteen revenue spinners. The major players include telecom services, POL products, natural gas, sugar, cigarettes, services, LPG, cement, beverages, auto parts, iron & steel and gases & acids. Of fifteen major commodities, eleven have recorded a positive growth and there has been a decline in gross receipts on account of two utilities, cement, and motor cars.

Table 4: Collection and Growth of GST: 2006-07

(Rs. Billion)

Sources of GST	Collection/ Refunds			Growth (%)		
	Gross	Refund	Net	Gross	Refund	Net
Import Stage	175.9	0.0	175.9	2.6	-27.6	2.6
Domestic Production & Sales	170.5	37.0	133.5	9.5	14.3	8.2
GST (Total)	**346.3**	**37.0**	**309.4**	**5.9**	**14.5**	**4.9**

Sales Tax at Import Stage: For clarity sake, it is worthwhile to state that the collection of sales tax at import stage [ST (M)] crucially depends on the composition and volume of imports. Many items including raw materials have been zero-rated in recent years to promote industrial activity. Others, including food items and related essential products are sales tax exempt. Since the share of ST (M) in total sales tax collection has always been significant, fluctuations in imports leave an impact on tax receipts. This has precisely happened during 2006-07 when a lower growth in value of imports has been registered and consequently, the share of ST (M) has declined by around three percentage point as compared to last year. In fact, the overall growth of 8.1% in value of imports further declined to 6.8% as far as sales taxable value is concerned. This has been due to decline in customs duty collection which is included in the base value to determine the sales taxable value. Moreover, a decline in effective rate of ST (M) from 9.2% in 2005-06 to 8.8% in 2006-07, partly due to the on-going process of tariff rationalization and improvement in tariff escalation, had further contributed towards lowering the growth of collection to 2.6% only.[3]

The contribution of major commodity groups of ST (M) collection shows that nearly 87% of tax receipts have been generated by fifteen items. Within these, a double-digit growth has been recorded in POL products, edible oil, mechanical machinery, plastic products, organic chemicals, aluminum products, and paper & paper board. Nine out of 15 revenue spinners have added Rs. 21.2 billion to this collection as compared to last year. However, a sharp decline in collection has been noticed in the case of vehicles (by Rs. 5.4 billion), iron and steel (by Rs. 3.1 billion), and sugar (by Rs. 4.2 billion). The

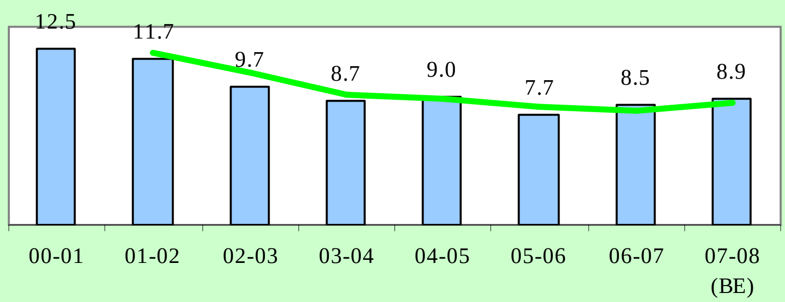
[3] Technically stating, for sales tax at import stage, the taxable value is determined by including customs duty in the value of imports. Therefore, all changes in tariff structure that result in reduction in customs duty in a particular year compared to when change was not effective leads not only to reduction in customs duties, but also to reduction in sales tax and withholding tax on imports.

outcome of the latter two has been quite anticipated, as the extra demand during preceding year due to domestic shortages has leveled-off. However, while ST (M) from iron & steel sector has declined by Rs. 3.4 billion, the ST (D) has increased by only Rs. 700 million, indicating that contrary to expectations 100% substitution between the two components did not take place. Contrary to this, the decline in collection from sugar has been as per *a priori* expectations; it declined from Rs. 15.4 billion in 2005-06 to Rs. 13.5 billion in 2006-07 due to less import requirement.

The decline in ST (M) from vehicles has been due to change in policy regime whereby the age of imported old and second-hand vehicles was restricted to five years. Moreover, the slowdown in one of the manufacturing/ assembling units was also responsible for decreased imports of CKD/SKD units, thereby resulting into reduced import-related taxes. Similarly, the decline in collection on account of electrical machinery has been due to policy changes that resulted into zero-rating of most of these products. Finally, the increase in international prices of fuels appears to have a significant impact on the relative strength of POL products – the share of this group has increased from 35% in 2005-06 to 41% in 2006-07.

Federal Excise Duties (FED): This source of revenue has started to regain importance due to widening of its base by inclusion of additional services into FED net. Its share has increased from 7.7% in 2005-06 to 8.5% in 2006-07 (Graph 3). The net collection indicates that Rs. 71.8 billion have been collected during 2006-07, showing an increase of Rs. 16.5 billion over previous year. The growth in collection has been 29.9%.

Graph 3: Historical Trend of FED Collection (Share %) in Total Revenue

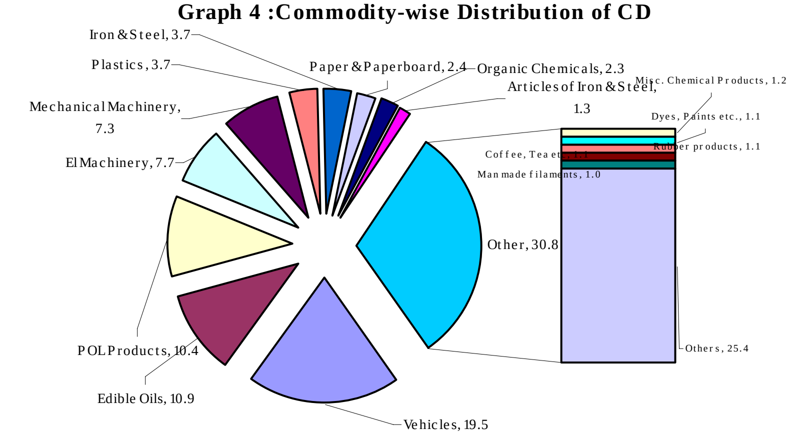


Traditionally the major sources of FED revenue are cigarettes, cement, natural gas, POL products and beverages. The inclusion of services in this group has been a recent phenomenon. These six items have contributed around 90% of total FED collection during 2006-07. Among these commodities, cigarette was the top most contributors followed by cement, natural gas, and beverages. The collection from cigarettes has recorded 17.1% growth during 2006-07. A robust growth of over 20% has also been witnessed by cement, POL and beverages. Looking at the rationale, it has been found that a significant growth of 23.5% in cement was due to higher production to cater rising demand. Incidentally, the production of cement increased by 21.1% during July-May 2006-07. The higher collection from cigarettes was possible due to increase in the retail prices of the cigarettes during 2006-07. The outcome also reveals that the anti-smoking drives are falling on deaf ears, as there is no visible decline in demand. The growth in FED from beverages can be attributed to more than 28% growth in production, which also, albeit indirectly confirms rising demand of the beverages in the country. Finally, the FED collection has declined in the case of natural gas due to its less extraction from fields located in the Balochistan province.

Customs Duties: Historically, the collection of Customs Duties (CD) has been an important source of federal tax revenues. Within the new international environment of low duties and the emergence of sales tax, the reliance on customs duties in indirect taxes has already declined as a source of revenue. Similar to other countries, in Pakistan too, the structure of tariff has undergone extensive changes during the past one and a half decades. The tariff rates have been rationalized and reduced to a great extent to encourage local industries to be more competitive. After reducing the maximum rate to 25%, the issue of tariff escalation has been dealt quite extensively during the last three years. Resultantly, more and more primary and semi-manufactured commodities are drifting down to lower slabs. Of course, these changes are not without revenue cost. Nonetheless, these policy measures are necessary to generate greater efficiency in the system.

Regarding revenue collection during 2006-07, it may be recalled that during the past few years the imports were growing in excess of 30% due to unprecedented surge in domestic demand. The expansion of the economy, particularly the industrial sector, was taking place at a rapid pace. However, during 2006-07, despite reduction in tariff rates for raw materials and machinery, the overall growth in the imports has slowed down to around 8% and the rate of growth of dutiable imports retarded to -4.1%. Consequently, hefty shortfall in CD collection was recorded during the year. The gross and net collection reduced to Rs. 145 billion and Rs. 132.3 billion respectively, yielding decline in CD by 7.5% and 4.4%, respectively. An in-depth sectoral analysis has been carried out in the following for 15 major commodity groups that constitute around 75% of the CD. The significance of these items can be judged from the fact that they cover 75% of total import value and 84% of dutiable import value. The relative significance of each of these commodity groups within CD is highlighted in Graph 4.

Graph 4 :Commodity-wise Distribution of CD



Projections for 2007-08

Anticipating that the economy will maintain the high growth trajectory and major taxes will also continue to display buoyant posture, the budgetary target for 2007-08 has been set rather ambitiously at Rs. 1025 billion, requiring an increase of 21% over the provisional collection of Rs. 847.2 billion of 2006-07 (Table 5). The projections for 2007-08 assume that GDP will grow by 7% in real terms; inflation will stabilize at around 7.5% and total imports to increase by 10%. Furthermore, a modest increase of 3% has been assumed for dutiable imports. Buoyancy estimate of unity is assumed for all federal taxes except for excise duties. Furthermore, the projections for 2007-08 also include the expected impact of budgetary and relief measures announced at the time of Federal Budget.

Given that the outturn of individual taxes and growth trajectories are materialized, the projections for 2007-08 will result into following tax mix of individual taxes: Direct Taxes 39.5%, GST 37.3%, Federal Excise 9.6%, and Customs Duties 13.7%. The most significant change in this outcome is that there will be a further decline in the share of customs duties compared to 2006-07 at the expense of FED whose share will increase due to expansion of base – from imposition of 1% additional duty and extension of FED to all non-fund services of financial institutions.

Table 5: A Comparison of Baseline Collection and Projections

	Collection 2006-07 *(Rs. Billion)*	Projections 2007-08 *(Rs. Billion)*	Addition *(Rs. Billion)*	Growth (%)
Direct Taxes	333.7	405.0	71.3	21.4
Sales Tax	309.4	382.0	72.6	23.5
Federal Excise	71.8	98.0	26.2	36.5
Customs Duties	132.3	140.0	7.7	5.8
All Taxes	847.2	1,025.0	177.8	21.0

Chapter 4

Tax Administration Reform Program (TARP): An Update

The implementation phase of the ongoing reform program of FBR is on track. After successful restructuring of the FBR Headquarter, significant progress has been made on physical infrastructure, especially the establishment of model tax offices in the shape of LTUs, RTOs, and MCCs. The FBR Act has been enacted. The major emphasis is now on automation of key business processes – the IT related initiatives and HR initiatives. The objective of this note is to provide an up-date on various programs to physical and technical areas within TARP.

FEDERAL BOARD OF REVENUE ACT, 2007

The Federal Board of Revenue Act, 2007 will help in further speeding up the reform process through quick decision making with more autonomy.

Automated Tax Payment System

FBR Collection Automation Project (CAP) has replaced traditional Challan based tax payment receipt system at National Bank of Pakistan (NBP) and State Bank of Pakistan (SBP). Originally the banks used to receive tax payments along with a four-part Challan Form, a signed and stamped tier of which was returned to taxpayer for future reference. As a back-office function, these Challans were then sent to local FBR Data Processing Center (DPC)/ Collectorate for electronic data capturing. In order to improve the quality of electronic tax collection information, the CAP was launched in start of 2005 with objectives of improved data quality and timely availability of information for FBR.

CAP Phase – 1 (Completed)

Through this phase of CAP, the traditional tax payment through Challan Forms is replaced by single part Tax Payment Input form. The information from the *Tax Payment Input* Form is electronically captured at the bank's *Tax Collection Counter*. Various parts of information provided on Tax Payment Input Form by taxpayer are verified (against FBR master data) while it is being captured such as taxpayer's identity, payment type, collection jurisdiction etc. After the data entry is completed, a signed and stamped Computerized Payment Receipt (CPR) is provided to taxpayer. The electronic collection data from all bank branches is transmitted to bank's head office at the end of working day. At the start of next working day, this data is merged at bank head office and sent to FBR through secure data transfer. The received data is then used for loading into FBR central data repository, sent to DPC for uploading into their servers and for production of various collection reports being shared by various departments of FBR.

CAP Phase – 2 (In progress)

As further improvements of services to taxpayer, PRAL has developed an Electronic Payment Portal (e-FBR Portal, an internet based *Tax Payment Input Form* recording facility) where taxpayer is allowed to fill his/ her payment details from any Personal Computer (PC) at home or work. After the verification of information being captured, the taxpayer is issued a reference number to the information entered. The taxpayer is then advised to approach a nearest bank branch's *Tax Collection Counter*.

The bank cashier accesses the payment details (entered by taxpayer) using the reference number provided by taxpayer and prints the CPR after the required payment is received. Advantages of CAP Phase-2 over previous approach are fast processing of payment collection since no data entry is involved and reduced chances of error since the data is being entered by taxpayer. The data transfer to FBR follows the same route as mentioned under CAP Phase-1.

CAP Phase – 3 (Future Planning)

As further improvement to existing process, PRAL has initiated linking the payment information with bank's *Electronic Transaction Processing Interface* for its customers.

Using the banks transaction processing system, the account holders (and taxpayers) will be allowed to make tax payments through transfer from their bank accounts. The obvious advantages of this approach are elimination of taxpayer's visit to bank's *Tax Collection Counter* and streamlined documentation of transaction.

In order to facilitate the taxpayers, the FBR has simplified and automated the process of payment of income tax, sales tax and federal excise duty. The FBR has introduced a single page return for the payment of these taxes for all registered persons in lieu of ten returns forms, one for corporate and one for non corporate tax payers. The FBR has also introduced the concept of electronic filing of income tax, sales tax and federal excise returns as well as with holding tax statement through the computerized system.

Record Cleansing

The cleansing of record/data has been one of top priorities of the Income Tax and Sales Tax Administrations during last couple of years. The Income tax has updated the data of taxpayers and keeps it as an ongoing process. Sales tax side during 2005-2006 has updated the data of NTN of 71000 registered persons out of 82324 operative return filers. All the Regional tax offices have cleansed their records and weeded out the old records whereas, the Collectorates have been provided with the list of large and medium category of taxpayers. The FBR has also undertaken a hectic exercise to weed-out the old and undesired record. This exercise is being conducted at field offices and at FBR (HQ) simultaneously. At FBR (HQ), the next phase in this regard is file archiving and digitizing for which all files are to be scanned and put in to a Content Management Sever.

Automated System of Refund in Sales Tax

The FBR started the process of automation of payment of sales tax refund in the year 2002-2003 and in this regard a central data base namely, STARR, was established. The central data base contained the data of profiles of all sales tax registered persons, data of monthly sales tax returns filled by the sales tax registered persons and data relating to all Goods Declarations (bills of entry and shipping bills). The STARR system was further enhanced and a new system namely STREAMS was introduced which has now been up-graded with a new system CREAST. The new automated refund processing system is based on risk assessment which is called RRAS (Risk-based Refund Analysis System). The automated refund processing system is running successfully and has helped in substantial liquidation of pending refund claims. During the period from 01.07.2006 to 31.06.2007, the field offices have disposed off 39357 refund claims and paid Rs.36,958 million of refund to the refund claimants.

PaCCS Project

Pakistan Automated Customs Clearance System (PaCCS) is an integrated, web-enabled, paperless, real-time system launched on March 23, 2005 and is successfully working for Customs clearance of Containerized imported and exported cargo through Karachi, Pakistan, and Qasim International Container Terminals – KICT, PICT and QICT.

During the transitional period of rolling out of PaCCS in all the model customs collectorates, the system of One-Customs will continue to operate side by side, to create conducive environment for automation and ready to be assimilated. In addition to the 25 Customs stations already interconnected with One-Customs Link, One-Customs Online Documents Processing System has also been implemented at Sust from 2nd July 2007. Except for a few border stations, all customs stations are now connected by One-Customs. One-Customs now provides web based filing of imports and exports, electronic manifest filing at airports, monitoring of transshipment consignments, linkages of valuation rulings with appraisement process. Other projects like the development of Risk Management System, paperless GD Processing, customs information exchange portal between Sust and Chinese Customs, incorporation of ATA Carnet in One-Customs are under development.

National Tax Number (NTN)

NTN is issued to business individuals, salaried individuals, AOP and companies through a prescribed application. It is being issued by 15 NTN Cells through out the country and request may be made online for issuance of NTN. To facilitate the taxpayer, the processing of application has been decentralized with effect from 01.07.2007 through respective RTOs all over the country.

Post Clearance Audit

The Federal Board of Revenue is in the process of setting up of Customs Post Clearance Audit for imported goods. The set up includes a central organization located in FBR (HQ) and local audit units in respective clearance Collectorate. The central organization will select cases on the basis of certain risk criteria and would assign these audits to local audit units for initiation of audit.

Chapter 5

Concluding Observations

It is a matter of great satisfaction that domestic resource mobilization effort, especially of FBR has been focused and the start-of-the-year revenue target for 2006-07. Despite unexpected internal and external shocks in the shape of slowdown in imports and extra refund claims by the energy sector, the tax revenues have not only exceeded the assigned target, but a robust growth of around 19% has also been recorded. For the second year running the much debated Tax/GDP has increased by 0.3%, which is consistent with the overall long-term vision of FBR. The second major achievement during the year has been the unprecedented performance of direct taxes, where substantial gains have been made on account of voluntary compliance compared to other components. In fact, the direct taxes have finally assumed the role of leading tax in term of revenue generation. Not only that the share of direct taxes has increased from 30% to 40%, the direct tax to GDP ratio has also recorded an increase of 0.8%. This change has important implications for the overall tax structure in Pakistan, especially with regard to progressivity and efficiencies concerns. The third important feature of FBR performance has been the inclusion of additional services in the tax net. The base of FED was augmented during the year. This change though not so pronounced yet, is expected to have favorable yield in future, as the existing discrepancy between share of services in GDP and taxes will be narrowed further.

Fourthly, reducing tax distortions has been one of the policy objectives of FBR. In this regard further incentives have been provided to investors and trading entities in terms of rate reduction of raw materials and machinery to bring down the cost of doing business in Pakistan. This fiscal stance has indeed played a positive role in boosting economic activity in the country.

Finally, FBR has maintained the momentum of reforms, both in the shape of policy and administrative changes. It is encouraging that improved working environment in the shape of infrastructure and better qualified and trained workforce have changed the work ethics. Going forward, keeping in view the remarkable performance of taxes and the economy, a rather ambitious target of Rs. 1,025 billion has been set for 2007-08. The revenue organization is fully poised to meet this challenge gracefully as has been the norm during the past four years.

SPECIAL EVENTS

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Presentation on FBR Revenue Vision to
PRESIDENT and PRIME MINISTER
On February 22, 2007

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PRESIDENT OF PAKISTAN
Addresses to the Participants Of
Tax Reform Conference

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PRIME MINISTER
Inaugurates the IC3 Project

Presentation on FBR Revenue Vision to PRESIDENT and PRIME MINISTER

The day of 22nd February 2007 will be remembered as the historic day when the President and Prime Minster of Islamic Republic of Pakistan together visited FBR along with state dignitaries. In fact it was the recognition of the exceptional performance shown by the department for last five years. It also shows the great interest and patronage of the President in the revenue and fiscal matters of Pakistan.

At this auspicious occasion a presentation was given by Chairman, M. Abdullah Yusuf to the President and Prime Minister appraising them about the current status of revenue collection, the challenges in resource mobilization and future vision of the FBR. The Chairman highlighted the fact that the revenue organization has not only met the revenue target since 2002-03, on many occasions it has surpassed the assigned target. He explained that while 25% of GDP originates from the agriculture sector, 20% from Manufacturing and Mining sectors and close to 55% from services sectors, the tax collection from these three sectors has been disproportionate. The largest statutory tax burden falls on the manufacturing and mining sectors that, in turn, pass the tax burden on to final consumers. The Chairman presented a roadmap of short, medium and long- term revenue strategy fully consistent with the Macroeconomic framework of the GOP. He committed to pursue this strategy so as to increase the Tax/GDP ratio by 5% points in ten years time.

The presentation of Chairman FBR to the President and Prime Minister

The President and the Prime Minister during the Presentation by Chairman M. Abdullah Yusuf

The President appreciated the FBR team managers for a wonderful performance during last few years. He emphasized the need and importance of raising tax revenues in accordance with the structure of the economy for the economic development and poverty alleviation in Pakistan. He stressed that it is the taxation structure which can lessen the debt burden, create congenial business environment, attract the foreign investment and eventually pave the way for growth and prosperity. In this regard the FBR reform program has been designed to achieve these goals. He appreciated the dedication of the senior management for the work done on tax policy and administrative reform project. The President asked the FBR team to maintain the pace of effort and commitment to achieve the long term goals and to make Pakistan a prosperous country.

The President addresses to the top management of FBR

National Conference on Tax Administration Reform Program

Federal Board of Revenue has successfully held two-day National Conference on Tax Administration Reform Program (TARP) on 3rd & 4th May 2007 at Hotel Sheraton, Karachi. The objectives of the Conference were (a) to involve the external and internal stakeholders at all levels in support of the Tax Administration Reform Program, (b) to apprise them about progress and achievements of the said Program and (c) to create the feeling of ownership of the Tax Administration Reform Program in the private sector. The Conference was attended by a large number of dignitaries from all important walks of economic life. Around 1000 national and international Industrial trade and business bodies attended the conference.

The inaugural session was chaired by Governor Sindh Dr. Ishrat-ul-Ibad. Mr. Salman Nabi, Member (Direct Taxes) apprised the participants regarding the unprecedented facilities provided to the taxpayers and the benefits of USAS. The trade and Industry was represented by the President FPCCI Mr. Tanvir Ahmed Sheikh. In his keynote address recorded his appreciation of the FBR performance. He emphasized that by providing level playing field and better facilitations, the business community has now the opportunity of innovation and expansion in their businesses.

Mr. Naveed A. Andrabi, President Pakistan Tax Bar Association also chaired a session whereas an up-date on TARP was provided by FBR Member Tax Policy and Reforms Mr. Habib Fakhruddin..

The first session started with National Anthem


A Segment of the participants of the Conference

The Member (Sales Tax) Mrs. Mussarat Jabeen stressed the need for capturing value addition at every stage of the entire supply chain. Member (Audit) Mr. Abdul Razzaq informed the participants that the National Audit Plan and a coherent audit manual for audit of all Federal Taxes is near completion. Mr. Masood A. Naqvi of ICAP emphasized the need for bringing the real estate sector into tax net. The business sector was represented by Mr. Zubair Motiwala who not only invited questions from the floor but also shared his innovative ideas with the participants.

Another segment of the Distinguished Participants

Member (Customs) Mr. Shahid Rahim Sheikh made a detailed presentation on various reforms initiatives henceforth put in place and those in the pipeline. He highlighted the significance of the Custom administration reforms project (CARE) and explained as to how multiple manual processes involved in clearance of goods have been eliminated. Mr. S. M. Munir and Mr. Tariq Saeed also shared their views with the participants. The Chairman FBR, Mr. M. Abdullah Yusuf thanked the President for gracing the occasion with his presence. The Chairman expressed the desire to raise Tax/GDP ratio of Pakistan to the levels enjoyed by the South Asian economies. He informed the august forum that several measures have been taken to achieve the desired goal.

The President of Pakistan in his concluding remarks expressed satisfaction with the growing revenues. He complemented the efforts of FBR Chairman and his colleagues in achieving the revenue target. He also appreciated the pace of reforms and stressed the need for a close liaison between public and private sector, improvement in relationship between taxpayer and tax collector, business community, and financial experts.

Chairman FBR addresses the participants of the Conference

Prime Minister Inaugurates the IC3 Project On 30th April, 2007

Globalization and stiff competition among the nations regarding imports and exports businesses, has increased the significance of speedy delivery of traded goods to the destination manifold. The buyers and suppliers throughout the world want swift clearance and immediate delivery of their consignments to have edge over the competitors. It provides a great relief and satisfaction to the trading partners. Therefore, it is essential for a developing country like Pakistan to upgrade its cargo terminals to facilitate the large number of exporters and importers.

The establishment of Integrated Cargo Container Control (IC3) at Port Qasim Karachi is a momentous start of a new era. The IC3 program is based on strategic partnership between Pakistan customs and Unites States Customs and Border Protection under the secured trade initiative. IC3 terminal involves joint investment of over US $8 million by Pakistan and USA. The agreement in this regards was signed in March 2006 between Pakistan customs and US Customs and Border Protection.

Prime Minister of Pakistan Mr. Shaukat Aziz inaugurated the facility on April 30th 2007.

The Prime Minster of Pakistan Mr. Shaukat Aziz inaugurated the IC3 terminal.

The Prime Minister and Governor Sindh are being informed about the salient features of the Facility

In the inauguration speech Prime Minster expressed his pleasure on the opening of the state of the art facility which would allow shipment of goods from Port Qasim to be pre-cleared here and then enter the United State without any further intervention. It will reduce door to door time from Pakistani supplier to the US buyer. The US is the major trading partner of Pakistan and this facility will allow our companies here to supply just-in-time inventories to the US companies. He further said the flow of inventories without physical checking and waste of time gives peace of mind to the exporter and importer as it eliminates unnecessary delay. The prime minister also welcomed the investment from any part of the world as it is also a source of transfer of technologies and latest expertise.

The Prime Minister Addresses the Gathering

STATISTICAL APPENDIX

Comparative Statements of Month-to-Month and Progressive Collection of Federal Taxes 2006 - 07

ALL TAXES

Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		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
JULY	M	41,522	6,921	34,601	54,468	8,290	46,178	12,946	1,369	11,577	31.2	19.8	33.5
AUGUST	M	50,326	5,402	44,924	54,016	7,683	46,333	3,690	2,281	1,409	7.3	42.2	3.1
	P	**91,848**	**12,323**	**79,525**	**108,484**	**15,973**	**92,511**	**16,636**	**3,650**	**12,986**	**18.1**	**29.6**	**16.3**
SEPTEMBER	M	78,416	5,885	72,531	101,547	10,121	91,426	23,131	4,236	18,895	29.5	72.0	26.1
1st Quarter		**170,264**	**18,208**	**152,056**	**210,031**	**26,094**	**183,937**	**39,767**	**7,886**	**31,881**	**23.4**	**43.3**	**21.0**
OCTOBER	M	56,273	7,098	49,175	60,399	7,087	53,312	4,126	-11	4,137	7.3	-0.2	8.4
	P	**226,537**	**25,306**	**201,231**	**270,430**	**33,181**	**237,249**	**43,893**	**7,875**	**36,018**	**19.4**	**31.1**	**17.9**
NOVEMBER	M	53,461	5,908	47,553	67,079	8,052	59,027	13,618	2,144	11,474	25.5	36.3	24.1
	P	**279,998**	**31,214**	**248,784**	**337,509**	**41,233**	**296,276**	**57,511**	**10,019**	**47,492**	**20.5**	**32.1**	**19.1**
DECEMBER	M	86,627	11,502	75,125	123,862	9,626	114,236	37,235	-1,876	39,111	43.0	-16.3	52.1
2nd Quarter		**196,361**	**24,508**	**171,853**	**251,340**	**24,765**	**226,575**	**54,979**	**257**	**54,722**	**28.0**	**1.0**	**31.8**
Upto 2nd Qtr		**366,625**	**42,716**	**323,909**	**461,371**	**50,859**	**410,512**	**94,746**	**8,143**	**86,603**	**25.8**	**19.1**	**26.7**
JANUARY	M	53,366	7,445	45,921	55,594	3,434	52,160	2,228	-4,011	6,239	4.2	-53.9	13.6
	P	**419,991**	**50,161**	**369,830**	**516,965**	**54,293**	**462,672**	**96,974**	**4,132**	**92,842**	**23.1**	**8.2**	**25.1**
FEBRUARY	M	56,011	6,529	49,482	56,830	4,404	52,426	819	-2,125	2,944	1.5	-32.5	5.9
	P	**476,002**	**56,690**	**419,312**	**573,795**	**58,697**	**515,098**	**97,793**	**2,007**	**95,786**	**20.5**	**3.5**	**22.8**
MARCH	M	79,236	8,726	70,510	89,298	7,399	81,899	10,062	-1,327	11,389	12.7	-15.2	16.2
3rd Quarter		**188,613**	**22,700**	**165,913**	**201,722**	**15,237**	**186,485**	**13,109**	**-7,463**	**20,572**	**7.0**	**-32.9**	**12.4**
Upto 3rd Qtr		**555,238**	**65,416**	**489,822**	**663,093**	**66,096**	**596,997**	**107,855**	**680**	**107,175**	**19.4**	**1.0**	**21.9**
APRIL	M	63,599	6,442	57,157	66,406	6,921	59,485	2,807	479	2,328	4.4	7.4	4.1
	P	**618,837**	**71,858**	**546,979**	**729,499**	**73,017**	**656,482**	**110,662**	**1,159**	**109,503**	**17.9**	**1.6**	**20.0**
MAY	M	69,140	5,550	63,590	70,491	4,717	65,774	1,351	-833	2,184	2.0	-15.0	3.4
	P	**687,977**	**77,408**	**610,569**	**799,990**	**77,734**	**722,256**	**112,013**	**326**	**111,687**	**16.3**	**0.4**	**18.3**
JUNE	M	110,582	7,709	102,873	129,383	4,403	124,980	18,801	-3,306	22,107	17.0	-42.9	21.5
4th Quarter		**243,321**	**19,701**	**223,620**	**266,280**	**16,041**	**250,239**	**22,959**	**-3,660**	**26,619**	**9.4**	**-18.6**	**11.9**
Upto 4th Qtr		**798,559**	**85,117**	**713,442**	**929,373**	**82,137**	**847,236**	**130,814**	**-2,980**	**133,794**	**16.4**	**-3.5**	**18.8**

DIRECT TAXES
Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		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
JULY	M	8,865	1,245	7,620	11,619	1,533	10,086	2,754	288	2,466	31.1	23.1	32.4
AUGUST	M	10,342	1,327	9,015	12,941	1,831	11,110	2,599	504	2,095	25.1	38.0	23.2
	P	**19,207**	**2,572**	**16,635**	**24,560**	**3,364**	**21,196**	**5,353**	**792**	**4,561**	**27.9**	**30.8**	**27.4**
SEPTEMBER	M	34,181	2,630	31,551	52,021	6,741	45,280	17,840	4,111	13,729	52.2	156.3	43.5
1st Quarter		**53,388**	**5,202**	**48,186**	**76,581**	**10,105**	**66,476**	**23,193**	**4,903**	**18,290**	**43.4**	**94.3**	**38.0**
OCTOBER	M	12,930	1,825	11,105	17,946	1,880	16,066	5,016	55	4,961	38.8	3.0	44.7
	P	**66,318**	**7,027**	**59,291**	**94,527**	**11,985**	**82,542**	**28,209**	**4,958**	**23,251**	**42.5**	**70.6**	**39.2**
NOVEMBER	M	12,327	2,164	10,163	17,433	3,508	13,925	5,106	1,344	3,762	41.4	62.1	37.0
	P	**78,645**	**9,191**	**69,454**	**111,960**	**15,493**	**96,467**	**33,315**	**6,302**	**27,013**	**42.4**	**68.6**	**38.9**
DECEMBER	M	40,966	6,106	34,860	80,444	4,212	76,232	39,478	-1,894	41,372	96.4	-31.0	118.7
2nd Quarter		**66,223**	**10,095**	**56,128**	**115,823**	**9,600**	**106,223**	**49,600**	**-495**	**50,095**	**74.9**	**-4.9**	**89.3**
Upto 2nd Qtr		**119,611**	**15,297**	**104,314**	**192,404**	**19,705**	**172,699**	**72,793**	**4,408**	**68,385**	**60.9**	**28.8**	**65.6**
JANUARY	M	12,948	2,878	10,070	13,527	1,070	12,457	579	-1,808	2,387	4.5	-62.8	23.7
	P	**132,559**	**18,175**	**114,384**	**205,931**	**20,775**	**185,156**	**73,372**	**2,600**	**70,772**	**55.4**	**14.3**	**61.9**
FEBRUARY	M	12,680	2,161	10,519	14,772	992	13,780	2,092	-1,169	3,261	16.5	-54.1	31.0
	P	**145,239**	**20,336**	**124,903**	**220,703**	**21,767**	**198,936**	**75,464**	**1,431**	**74,033**	**52.0**	**7.0**	**59.3**
MARCH	M	31,709	3,916	27,793	42,779	3,914	38,865	11,070	-2	11,072	34.9	-0.1	39.8
3rd Quarter		**57,337**	**8,955**	**48,382**	**71,078**	**5,976**	**65,102**	**13,741**	**-2,979**	**16,720**	**24.0**	**-33.3**	**34.6**
Upto 3rd Qtr		**176,948**	**24,252**	**152,696**	**263,482**	**25,681**	**237,801**	**86,534**	**1,429**	**85,105**	**48.9**	**5.9**	**55.7**
APRIL	M	17,211	2,323	14,888	17,821	2,741	15,080	610	418	192	3.5	18.0	1.3
	P	**194,159**	**26,575**	**167,584**	**281,303**	**28,422**	**252,881**	**87,144**	**1,847**	**85,297**	**44.9**	**7.0**	**50.9**
MAY	M	16,968	2,605	14,363	20,803	978	19,825	3,835	-1,627	5,462	22.6	-62.5	38.0
	P	**211,127**	**29,180**	**181,947**	**302,106**	**29,400**	**272,706**	**90,979**	**220**	**90,759**	**43.1**	**0.8**	**49.9**
JUNE	M	47,862	4,821	43,041	63,865	2,834	61,031	**16,003**	**-1,987**	**17,990**	**33.4**	**-41.2**	**41.8**
4th Quarter		**82,041**	**9,749**	**72,292**	**102,489**	**6,552**	**95,936**	**20,103**	**-3,197**	**23,300**	**24.9**	**-32.8**	**32.7**
Upto 4th Qtr		**258,989**	**34,001**	**224,988**	**365,971**	**32,234**	**333,737**	**106,637**	**-1,768**	**108,405**	**41.3**	**-5.2**	**48.3**

INDIRECT TAXES
Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		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
JULY	M	32,657	5,676	26,981	42,849	6,757	36,092	10,192	1,081	9,111	31.2	19.0	33.8
AUGUST	M	39,984	4,075	35,909	41,075	5,852	35,223	1,091	1,777	-686	2.7	43.6	-1.9
	P	**72,641**	**9,751**	**62,890**	**83,924**	**12,609**	**71,315**	**11,283**	**2,858**	**8,425**	**15.5**	**29.3**	**13.4**
SEPTEMBER	M	44,235	3,255	40,980	49,526	3,380	46,146	5,291	125	5,166	12.0	3.8	12.6
1st Quarter		**116,876**	**13,006**	**103,870**	**133,450**	**15,989**	**117,461**	**16,574**	**2,983**	**13,591**	**14.2**	**22.9**	**13.1**
OCTOBER	M	43,343	5,273	38,070	42,453	5,207	37,246	-890	-66	-824	-2.1	-1.3	-2.2
	P	**160,219**	**18,279**	**141,940**	**175,903**	**21,196**	**154,707**	**15,684**	**2,917**	**12,767**	**9.8**	**16.0**	**9.0**
NOVEMBER	M	41,134	3,744	37,390	49,646	4,544	45,102	8,512	800	7,712	20.7	21.4	20.6
	P	**201,353**	**22,023**	**179,330**	**225,549**	**25,740**	**199,809**	**24,196**	**3,717**	**20,479**	**12.0**	**16.9**	**11.4**
DECEMBER	M	45,661	5,396	40,265	43,418	5,414	38,004	-2,243	18	-2,261	-4.9	0.3	-5.6
2nd Quarter		**130,138**	**14,413**	**115,725**	**135,517**	**15,165**	**120,352**	**5,379**	**752**	**4,627**	**4.1**	**5.2**	**4.0**
Upto 2nd Qtr		**247,014**	**27,419**	**219,595**	**268,967**	**31,154**	**237,813**	**21,953**	**3,735**	**18,218**	**8.9**	**13.6**	**8.3**
JANUARY	M	40,418	4,567	35,851	42,067	2,364	39,703	1,649	-2,203	3,852	4.1	-48.2	10.7
	P	**287,432**	**31,986**	**255,446**	**311,034**	**33,518**	**277,516**	**23,602**	**1,532**	**22,070**	**8.2**	**4.8**	**8.6**
FEBRUARY	M	43,331	4,368	38,963	42,058	3,412	38,646	-1,273	-956	-317	-2.9	-21.9	-0.8
	P	**330,763**	**36,354**	**294,409**	**353,092**	**36,930**	**316,162**	**22,329**	**576**	**21,753**	**6.8**	**1.6**	**7.4**
MARCH	M	47,527	4,810	42,717	46,519	3,485	43,034	-1,008	-1,325	317	-2.1	-27.5	0.7
3rd Quarter		**131,276**	**13,745**	**117,531**	**130,644**	**9,261**	**121,383**	**-632**	**-4,484**	**3,852**	**-0.5**	**-32.6**	**3.3**
Upto 3rd Qtr		**378,290**	**41,164**	**337,126**	**399,611**	**40,415**	**359,196**	**21,321**	**-749**	**22,070**	**5.6**	**-1.8**	**6.5**
APRIL	M	46,388	4,119	42,269	48,585	4,180	44,405	2,197	61	2,136	4.7	1.5	5.1
	P	**424,678**	**45,283**	**379,395**	**448,196**	**44,595**	**403,601**	**23,518**	**-688**	**24,206**	**5.5**	**-1.5**	**6.4**
MAY	M	52,172	2,945	49,227	49,688	3,739	45,949	-2,484	794	-3,278	-4.8	27.0	-6.7
	P	**476,850**	**48,228**	**428,622**	**497,884**	**48,334**	**449,550**	**21,034**	**106**	**20,928**	**4.4**	**0.2**	**4.9**
JUNE	M	62,720	2,888	59,832	65,518	1,569	63,949	2,798	-1,319	4,117	4.5	-45.7	6.9
4th Quarter		**161,280**	**9,952**	**151,328**	**163,791**	**9,488**	**154,303**	**2,511**	**-464**	**2,975**	**1.6**	**-4.7**	**2.0**
Upto 4th Qtr		**539,570**	**51,116**	**488,454**	**563,702**	**49,903**	**513,499**	**23,832**	**-1,213**	**25,045**	**4.4**	**-2.4**	**5.1**

SALES TAX (TOTAL)
Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		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
JULY	M	19,978	4,238	15,740	28,688	4,664	24,024	8,710	426	8,284	43.6	10.1	52.6
AUGUST	M	24,353	1,574	22,779	25,247	4,332	20,915	894	2,758	-1,864	3.7	175.2	-8.2
	P	**44,331**	**5,812**	**38,519**	**53,935**	**8,996**	**44,939**	**9,604**	**3,184**	**6,420**	**21.7**	**54.8**	**16.7**
SEPTEMBER	M	26,228	1,762	24,466	32,910	2,264	30,646	6,682	502	6,180	25.5	28.5	25.3
1st Quarter		**70,559**	**7,574**	**62,985**	**86,845**	**11,260**	**75,585**	**16,286**	**3,686**	**12,600**	**23.1**	**48.7**	**20.0**
OCTOBER	M	27,204	3,628	23,576	26,031	4,057	21,974	-1,173	429	-1,602	-4.3	11.8	-6.8
	P	**97,763**	**11,202**	**86,561**	**112,876**	**15,317**	**97,559**	**15,113**	**4,115**	**10,998**	**15.5**	**36.7**	**12.7**
NOVEMBER	M	25,797	2,250	23,547	31,760	3,630	28,130	5,963	1,380	4,583	23.1	61.3	19.5
	P	**123,560**	**13,452**	**110,108**	**144,636**	**18,947**	**125,689**	**21,076**	**5,495**	**15,581**	**17.1**	**40.8**	**14.2**
DECEMBER	M	26,427	3,796	22,631	24,683	4,135	20,548	-1,744	339	-2,083	-6.6	8.9	-9.2
2nd Quarter		**79,428**	**9,674**	**69,754**	**82,474**	**11,822**	**70,652**	**3,046**	**2,148**	**898**	**3.8**	**22.2**	**1.3**
Upto 2nd Qtr		**149,987**	**17,248**	**132,739**	**169,319**	**23,082**	**146,237**	**19,332**	**5,834**	**13,498**	**12.9**	**33.8**	**10.2**
JANUARY	M	25,310	3,122	22,188	26,406	1,620	24,786	1,096	-1,502	2,598	4.3	-48.1	11.7
	P	**175,297**	**20,370**	**154,927**	**195,725**	**24,702**	**171,023**	**20,428**	**4,332**	**16,096**	**11.7**	**21.3**	**10.4**
FEBRUARY	M	26,721	3,130	23,591	26,223	2,507	23,716	-498	-623	125	-1.9	-19.9	0.5
	P	**202,018**	**23,500**	**178,518**	**221,948**	**27,209**	**194,739**	**19,930**	**3,709**	**16,221**	**9.9**	**15.8**	**9.1**
MARCH	M	27,208	3,323	23,885	26,649	2,573	24,076	-559	-750	191	-2.1	-22.6	0.8
3rd Quarter		**79,239**	**9,575**	**69,664**	**79,278**	**6,700**	**72,578**	**39**	**-2,875**	**2,914**	**0.0**	**-30.0**	**4.2**
Upto 3rd Qtr		**229,226**	**26,823**	**202,403**	**248,597**	**29,782**	**218,815**	**19,371**	**2,959**	**16,412**	**8.5**	**11.0**	**8.1**
APRIL	M	28,539	2,395	26,144	30,305	3,328	26,977	1,766	933	833	6.2	39.0	3.2
	P	**257,765**	**29,218**	**228,547**	**278,902**	**33,110**	**245,792**	**21,137**	**3,892**	**17,245**	**8.2**	**13.3**	**7.5**
MAY	M	32,101	1,555	30,546	30,414	2,989	27,425	-1,687	1,434	-3,121	-5.3	92.2	-10.2
	P	**289,866**	**30,773**	**259,093**	**309,316**	**36,099**	**273,217**	**19,450**	**5,326**	**14,124**	**6.7**	**17.3**	**5.5**
JUNE	M	37,371	1,666	35,705	37,108	930	36,178	-263	-736	473	-0.7	-44.2	1.3
4th Quarter		**98,011**	**5,616**	**92,395**	**97,827**	**7,247**	**90,580**	**-184**	**1,631**	**-1,815**	**-0.2**	**29.0**	**-2.0**
Upto 4th Qtr		**327,237**	**32,439**	**294,798**	**346,424**	**37,029**	**309,395**	**19,187**	**4,590**	**14,597**	**5.9**	**14.1**	**5.0**

SALES TAX (IMPORTS)
Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		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
JULY	M	11,095	13	11,082	15,117	8	15,109	4,022	-5	4,027	36.3	-38.5	36.3
AUGUST	M	13,609	22	13,587	14,852	3	14,849	1,243	-19	1,262	9.1	-86.4	9.3
	P	**24,704**	**35**	**24,669**	**29,969**	**11**	**29,958**	**5,265**	**-24**	**5,289**	**21.3**	**-68.6**	**21.4**
SEPTEMBER	M	14,358	2	14,356	14,792	9	14,783	434	7	427	3.0	350.0	3.0
1st Quarter		**39,062**	**37**	**39,025**	**44,761**	**20**	**44,741**	**5,699**	**-17**	**5,716**	**14.6**	**-45.9**	**14.6**
OCTOBER	M	14,269	5	14,264	11,435	6	11,429	-2,834	1	-2,835	-19.9	20.0	-19.9
	P	**53,331**	**42**	**53,289**	**56,196**	**26**	**56,170**	**2,865**	**-16**	**2,881**	**5.4**	**-38.1**	**5.4**
NOVEMBER	M	13,122	6	13,116	16,370	3	16,367	3,248	-3	3,251	24.8	-50.0	24.8
	P	**66,453**	**48**	**66,405**	**72,566**	**29**	**72,537**	**6,113**	**-19**	**6,132**	**9.2**	**-39.6**	**9.2**
DECEMBER	M	14,352	9	14,343	12,792	17	12,775	-1,560	8	-1,568	-10.9	88.9	-10.9
2nd Quarter		**41,743**	**20**	**41,723**	**40,597**	**26**	**40,571**	**-1,146**	**6**	**-1,152**	**-2.7**	**30.0**	**-2.8**
Upto 2nd Qtr		**80,805**	**57**	**80,748**	**85,358**	**46**	**85,312**	**4,553**	**-11**	**4,564**	**5.6**	**-19.3**	**5.7**
JANUARY	M	12,265	5	12,260	12,703	1	12,702	438	-4	442	3.6	-80.0	3.6
	P	**93,070**	**62**	**93,008**	**98,061**	**47**	**98,014**	**4,991**	**-15**	**5,006**	**5.4**	**-24.2**	**5.4**
FEBRUARY	M	13,095	4	13,091	13,623	3	13,620	528	-1	529	4.0	-25.0	4.0
	P	**106,165**	**66**	**106,099**	**111,684**	**50**	**111,634**	**5,519**	**-16**	**5,535**	**5.2**	**-24.2**	**5.2**
MARCH	M	15,026	18	15,008	14,102	4	14,098	-924	-14	-910	-6.1	-77.8	-6.1
3rd Quarter		**40,386**	**27**	**40,359**	**40,428**	**8**	**40,420**	**42**	**-19**	**61**	**0.1**	**-70.4**	**0.2**
Upto 3rd Qtr		**121,191**	**84**	**121,107**	**125,786**	**54**	**125,732**	**4,595**	**-30**	**4,625**	**3.8**	**-35.7**	**3.8**
APRIL	M	13,757	2	13,755	15,467	1	15,466	1,710	-1	1,711	12.4	-50.0	12.4
	P	**134,948**	**86**	**134,862**	**141,253**	**55**	**141,198**	**6,305**	**-31**	**6,336**	**4.7**	**-36.0**	**4.7**
MAY	M	17,159	3	17,156	16,576	15	16,561	-583	12	-595	-3.4	400.0	-3.5
	P	**152,107**	**89**	**152,018**	**157,829**	**70**	**157,759**	**5,722**	**-19**	**5,741**	**3.8**	**-21.3**	**3.8**
JUNE	M	19,436	9	19,427	18,150	1	18,149	-1,286	-8	-1,278	-6.6	-88.9	-6.6
4th Quarter		**50,352**	**14**	**50,338**	**50,193**	**17**	**50,176**	**-159**	**3**	**-162**	**-0.3**	**21.4**	**-0.3**
Upto 4th Qtr		**171,543**	**98**	**171,445**	**175,979**	**71**	**175,908**	**4,436**	**-27**	**4,463**	**2.6**	**-27.6**	**2.6**

SALES TAX (DOMESTIC)
Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET
1		5	6	7	5	6	7	8	9	10	11	12	13
JULY	M	8,883	4,225	4,658	13,571	4,656	8,915	4,688	431	4,257	52.8	10.2	91.4
AUGUST	M	10,744	1,552	9,192	10,395	4,329	6,066	-349	2,777	-3,126	-3.2	178.9	-34.0
	P	**19,627**	**5,777**	**13,850**	**23,966**	**8,985**	**14,981**	**4,339**	**3,208**	**1,131**	**22.1**	**55.5**	**8.2**
SEPTEMBER	M	11,870	1,760	10,110	18,118	2,255	15,863	6,248	495	5,753	52.6	28.1	56.9
1st Quarter		**31,497**	**7,537**	**23,960**	**42,084**	**11,240**	**30,844**	**10,587**	**3,703**	**6,884**	**33.6**	**49.1**	**28.7**
OCTOBER	M	12,935	3,623	9,312	14,596	4,051	10,545	1,661	428	1,233	12.8	11.8	13.2
	P	**44,432**	**11,160**	**33,272**	**56,680**	**15,291**	**41,389**	**12,248**	**4,131**	**8,117**	**27.6**	**37.0**	**24.4**
NOVEMBER	M	12,675	2,244	10,431	15,390	3,627	11,763	2,715	1,383	1,332	21.4	61.6	12.8
	P	**57,107**	**13,404**	**43,703**	**72,070**	**18,918**	**53,152**	**14,963**	**5,514**	**9,449**	**26.2**	**41.1**	**21.6**
DECEMBER	M	12,075	3,787	8,288	11,891	4,118	7,773	-184	331	-515	-1.5	8.7	-6.2
2nd Quarter		**37,685**	**9,654**	**28,031**	**41,877**	**11,796**	**30,081**	**4,192**	**2,142**	**2,050**	**11.1**	**22.2**	**7.3**
Upto 2nd Qtr		**69,182**	**17,191**	**51,991**	**83,961**	**23,036**	**60,925**	**14,779**	**5,845**	**8,934**	**21.4**	**34.0**	**17.2**
JANUARY	M	13,045	3,117	9,928	13,703	1,619	12,084	658	-1,498	2,156	5.0	-48.1	21.7
	P	**82,227**	**20,308**	**61,919**	**97,664**	**24,655**	**73,009**	**15,437**	**4,347**	**11,090**	**18.8**	**21.4**	**17.9**
FEBRUARY	M	13,626	3,126	10,500	12,600	2,504	10,096	-1,026	-622	-404	-7.5	-19.9	-3.8
	P	**95,853**	**23,434**	**72,419**	**110,264**	**27,159**	**83,105**	**14,411**	**3,725**	**10,686**	**15.0**	**15.9**	**14.8**
MARCH	M	12,182	3,305	8,877	12,547	2,569	9,978	365	-736	1,101	3.0	-22.3	12.4
3rd Quarter		**38,853**	**9,548**	**29,305**	**38,850**	**6,692**	**32,158**	**-3**	**-2,856**	**2,853**	**0.0**	**-29.9**	**9.7**
Upto 3rd Qtr		**108,035**	**26,739**	**81,296**	**122,811**	**29,728**	**93,083**	**14,776**	**2,989**	**11,787**	**13.7**	**11.2**	**14.5**
APRIL	M	14,782	2,393	12,389	14,838	3,327	11,511	56	934	-878	0.4	39.0	-7.1
	P	**122,817**	**29,132**	**93,685**	**137,649**	**33,055**	**104,594**	**14,832**	**3,923**	**10,909**	**12.1**	**13.5**	**11.6**
MAY	M	14,942	1,552	13,390	13,838	2,974	10,864	-1,104	1,422	-2,526	-7.4	91.6	-18.9
	P	**137,759**	**30,684**	**107,075**	**151,487**	**36,029**	**115,458**	**13,728**	**5,345**	**8,383**	**10.0**	**17.4**	**7.8**
JUNE	M	17,935	1,657	16,278	18,958	929	18,029	1,023	-728	1,751	5.7	-43.9	10.8
4th Quarter		**47,659**	**5,602**	**42,057**	**47,634**	**7,230**	**40,404**	**-25**	**1,628**	**-1,653**	**-0.1**	**29.1**	**-3.9**
Upto 4th Qtr		**155,694**	**32,341**	**123,353**	**170,445**	**36,958**	**133,487**	**14,751**	**4,617**	**10,134**	**9.5**	**14.3**	**8.2**

FEDERAL EXCISE
Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET
1		5	6	7	5	6	7	8	9	10	11	12	13
JULY	M	2,962	104	2,858	4,005	13	3,992	1,043	-91	1,134	35.2	-87.5	39.7
AUGUST	M	4,063	2	4,061	4,635	38	4,597	572	36	536	14.1	1,800.0	13.2
	P	**7,025**	**106**	**6,919**	**8,640**	**51**	**8,589**	**1,615**	**-55**	**1,670**	**23.0**	**-51.9**	**24.1**
SEPTEMBER	M	5,364	44	5,320	5,400	3	5,397	36	-41	77	0.7	-93.2	1.4
1st Quarter		**12,389**	**150**	**12,239**	**14,040**	**54**	**13,986**	**1,651**	**-96**	**1,747**	**13.3**	**-64.0**	**14.3**
OCTOBER	M	4,643	2	4,641	5,474	3	5,471	831	1	830	17.9	50.0	17.9
	P	**17,032**	**152**	**16,880**	**19,514**	**57**	**19,457**	**2,482**	**-95**	**2,577**	**14.6**	**-62.5**	**15.3**
NOVEMBER	M	4,117	1	4,116	5,558	39	5,519	1,441	38	1,403	35.0	3,800.0	34.1
	P	**21,149**	**153**	**20,996**	**25,072**	**96**	**24,976**	**3,923**	**-57**	**3,980**	**18.5**	**-37.3**	**19.0**
DECEMBER	M	4,405	41	4,364	5,860	3	5,857	1,455	-38	1,493	33.0	-92.7	34.2
2nd Quarter		**13,165**	**44**	**13,121**	**16,892**	**45**	**16,847**	**3,727**	**1**	**3,726**	**28.3**	**2.3**	**28.4**
Upto 2nd Qtr		**25,554**	**194**	**25,360**	**30,932**	**99**	**30,833**	**5,378**	**-95**	**5,473**	**21.0**	**-49.0**	**21.6**
JANUARY	M	4,159	18	4,141	5,322	1	5,321	1,163	-17	1,180	28.0	-94.4	28.5
	P	**29,713**	**212**	**29,501**	**36,254**	**100**	**36,154**	**6,541**	**-112**	**6,653**	**22.0**	**-52.8**	**22.6**
FEBRUARY	M	4,890	8	4,882	5,592	4	5,588	702	-4	706	14.4	-50.0	14.5
	P	**34,603**	**220**	**34,383**	**41,846**	**104**	**41,742**	**7,243**	**-116**	**7,359**	**20.9**	**-52.7**	**21.4**
MARCH	M	5,277	14	5,263	5,981	2	5,979	704	-12	716	13.3	-85.7	13.6
3rd Quarter		**14,326**	**40**	**14,286**	**16,895**	**7**	**16,888**	**2,569**	**-33**	**2,602**	**17.9**	**-82.5**	**18.2**
Upto 3rd Qtr		**39,880**	**234**	**39,646**	**47,827**	**106**	**47,721**	**7,947**	**-128**	**8,075**	**19.9**	**-54.7**	**20.4**
APRIL	M	5,710	5	5,705	7,024	9	7,015	1,314	4	1,310	23.0	80.0	23.0
	P	**45,590**	**239**	**45,351**	**54,851**	**115**	**54,736**	**9,261**	**-124**	**9,385**	**20.3**	**-51.9**	**20.7**
MAY	M	6,189	2	6,187	7,329	11	7,318	1,140	9	1,131	18.4	450.0	18.3
	P	**51,779**	**241**	**51,538**	**62,180**	**126**	**62,054**	**10,401**	**-115**	**10,516**	**20.1**	**-47.7**	**20.4**
JUNE	M	3,739	5	3,734	9,760	9	9,751	6,021	4	6,017	161.1	80.0	161.1
4th Quarter		**15,638**	**12**	**15,626**	**24,113**	**29**	**24,084**	**8,475**	**17**	**8,458**	**54.2**	**141.7**	**54.1**
Upto 4th Qtr		**55,518**	**246**	**55,272**	**71,940**	**135**	**71,805**	**16,422**	**-111**	**16,533**	**29.6**	**-45.1**	**29.9**

C U S T O M S

Two Year Comparative - Month to Month & Progressive Collection

(Rs. Million)

MONTHS		FY 2005-06			FY 2006-07			COMPARISON			COMPARISON AS % AGE		
		GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET	GROSS	Reb / Ref	NET
1		5	6	7	5	6	7	8	9	10	11	12	13
JULY	M	9,717	1,334	8,383	10,156	2,080	8,076	439	746	-307	4.5	55.9	-3.7
AUGUST	M	11,568	2,499	9,069	11,193	1,482	9,711	-375	-1,017	642	-3.2	-40.7	7.1
	P	**21,285**	**3,833**	**17,452**	**21,349**	**3,562**	**17,787**	**64**	**-271**	**335**	**0.3**	**-7.1**	**1.9**
SEPTEMBER	M	12,643	1,449	11,194	11,216	1,113	10,103	-1,427	-336	-1,091	-11.3	-23.2	-9.7
1st Quarter		**33,928**	**5,282**	**28,646**	**32,565**	**4,675**	**27,890**	**-1,363**	**-607**	**-756**	**-4.0**	**-11.5**	**-2.6**
OCTOBER	M	11,496	1,643	9,853	10,948	1,147	9,801	-548	-496	-52	-4.8	-30.2	-0.5
	P	**45,424**	**6,925**	**38,499**	**43,513**	**5,822**	**37,691**	**-1,911**	**-1,103**	**-808**	**-4.2**	**-15.9**	**-2.1**
NOVEMBER	M	11,220	1,493	9,727	12,328	875	11,453	1,108	-618	1,726	9.9	-41.4	17.7
	P	**56,644**	**8,418**	**48,226**	**55,841**	**6,697**	**49,144**	**-803**	**-1,721**	**918**	**-1.4**	**-20.4**	**1.9**
DECEMBER	M	14,829	1,559	13,270	12,875	1,276	11,599	-1,954	-283	-1,671	-13.2	-18.2	-12.6
2nd Quarter		**37,545**	**4,695**	**32,850**	**36,151**	**3,298**	**32,853**	**-1,394**	**-1,397**	**3**	**-3.7**	**-29.8**	**0.0**
Upto 2nd Qtr		**71,473**	**9,977**	**61,496**	**68,716**	**7,973**	**60,743**	**-2,757**	**-2,004**	**-753**	**-3.9**	**-20.1**	**-1.2**
JANUARY	M	10,949	1,427	9,522	10,339	743	9,596	-610	-684	74	-5.6	-47.9	0.8
	P	**82,422**	**11,404**	**71,018**	**79,055**	**8,716**	**70,339**	**-3,367**	**-2,688**	**-679**	**-4.1**	**-23.6**	**-1.0**
FEBRUARY	M	11,720	1,230	10,490	10,243	901	9,342	-1,477	-329	-1,148	-12.6	-26.7	-10.9
	P	**94,142**	**12,634**	**81,508**	**89,298**	**9,617**	**79,681**	**-4,844**	**-3,017**	**-1,827**	**-5.1**	**-23.9**	**-2.2**
MARCH	M	15,042	1,473	13,569	13,889	910	12,979	-1,153	-563	-590	-7.7	-38.2	-4.3
3rd Quarter		**37,711**	**4,130**	**33,581**	**34,471**	**2,554**	**31,917**	**-3,240**	**-1,576**	**-1,664**	**-8.6**	**-38.2**	**-5.0**
Upto 3rd Qtr		**109,184**	**14,107**	**95,077**	**103,187**	**10,527**	**92,660**	**-5,997**	**-3,580**	**-2,417**	**-5.5**	**-25.4**	**-2.5**
APRIL	M	12,139	1,719	10,420	11,256	843	10,413	-883	-876	-7	-7.3	-51.0	-0.1
	P	**121,323**	**15,826**	**105,497**	**114,443**	**11,370**	**103,073**	**-6,880**	**-4,456**	**-2,424**	**-5.7**	**-28.2**	**-2.3**
MAY	M	13,882	1,388	12,494	11,945	739	11,206	-1,937	-649	-1,288	-14.0	-46.8	-10.3
	P	**135,205**	**17,214**	**117,991**	**126,388**	**12,109**	**114,279**	**-8,817**	**-5,105**	**-3,712**	**-6.5**	**-29.7**	**-3.1**
JUNE	M	21,610	1,217	20,393	18,650	630	18,020	-2,960	-587	-2,373	-13.7	-48.2	-11.6
4th Quarter		**47,631**	**4,324**	**43,307**	**41,851**	**2,212**	**39,639**	**-5,780**	**-2,112**	**-3,668**	**-12.1**	**-48.8**	**-8.5**
Upto 4th Qtr		**156,815**	**18,431**	**138,384**	**145,038**	**12,739**	**132,299**	**-11,777**	**-5,692**	**-6,085**	**-7.5**	**-30.9**	**-4.4**