YEAR BOOK
2005-2006

GOVERNMENT OF PAKISTAN
MINISTRY OF FINANCE
REVENUE DIVISION
ISLAMABAD

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

The Revenue Division Year Book 2005-06 has been prepared by the Research Team of the FR&S Wing.

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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 Financial Year 2006-07 has been as exciting for Pakistan's economy and for CBR as well as was the previous year. The economy has achieved a remarkable (real) growth of 6.6%. For the second consecutive year, the revenue collection has surpassed start-of-the-year target of Rs. 690 billion by a healthy margin of Rs. 22.5 billion. It is now widely accepted that CBR has been transformed into a modern, progressive, effective and credible organization. Our endeavor is to maintain this momentum and keep providing efficient service to the taxpayers by ensuring uniform application of tax laws with integrity, efficiency and high degree of professionalism.

The current edition of Revenue Division Year Book 2005-06, third in the series, presents an elaborate analysis of Goals and Targets assigned to CBR under the Prime Minister's Goal/Target initiative. For CBR, Resource Mobilization has been at the top of the Goal/Target initiative list. Therefore, the volume also provides a detailed analysis of tax collection. The Year Book also includes an up-date on various projects/ initiatives started under the tax administration reform program (TARP).

Two important events also took place during the year. On a festive ceremony, the President of Pakistan inaugurated the Silk Route Sust Dry Port at Sust. Similarly, the Prime Minister was kind enough to spare time to guide the senior officers of CBR in his address to them. He also inaugurated the new LOGO and FLAG of CBR. Given their significance, both these events have been given due prominence in the Year Book.

The timely preparation and publication of Revenue Division Year Book 2005-06 has been possible due to deep commitment and untiring effort of the research team of the Fiscal Research Wing of CBR. The effort of the officers and staff is highly appreciated and complemented.

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

Preamble

It is indeed encouraging that Pakistan's economy has gained sufficient strength not only to maintain its growth momentum but also to withstand unanticipated shocks. Notwithstanding the pressure on national resources by ever escalating international fuel prices and the devastating earthquake, the economy recorded an impressive (real) rate of growth of 6.6% during FY 05-06. However, macro imbalances in the shape of inflation, and fiscal and trade deficits kept attracting exaggerated attention during this period. Fortunately, there are early signs of improvement on each of these three fronts. To start with, the inflationary pressure has started to subside due to the combined influence of easing of supply constraints, relatively less volatility of international prices of energy, and tightening of money. It appears that it has reached the plateau and descend is just around the corner. The fiscal deficit has worsened a bit but remains within manageable limit. Nonetheless, there is a need for fiscal consolidation. Whereas the extra-ordinary performance by CBR on the revenue side has eased the pressure on budget to a considerable extent, expenditure management through restraint and prioritization is needed to relieve the burden further. Finally, the imbalance in trade account is expected to shrink in the coming year. The several reasons for this optimism relate to the changing magnitude and composition of imports and exports.

Despite this rather satisfactory account of the state of the economy, there are several risks towards smooth economic management in medium to long-run. The foremost being the sharp increase in interest rates in recent months. It can be both a blessing and a curse. While it may encourage savings, thereby reducing the saving-investment gap; it would certainly raise one of the crucial expenditure heads, namely, the interest payment on domestic debt thus worsening the already stretched fiscal position. Moreover, with increasing cost of capital, there is a threat to productive investment that may force 'unintended' deceleration in the growth process. Hence, the need for a careful balance is in order.

Has the world economy started to slow down in response to rising interest rates is another possible risk area? Some analysts believe this to be the case. How Pakistani economy, particularly its exports, will respond to this change? The historic evidence suggests that there is some, although weak, relationship between the two. Our export earnings have suffered when there is deceleration in growth in Pakistan's major trading partners. A proactive approach demands full understanding of the nature of the trade balance and BOP in coming months/ years.

Finally, the long-term strategy needs to focus on the future composition of Pakistan's economy. How quickly the reliance on the agriculture sector can be reduced is an important consideration. Structural transformation of the economy is a well-established concept in the development literature. Economies graduate from low-income to middle-income status when the industrial sector starts dominating the agriculture sector. In the case of Pakistan, the pace of this crucial transition is too slow to be regarded as meaningful. Staying within the same domain, it is also relevant to mention the futuristic position of the rapidly expanding services sector. Since its contribution in GDP is fast increasing with time, it is advisable that the National Income Accounts are generated on scientific basis to discourage under-reporting and lack of documentation. It needs to be over emphasized that robustness of national statistics holds the key for future planning and sound economic management.

The Revenue Division submits with utmost satisfaction that it has accomplished all of the assigned targets. The detailed description on the achievements has been discussed in the relevant chapters of the Revenue Division Year Book. We look forward to your comments and suggestions.

Dr. Ather Maqsood Ahmed
Member Fiscal Research and Statistics, CBR.

CHAPTER 1

THE 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 Central Board of Revenue Act, 1924. In 1944, a full-fledged Revenue Division was created under the Ministry of Finance. After independence, this arrangement continued up to 31st August 1960 when on the recommendations of the Administrative Re-organization Committee, CBR was made an attached department of the Ministry of Finance. In 1974, further changes were made to streamline the organization and 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.

In order to remove 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 again 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.

Functions of Revenue Division/ CBR

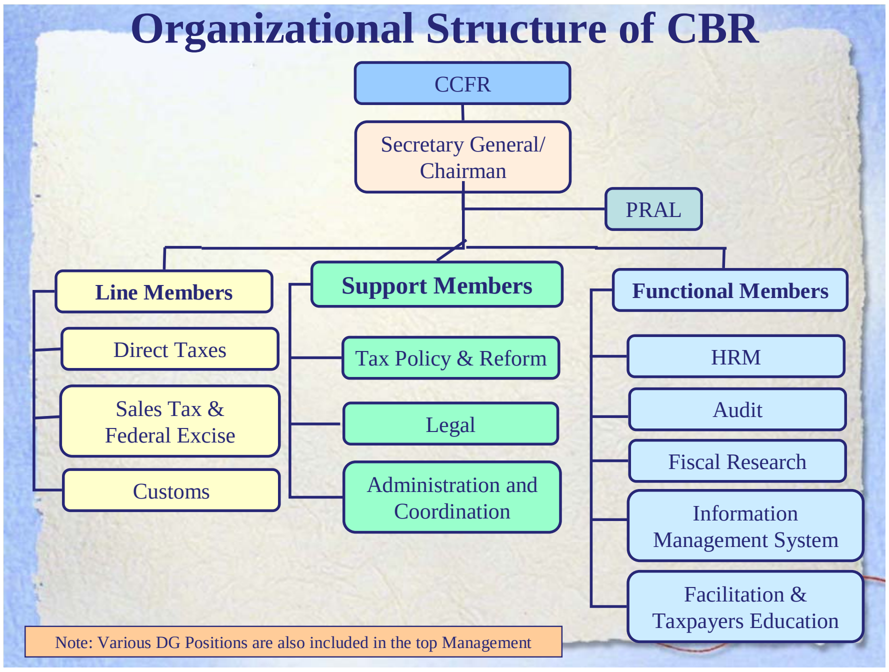
In the existing setup, the Chairman, CBR, being the executive head of the Board as well as Secretary of the Revenue Division[1] has the responsibilities of:

- 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 CBR activities to the President and the Prime Minister of Pakistan.

Organizational Set-up

In the present setup, the Secretary General, Revenue Division/ Chairman, CBR 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* (HRM, IMS, 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 CBR and its field formations. Besides this top tier, senior management also includes various Director General positions related to Inspection and Internal Audit, Valuation, Training, and Intelligence and Investigation (Figure 1).

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



Along with the recently established model units, the field formations of the Organization include: Collectorates and Commissionerates to deal with matters related to indirect and direct taxes respectively. Under the existing arrangement of direct taxes, revenue is collected through five Regional Commissionerates, which have geographical and sectoral orientation. The five regions i.e., the Northern, the Eastern, the Central, the Southern and the Corporate region are further sub-divided into 28 Commissionerates. Five Medium Taxpayers' Units (MTUs) and two Large Taxpayers Units (LTUs) are also entrusted with the job of collecting direct tax receipts. This setup is on the way of redesigning whereby Regional Tax Offices (RTOs) would soon replace the existing MTUs, Commissionerates and Sales Tax & Federal Excise Collectorates.

CBR Chairman and Members photographed with the Prime Minister and Advisor to the Prime Minister on Finance & Revenue

Front Row (Left to Right): Mr. Abdul Razzaque, Mr. Mumtaz Ahmad, Dr. Salman Shah, Mr. Shaukat Aziz, Mr. Abdullah Yusuf, Mr. Salman Nabi, Maj. Gen ® Muhammad Yasin, Mr. Shahid Ahmad
Back Row (Left to Right): Mr. Habib Fakhruddin, Mr. Aamir Z. Chaudhary, Dr. Ather Maqsood Ahmed, Mr. Muhammad Talha, and Mr. Shahid Rahim Sheikh.

Currently, the indirect taxes (sales tax, federal excise duties, and customs) are handled by 19 Collectorates situated all across the country and two LTUs. However, in coming months, all internal taxes, i.e., income and corporate taxes, sales tax (GST) and Federal Excise will be co-located within RTOs, and customs related activities would be handled by Model Customs Collectorates (MCCs) with four regional hubs.

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

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

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

CHAPTER 2

ACHIEVEMENTS ON PRIME MINISTER'S GOALS - TARGETS INITIATIVE

One of the ways the present government keeps track of the activities of various ministries and other institutions is through strict monitoring of assigned goals and targets under the Prime Minister's Goal/Target initiative. Each ministry/ department is required to submit its progress on quarterly basis. These responses are compiled by the PM Secretariat and the Prime Minister himself chairs the meetings with ministry/ department heads presenting their performance.

It is a matter of great pride that CBR has successfully accomplished the Prime Minister's goals/ targets fixed for FY: 2005-06. Following are the goals/ targets which have been met during FY: 2005-06.

1. Collection of Federal Tax Receipts as per budgetary targets;
2. Broadening of Income Tax base by 20% at the end of the year;
3. Broadening of Sales Tax base by 15% 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. Improvement in Efficiency of Organization and Promoting Taxpayer Facilitation – Establishment of model tax units;

7. Effective Dispute Resolution (all taxes) – Reduction of Pending Appeals;[2]

Prime Minister Shaukat Aziz chairing a meeting reviewing the Goals and Targets of CBR at the Prime Minister House on 05/08/2006

Tax Revenue Target

The CBR has collected Rs. 712.5 billion during FY 05-06 as against the target of Rs 690 billion. The collection has been 20.7% higher than Rs. 590.4 billion collected during last year. This is the fourth year running that the assigned target has not only been achieved but also surpassed by a significant margin. This is a remarkable achievement over the past when even the downwardly revised targets were routinely missed, which created serious problems of economic management for the Government. The commendable

[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.

achievement over the last four years has been possible due to multiple factors including the implementation of wide-ranging tax policy and administrative reforms, improvement in macroeconomic environment, and maintaining consistency in policies. CBR tax performance is spread over all four federal taxes as each of it has performed well. In fact, there has been a double-digit growth in the collection of direct taxes, sales tax and customs duties.[3]

Broadening of Tax Base

Income Tax: Expansion of tax base has been a major area of concern for the authorities in CBR. In order to encourage voluntary compliance, a number of reform measures have been initiated in the income tax structure. Promulgation of the Income Tax Ordinance, 2001 was the first step towards this objective. This together with simplified rules have enabled taxpayers to comply relatively easily. At the same time, a much simplified system of self-assessment (USAS) has been introduced. Under the USAS all the taxpayers automatically qualify for self-assessment. The returns field by them are considered as final unless their cases are selected for audit through pre-announced audit parameters. Consequently, the return filers who were only 1 million during 2003-04, has increased to 1.23 million in 2004-05 and now in FY 2005-06, the number of filers has reached 1.5 million. The growth has been around 23% over 2004-05 and 50% as compared to FY: 2003-04.

[3] For a detailed revenue analysis see Chapter 3.

Sales Tax (GST): In order to broaden the tax base, a number of steps have been taken such as allowing single exemption limit of Rs. 5 million, introduction of simplified schemes for small taxpayers, and expanding scope of tax, i.e., increase in number of services liable to tax. Similarly, legislation to allow presumptive taxation together with improving registration procedures to ensure a more compliant response for new business. Furthermore, an 'outreach' program, in collaboration with trade associations, to educate businessmen about their tax responsibility has been developed and launched. With the help of these measures, the number of registered persons has increased from 101,851 in 2003-04 to 115,702 in 2004-05. It has further enhanced to 116,686 in 2005-06, showing a growth of 15% over FY: 2003-04.

Liquidation of Refunds (Income Tax and Sales Tax)

In view of continuous complaints, both from the taxpayers and tax collectors, regarding disposal of refunds, the entire system required revisiting. The major concern of the taxpayers has been delayed disposal of refunds by the tax authorities. On the other hand, the collectors' plea was that fake claims have routinely been submitted by the taxpayers. This situation resulted into adversarial relationship between the taxpayers and tax collectors. The implementation of STARR/STREAMS project under the tax administration reforms program in the sales tax structure made a major break through in this regard. However, since the system was not entirely foolproof, it required further changes and now a new variant based on risk analysis is in place. Meanwhile, it was realized that major refund claims were lodged by the leading export sectors. To facilitate their business transactions, all inputs including raw materials of the units producing leather, textile, surgical, sports and carpets were zero-rated in FY: 2004-05. In effect, 'no duty no refund' policy has been implemented. With vigilant persuasion, the pendency has been reduced to a considerable level. The sales tax has issued refunds amounting to Rs. 32.4 billion. Similarly refund issued by the income tax department have crossed Rs. 34 billion during 2005-06, showing a growth of 17% as compared to the previous year.

Efficiency Gain – a New Vision in the Organization

The main emphasis of the tax administration reform is on promoting voluntary tax compliance through enhanced level of taxpayers' facilitation. To achieve the reform objectives, substantial investment is being made in infrastructure development, end-to-end automation of business processes, and human resource development. Furthermore, to pilot test the 'reformed' setup, dedicated tax units (2 large taxpayer units and 5 medium taxpayer units) have been established. One more LTU is being setup at Islamabad. The Customs processes have been re-engineered and Customs Administration Reform (CARE) has started working with minimized time clearance of goods to the extent of four hours from five days. The future set up envisages a clear segregation in the operations of domestic and international taxes as per their nature. All domestic taxes will operate through Regional Tax Offices (RTOs), whereas the international trade taxes will be handled by Model Custom Collectorates. As a first step, the MTUs will be converted into RTOs by co-locating sales tax and excise within the income tax premises. The current One-Customs setup will be gradually replaced by PACCS, which is being used within the CARE project.

Regarding observance of time lines for the establishment of model units, especially the LTUs and MTUs, all across country it is commendable that CBR honored its commitments to the Government. However, on the instructions of the World Bank, the work on RTOs has been slowed down and new time lines have been set. The old saying ‘learning by doing’ is the driving force behind this re-scheduling. To start with, experience will be gained through three RTOs, before the full working is started in the remaining ten units. For new timelines please see the matrix in the following.

Effective Dispute Resolution: Reduction of Pending Appeals

Another marked achievement of CBR has been the initiation of an effective dispute resolution of pending appeals related to both direct and indirect taxes. In July 1, 2004, excluding cases filed at Supreme and High Courts and Appellate forums, around 46,537 cases were pending for decisions. All these pending appeals have been disposed of during the FY 2004-05. FY 2005-06 started with a small target of 6919 new appeals. The new strategy of CBR envisages deciding all new appeals and adjudication cases within 90 days of their filing as per law. This policy has been actively perused to provide relief to the taxpayers. All the appeals and adjudication cases filed in 2005-06 have been decided. Similarly, hectic efforts have also been made for quick disposal of cases at the higher legal fora. On the request of

CBR, special benches were set up for speedy disposal of 1610 lying pending with the apex court. So far 1240 cases have been disposed of. Simultaneously, the provision of an alternate dispute resolution forum is also available with the taxpayers for settlement of cases outside the court.

Other Important Achievements

Installation of Scanners at Customs Stations

In view of the sensitivity of trade transactions after the 9-11 event, Pakistan has also taken serious steps towards safety and security of maritime trade. For this purpose, scanners have been installed at different entry and exit points in the country for scanning the containerized cargo. The introduction of this technology in examination of goods has made the system more effective and vigilant, resulting in customer facilitation and safety as well as speedy customs clearance.

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, CBR has established the 'valuation' department so that assessment of the imports is carried out on scientific lines all across the country. It is expected that with the help of the latest module for assessment on the one hand and the working of an exclusive department for this purpose, the problem of under and over-invoicing will be minimized to a considerable extent.

e-Filing: During the last decade, transfer of business information electronically 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, CBR has introduced e-filing of income and sales tax returns from December 2005.

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. Sales tax returns are filed by the taxpayers on monthly basis (12 times in a year), the exporters also submit monthly invoices to the sales tax collectorates. On the other hand, the income taxpayers submit tax returns once a year. However, in case of corporations/ businesses, the advance tax is paid in four installments in a year. This procedure is being practiced to facilitate taxpayers. The new advance tax regime entails calculation of tax liability on the basis of estimated income rather than the turnover ratio that was in vogue in the past. The new procedure of advance tax calculation and payment has minimized the creation of refund claims, thereby further improving the relationship with taxpayers.

Table: Goals/Targets Monitoring and Evaluation Report for Revenue Division Financial Year 2005-06

S.No.	Goals/Targets	FY 2005-06				Comp. Status	Review
		Q1	Q2	Q3	Q4		
G: 1	**Revenue collection of Rs. 580 billion (FY 04-05)**						Actual Collection during FY2004-05 was Rs.590.4 billion
T: 1	Collection of Rs.110 billion					Yes	
T: 2	Additional Rs.140.1 billion					Yes	
T: 3	Additional Rs.145.8 billion					Yes	
T: 4	Additional Rs.184.1 billion to achieve target of Rs.580 billion					Yes	
	Revenue collection of Rs. 690 billion(FY 05-06)						
T: 5	Collection of Rs.145.5 billion	Collected Rs.152.1 billion				Yes	Target achieved
T: 6	Cumulative : Rs. 308.6 billion		Cumulative: Rs. 324.0 billion			Yes	Target achieved
T: 7	Cumulative : Rs. 476.4 billion			Cumulative: Rs. 488.3 billion		Yes	Target Achieved
T: 8	Additional Rs.213.6 billion to achieve target of Rs. 690 billion				Cumulative Rs. 712.5 billion	Yes	Target FY: 2005-06 Rs. 690.0 billion. Collection FY: 2005-06 Rs. 712.5 billion. Target achieved.
G: 2	**Broadening of Taxpayers Base: Increase income tax return filers by 20% (Filers End June 2004: 1 million)(FY 04-05)**						
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	Required = 1.20 million Achievement = 1.23 million. Target achieved.
	Broadening of Taxpayers Base: Increase income tax return filers by 20% (Filers End June 2005: 1.23 million) (FY 2005-06)						
T: 5	Increase in income tax return filers by 5%	1.18 million returns received.				Yes	September to September growth in return filing has been 7.3%. Target achieved.
T: 6	Ensure increase in income tax return filers by another 5%		1.27 million returns received.			Yes	December to December growth in return filing has been 11.4%. Target achieved.
T: 7	Ensure increase in income tax return filers by another 5%			1.33 million returns received.		Yes	March to March growth in return filing has been 14%. Target Achieved.
T: 8	Increase in income tax return filers by 5% to achieve cumulative increase of 20%				1.49 million returns received .	Yes	Target for FY 2005-06 Rs. 1.48 million Achievement FY 2005-06 Rs. 1.49 million Target Achieved.
G: 3	**Broadening of Taxpayers Base: Increase sales tax return filers by 15% (Base:88,000) (FY 04-05)**						
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	Required = 13,200 Achievement = 13,851. Target achieved.
	Broadening of Taxpayers Base: Increase sales tax return filers by 15% (Base:101,851) (FY 05-06)						
T: 5	Increase in sales tax return filers by 3%	New Registrants 3076				Yes	Target = 3055 New Registrants = 3076 Target achieved

T: 6	Ensure increase in sales tax return filers by another 4%		New Registrants 3228			Yes	Target = 4070 New Registrants = 3228
T: 7	Ensure increase in sales tax return filers by another 4%			New Registrants 4075		Yes	Target = 4070 New Registrants = 4075 Target achieved
T: 8	Increase in sales tax return filers by 4% to achieve cumulative increase of 15%				New Registra nts 4456	Yes	Target FY 2005-0 6. 15,278 new registrants. Achievement 14,835 new registrants. 97.1 % Target achieved.(missed by only 443 #)
G: 4	**Liquidation of Refunds: Reduce stocks of available refunds of income tax. Opening Balance (Rs. 9.2 billion)(FY 04-05)**						* Non-Bank Refund only
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	Refunds issued during the year = Rs.25.4 billion
	Liquidation of Refunds: Reduce stocks of available refunds of income tax. Opening Balance (Rs. 13.4 billion Non Banking) (FY 05-06)						
T: 5	Reduce stock of available refunds by 10%	Closing balance Rs.9.6 billion				Yes	Target achieved.
T: 6	Reduce stock of available refunds by additional 10%		Closing balance Rs.7.3 billion			Yes	Target achieved.
T: 7	Reduce stock of available refunds by additional 10%			Closing balance Rs.5.8 billion		Yes	Target achieved.
T: 8	Reduce stock of available refunds by additional 10%				Closing balance Rs.8.04 billion	Yes	Required Target for reduction Rs 8.04 billion Closing balance FY 2005-05 Rs 8.04 billion Target Achieved.

G: 5	**Liquidation of Refunds: Reduce stocks of available refunds of sales tax. Opening Balance (Rs. 9.2 billion)(FY 04-05)**						
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	Closing Balance = Rs. 5.52 billion. Target Achieved. With the addition of new Refund claims of Rs. 1.33 billion.
	Liquidation of Refunds: Reduce stocks of available refunds of sales tax. Opening Balance (Rs. 6.85 billion) (FY 05-06)						
T: 5	Reduce stock of available refunds by 10%	Closing balance Rs.4.95 billion				Yes	Target Achieved.
T: 6	Reduce stock of available refunds by additional 10%		Closing balance Rs.3.35 billion			Yes	Out of start of year balance
T: 7	Reduce stock of available refunds by additional 10%			Closing balance Rs.2.0 billion		Yes	Out of start of year balance
T: 8	Reduce stock of available refunds by additional 10%				Closing balance Rs.1.5 billion	Yes	Required Target for reduction Rs 4.11 billion Closing balance FY 2005-05 Rs 1.5 billion Target Achieved. (out of start of the year balance)
G: 6	**Improvement of efficiency of organization and promote taxpayer facilitation: Establishment of model tax units.(FY 04-05)**						
T: 1	Establish MTU at Rawalpindi & Peshawar					Yes	
T: 2	Establish MTU at Karachi & Lahore					Yes	
T: 3	Establish MTU at Quetta					Yes	

	Improvement of efficiency of organization and promote taxpayer facilitation: Establishment of model tax units. (FY 2005-06)						
T: 4	Establishment of one MTU		On target			Yes	Target achieved.
T: 5	Establishment of 2 RTOs			Work in Progress		In progress	Review mission of the World Bank in March 2006 advised CBR that they should not rush establishment of RTOs, thus 3 RTOs would be established by December 2006. Based on the experience of these 3 RTOs, remaining RTOs would be established in 2007. Accordingly revised timelines for RTOs, LTU and TFCs are being worked out.
T: 6	Establishment of 4 RTOs				Work in Progress	In progress	`As above
T: 7	Establishment of 5 RTOs						
T: 8	Establishment of 11 TFCs alongwith RTOs			In Progress.		In progress	8 TFCs have been established alongwith the MTUs, LTUs and CARE. Ms Nespak has been hired as consultants for the establishment of the remaining TFCs. New timelines of the remaining TFCs are being developed in consultation with the World Bank.
T: 9	Establishment of 10 Additional TFCs				Work in Progress	In progress	`As above
T: 10	One-Customs concept to be rolled out at 12-Stations		On target			Yes	Target Achieved.
T: 11	Establishment of 4 Model Customs Collectorates				Work in Progress		On World Bank's recommendation further roll out was stopped for want of evaluation of the pilot project. The evaluation has now been completed and revised timelines for further roll out are being developed in consultation with the World Bank.
T: 12	Establishment of one LTU.				Work in Progress	In progress	LTU at Islamabad shall be completed by December 2006.

T: 13	Award of Contract of Tax Management System				In Progress	In progress	World Bank has changed the procurement process for the purchase of ITMS from single stage bidding to two stage bidding. Thus the timeline for award of contract is being rescheduled to December,2006 accordingly.
G: 7	**Efficient and effective sales tax refund mechanism: Project STARR/STREAMS(FY 04-05)**						
T: 1	Pilot project for electronic verification of refund claims and centralized payment					Yes	
T: 2	Full operationalization of the electronic verification of refund claims and centralized payment.					Yes	Project completed
G: 8	**Trade facilitation by reducing the time of customs clearance to 24 hours: Project CARE(FY 04-05)**						
T: 1	Establishment of the pilot project at KCIT.					Yes	Project completed
G: 9	**Effective dispute resolution (all taxes): Reduce the pending appeals (at all stages) (Baseline: Number of cases as of July 1, 2004: 46,537)(FY 04-05)**						
T: 1	Reduce the pending appeals (at all stages) by 10%					Yes	
T: 2	Reduce the pending appeals (at all stages) by additional 10%					Yes	
T: 3	Reduce the pending appeals (at all stages) by additional 10%					Yes	
T: 4	Reduce the pending appeals (at all stages) by additional 10%					Yes	Requirement = 18,615 Achievement = 54,156 Target achieved. With the addition of new cases, opening balance increased.
	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)						
T: 5	Reduce the pending appeals (at all stages) by 50%		Disposed of 3968 cases			Yes	Target of Q1 & Q2 achieved
T: 6	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.					Yes	

T: 7	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.			Disposed of 2127 cases		Yes	Total 6095 cases have been disposed of at the end of 3rd quarter of 205-06. Target achieved.
T: 8	Finalization of appeals and adjudication cases within 90 days of their filing as prescribed in the law.				Dispose d of 850 cases		At the end of FY 2005-06 total number of 6945 cases have been disposed off. Target achieved
G: 10	**Adoption of E-Government Strategy(FY 05-06)**						
T: 1	Initiative towards e-government			On target		Yes	E- filing of income tax and sales tax returns has started. E-clearance of goods at customs stations in progress.
G: 11	**Installation of Scanners at various customs stations**						
T: 1	Installation at Port Qasim Karachi		Installed			Yes	Target Achieved.
T: 2	Installation at NLC, Mughalpura Port Lahore				Installed	Yes	Target Achieved.
T: 3	Installation at Wahga, Chaman, Jamrud and Sust						
G: 12	**Crash program for assessment of under and over invoicing**						
T: 1	Custom to custom cooperation	Multi dimensiona l program launched.				Yes	Target Achieved.
T: 2	Setting of Post Custom Assessment (PCA)		PCA program initiated			Yes	Target Achieved.
T: 3	Purchase of valuation modules.				on target	Yes	Target Achieved.

CHAPTER 3

CBR REVENUE COLLECTION VIS-À-VIS TARGETS

One of the major goals/targets set by the Prime Minister for CBR was the achievement of the revenue target of Rs. 690 billion during FY 2005-06, which was higher by 11.4% over the actual collection of Rs. 590.4 billion of last year.

CBR has surpassed the revenue target of Rs. 690 billion by 3.3% during FY: 05-06. The net collection has exceeded the revenue target by Rs. 22.5 billion (Table 1). This commendable achievement has been possible due to broad-based performance of all the four federal taxes, as there has been a double-digit growth in the collection of direct taxes, sales tax at import stage, and customs duties. The gross and net collection has been Rs. 797.6 billion and Rs. 712.5 billion, respectively showing an increase of 15.5% and 20.7%. This achievement has been possible due to vibrant performance of all federal taxes that have 'individually' exceeded their respective targets except Federal Excise, which remained short of the target by a slight margin of 4.3%. In particular, the two leading taxes, i.e., income and corporate taxes and GST have performed very well – where the respective upwardly revised targets have been surpassed by 4.5% and 4.3%. The collection on account of customs duties has also been higher than the revised estimate.

Table 1: A Comparison of Collection vis-à-vis Original and Revised Targets

(Rs. Billion)

	Original Targets	Revised Targets	Collection	Difference from Revised Targets	
	FY: 05-06	FY: 05-06	FY: 05-06	Absolute	Percent
Direct Taxes	214.0	215.0	224.6	9.6	4.5
Sales Tax (GST)	276.5	282.5	294.6	12.1	4.3
Federal Excise	59.5	57.5	55.0	-2.5	-4.3
Customs Duties	140.0	135.0	138.3	3.3	2.4
All Taxes	690.0	690.0	712.5	22.5	3.3

Revenue Collection in FY: 05-06

The net revenue collection by CBR during FY: 05-06 has grown by 20.7% as compared to FY: 04-05 (Table 2). The increase of Rs. 122.1 billion over and above last year's collection has been the highest in a single year since FY: 47-48. The continuous strong domestic demand partially reflected by increase in imports, improved corporate profitability and the overall strength of the economy have played a significant role in this growth performance. The highest growth of 23.5% has been recorded in sales tax, largely due to phenomenal growth in the domestic component, followed by direct taxes (22.5%), customs duties (19.8%), and excise duties (3.6%). Not only that the zero rating of five major exports oriented industries have been helpful in promoting economic growth. This measure has also been instrumental in controlling of huge sales tax refunds. Within direct taxes, improved voluntary compliance is evident with higher payments with returns as well as quarterly installments of advance taxes by the corporate sector. The increase in customs collection is attributed to the higher volume of imports and improvement in customs business processes. Similarly, despite its fading nature, around 4% growth in FED collection can be regarded as satisfactory with a view of the limited growth in its base.

Table 2: A Comparison of Net Collection in FY: 05-06 vis-à-vis Last Year's Collection

(Rs. Billion)

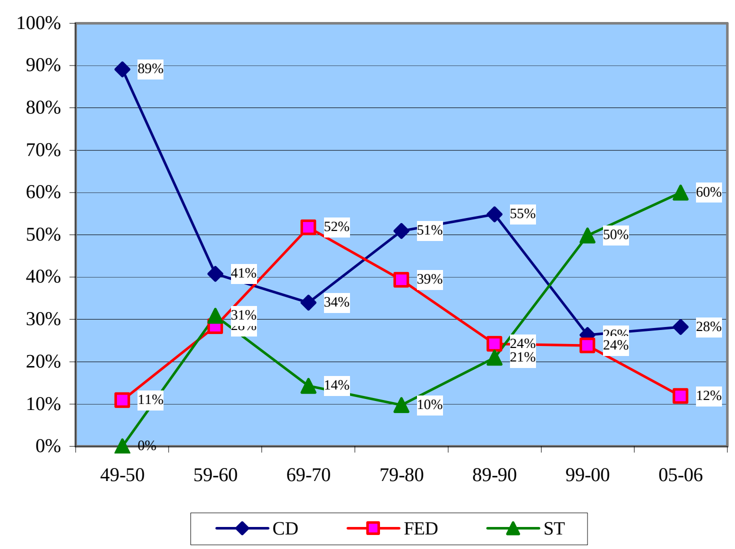
	Collection		Difference	
	FY: 05-06	FY: 04-05	Absolute	Percent
Direct Taxes	224.6	183.4	41.2	22.5
Sales Tax (GST)	294.6	238.5	56.1	23.5
Federal Excise	55.0	53.1	1.9	3.6
Customs Duties	138.3	115.4	22.9	19.8
All Taxes	712.5	590.4	122.1	20.7

The Composition of Taxes

The two major components of Federal tax receipts are direct taxes (income and corporate taxes, workers' welfare fund, and capital value tax) and indirect taxes (GST, federal excise and customs duties). Indirect taxes are believed to be regressive in nature as their burden is shifted forward to the final consumers. On the other hand, the direct taxes, being 'generally' progressive, help in maintaining the overall proportionality of the taxation system. The direct taxes also play a key role in ensuring a sustainable level of economic growth and development. Historically, in most of the advanced countries the share of direct taxes in total tax collection has been higher than indirect taxes. On the other hand, in developing economies, there is a heavy reliance on indirect taxes. The advance countries like, USA, Belgium, Sweden, Japan, Austria, Germany, the Netherlands, France, Norway, and Switzerland the share of direct taxes is more than 60% of total tax revenues. In emerging economies like Turkey, Mexico, Brazil, and Korea, the contribution of direct taxes is gradually increasing and has reached around 45%. In Pakistan, this share continues to hover around 30% during last few years even though it has increased from 18% in the early 1990s. It appears that within an international perspective, there is a scope for generating additional revenues from this source. However, one of the constraining factors is the low contribution of the corporate sector. This is evident from the fact that despite the existence of a reasonable number of corporations registered with the Government (CBR and SECP), the return filers are low and within the filers, only a small fraction declares taxable incomes. On the other hand, a large majority of the corporations continue to claim business losses or showing nil incomes. Besides absence of corporate tax culture, there is also a concern over the role of withholding agents. One of the recently concluded study indicates that the revenue from WHT in comparison to its base, appears to be quite low.

Within indirect taxes, Pakistan like other developing countries had been heavily dependant on international trade taxes up to early 1990s. The share of customs duties was 45% in total tax receipts in 1990-91. It was followed by excise duties with a share of 22% and sales tax 15%. Starting with the 1988 tariff rationalization, the implementation of tax policy reform, this composition has changed drastically with the passage of time. The share of customs duties has come down to around 19% in FY: 05-06. Similarly, the reliance on excise duties has also been reduced over the years. Simultaneously, the importance of GST as a tax on consumption activities has been increased manifold. Its share has gone up to about 41% in total federal taxes in recent years. The share of sales tax within indirect taxes has improved considerably during FY: 49-50 and FY: 05-06 (Graph 1). While this intra indirect tax switch is absolutely in accordance with the tax policy regime that has been pursued over the last 15 years. However, a recent study has revealed that the revenue loss due to continuous reduction and rationalization of customs duties has not been fully compensated by other taxes.[4] Thus, there is a clear message for future policy design.

Graph 1: Composition of Indirect Taxes



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[4] See Martinez- Vazquez, J. (2006) 'Pakistan: A Preliminary Assessment of the Federal Tax System', Georgia State University, USA.

The Performance of Direct Taxes

The direct taxes have surpassed the upwardly revised annual target of Rs. 215 billion by 4.5%. The overall growth in FY: 05-06 in gross and net collection has been 21.7% and 22.5%, respectively over last year. In terms of value, the net collection has been Rs. 224.6 billion which is Rs. 41.2 billion higher than previous year. In response to complete liquidation of refund pendency drives, the refund payments of Rs. 34 billion were 17.1% higher than those paid out in FY: 04-05.[5]

Corporate and Non-Corporate Sectors

The sectoral contribution confirms that despite its below-potential compliance, the corporate sector remains the leading contributor of gross income tax collection during 2005-06 (Table 3). The tax contribution takes various shapes in the form of self-assessed advance tax payment based on expected income, and/ or payments with returns, and/or withholding taxes. For instance, the advance tax payment by the corporate sector was 25.6% in FY: 05-06, down from last year 28.8%. The contribution from other modes of payments increased slightly from 42.6% to 44.7%. Further breakup of the corporate sector contribution is quite revealing. During FY: 05-06 the private, public and banking companies contributed Rs. 81.9 billion, Rs. 62.9 billion and Rs. 26.3 billion of gross income tax, respectively. The share of the private companies was the highest followed by the public companies. On the other hand, it is rather

[5] For details related to banking sector refunds, see Ahmed et al (2006) 'The Banking Sector in Pakistan' *CBR Quarterly Review* April-June.

surprising that despite its enormous profitability and expansion in size, the contribution of the banking companies has declined during CFY as compared to PFY.

Table 3: Sectoral Composition of Income Tax (Gross) Collection

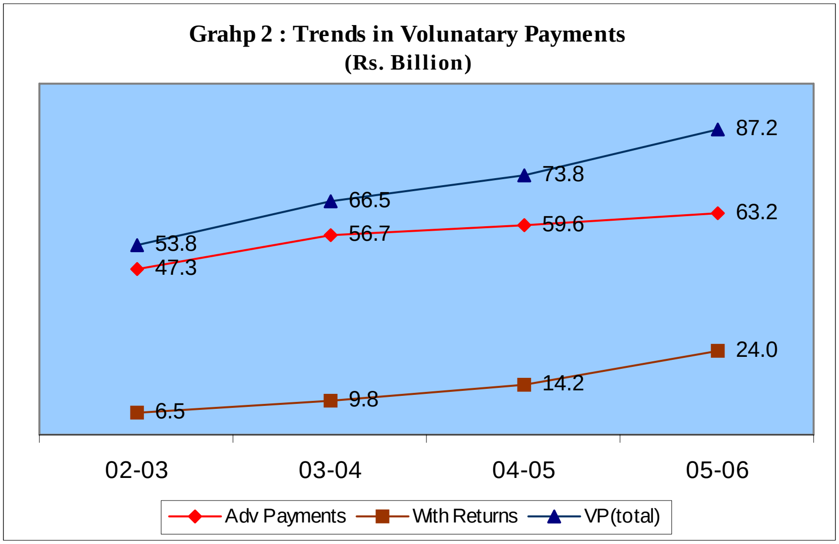
(Rs. Billion)

Heads	Gross Collection		Growth (%)	Share (%)	
	FY 05-06	FY 04-05		FY 05-06	FY 04-05
Corporate Sector	*171.1*	*145.0*	*18.0*	*70.3*	*71.5*
Advance	62.3	58.6	*6.3*	*25.6*	*28.9*
Others	108.8	86.4	*25.9*	*44.7*	*42.6*
Non-Corporate Sector	*73.5*	*58.8*	*24.9*	*30.2*	*29.0*
Advance	1.0	1.0	*2.0*	*0.4*	*0.5*
Others	72.4	57.8	*25.3*	*29.7*	*28.5*
Total	243.5	202.8	*20.1*	*100.0*	*100.0*
Income Tax Gross Collection by Corporations					
Public	62.9	50.4	*24.6*	36.7	34.8
Private	82.0	69.3	*18.2*	47.9	47.8
Banking	26.3	25.3	*4.0*	15.4	17.4
Total	**171.1**	**145.0**	*18.0*	100.0	100.0

For further insight, the direct tax collection divided into voluntary payments (VP), collection on demand (CoD), and withholding taxes (WHT) are presented as follows.

Voluntary Compliance

It is encouraging that the self-assessment has proved beneficial both for the taxpayers and the CBR. The payments from this source have increased from Rs. 73.8 billion in FY: 04-05 to Rs. 87.3 billion in FY: 05-06 indicating a growth of 18.3%. Consequently, the share of voluntary payments in income tax gross receipts has gone up to around 36% from 32.7% in FY: 02-03 when USAS was implemented for the first time in its present shape (Graph 2). It is important to reiterate that the VP includes payments with returns and advance payments in four installments based on expected income. Since the share of payments with returns in VP has increased from 19% in FY: 04-05 to 27% in FY: 05-06, the share of advance payments has declined from 81% to 73%, which is an expected outcome.



Another indicator of improvement in compliance is the number of returns and statements filed by the taxpayers voluntarily. The information presented in table 4 shows that 17.4% growth in number of returns filed by corporations and individuals has been recorded in FY: 05-06 over last year. Similarly, 25.9% increase has been registered in the number of statements filed by employers on behalf of their employees, including salaried persons, traders and contractors etc. The overall number of returns/ statements has reached 1,497,817 from 1,230,173, indicating an increase of 21.8%

against the target of 20% set under the Prime Minister's Goal – Target initiative (Table 4).

Table 4: Analysis of Returns/ Statements

	2006	2005	Growth (%)
Returns			
Corporate	14191	13202	7.5
AOP	31742	22903	38.6
Salary	74891	166784	-55.1
Non-Salary	581877	395719	47.0
Sub-total Returns	*702701*	*598608*	*17.4*
Statements			
Salary Certificates	152607	455038	
Employers Statements	520163	0	
Employer/Employee Response	*672770*	*455038*	*47.8*
Importers	11067	16951	-34.7
Exporters	12877	9942	29.5
Retailers	34105	50479	-32.4
Contractors/ Suppliers	53987	33592	60.7
Other	10310	65563	-84.3
Sub-total Statements	*795116*	*631565*	*25.9*
Grand Total	**1497817**	**1230173**	**21.8**

Collection through Demand Creation

The COD comprises of arrear and current demand components. Despite a substantial growth of 52.6% in the arrears demand the overall collection on demand has declined by 4% during FY: 05-06 (Table 5). This implies that the negative growth of 21.4% in current demand has an overwhelming effect on overall CoD. Nonetheless, with its diminishing importance after self-assessment, the share of COD in income tax gross collection has declined from 8.6% in FY: 04-05 to 6.9% in FY: 05-06.

Table 5: Quarterly Data on Collection on Demand:
A Comparison FY: 05-06 & FY: 04-05 Figures

(Rs. Million)

Quarters	FY: 05-06	FY: 04-05	Difference	
			Absolute	Percent
Q1	2,120	1,570	550	35.0
Q2	3,483	2,246	1,237	55.0
Q3	3,731	4,446	-715	-16.1
Q4	7,462	-1,775	-2,057	-19.2
Total	16,796	17,499	-703.2	-4.0

Withholding Taxes

The Withholding Tax (WHT) is a vital component of income tax collection, which is evident from its share of 57% in gross receipts. The number of WHTs has increased over time since mid 1960s. Currently, there are 25 heads where deductions are made at source. However, of all these sources, only six heads contribute nearly 80% of total WHT receipts. These spinners include: contracts/ supplies, imports, salary, exports, electricity and telephones including mobile phones. Within the smaller group of six heads, contracts is the leading category with 34% share in WHT collection. Its significance has increased in view of the improved economic activities in the country. The higher government spending on infrastructure on the one hand and the unprecedented expansion of private businesses on the other have contributed towards higher tax deductions on contracts and supplies. Similarly, the streamlining of its rate structure has also been helpful in achieving the projected growth from this source (Table 6).

The other major contributors in terms of their share in the WHT collection are: imports (19%), salary (11%), exports (6%), telephones/ mobiles (5%) and electricity (4%). The collection from telephones, contracts, salary, imports and exports, and electricity, has increased by 49.9%, 34.8%, 16.8%, 9.8% and 7.3% respectively for the following reasons.

As indicated, the enhanced economic activities in the country, particularly, the ongoing construction activities in the earthquake hit areas has accelerated the pace of development. Resultantly, WHT on contracts has registered a growth of 34.8%. On the other hand, the higher volume of trade transactions has been responsible for enhanced collection at import and export stages. The unprecedented growth in telephone/ mobile services in the country has led to higher collection from this source during FY: 05-06. With recent surge in interest rates, the tightening of money to control inflation has contributed towards 42% growth in WHT on interest income has been registered. Similarly, the collection on account of securities has also increased for the same reason by 6.2%.

Finally, the two initiatives, namely the imposition of WHT on cash withdrawal u/s 231 A and on stocks u/s 233 A have generated Rs. 2.5 billion and Rs. 2.3 billion, respectively during the year. The outcome in the case of the former source even though fell short of the start-of-the-year budgetary estimate, but remains fairly significant to confirm that a beginning has been made towards documentation of economy. Likewise, even though modest, yet a breakthrough has been made in bringing the stock market activities into the tax net. Since there is a huge revenue potential, it is expected that with adequate regulation and improved documentation, the compliance will improve further.

Table 6: A Comparison of WHT for FY: 05-06 & FY: 04-05

(Rs. Million)

Collection Heads	FY: 05-06	FY: 04-05	Difference	
			Absolute	Percent
Contracts	46,770	34,703	12,067	34.8
Imports	26,878	24,485	2,393	9.8
Salary	15,521	13,351	2,170	16.3
Exports	8,678	7,903	775	9.8
Electricity	5,118	4,768	350	7.3
Telephones/ Mobiles	7,583	5,057	2,526	49.9
a. Sub-Total (Six Major Items)	110548	90,268	20,280	22.5
Percentage Share in Total WHT	79%	81%		
b. Other WHT	28,878	21,231	7,647	36.0
c. Total WHT	139,426	111,499	27,927	25.0
%Share in Gross IT	57%	55%		

Major Contributors of Indirect Taxes

Given the importance of indirect taxes in generating the required resources for the government, it is relevant to know which of the commodity groups has significant contribution in these receipts. This information is important from enforcement perspective. It is evident from (Table 7) that only 17 industries (Commodity Groups) contributed about 79% of the total gross receipts of indirect taxes. In fact, more than half of this collection emanates from top six items that include petroleum products, automobile sector (vehicles and parts), electrical and mechanical machinery, cigarettes, telecom sector, and iron and steel. Prima facie, it is a case of narrowness of the base of indirect taxes. It also highlights the pitfall of relying on any of these few items could have far reaching revenue implications. It should be obvious that any contingency faced by these industries can cast a debilitating effect on tax receipts.

Table 7: Contribution of Major Revenue Spinners in Indirect Taxes

Tariff Description	Indirect Taxes (Rs. Billion)			Share in Gross (%)	
	FY: 05-06	FY: 04-05	Growth (%)	FY: 05-06	FY: 04-05
1. Petroleum	105.1	67.1	56.8	19.5	14.0
2. Auto Sector	63.1	41.5	51.8	11.7	8.7
3. Machinery	32.1	30.8	4.2	6.0	6.4
4. Cigarettes	28.9	27.9	3.1	5.3	5.8
5. Telecom	28.3	23.3	21.4	5.2	4.9
6. Iron & Steel	27.3	21.9	25.0	5.1	4.6
7. Edible Oils	23.0	18.5	24.2	4.3	3.9
8. Natural Gas	19.8	17.3	14.5	3.7	3.6
9. Cement	17.6	14.8	18.6	3.3	3.1
10. Plastic	14.9	13.5	10.4	2.8	2.8
11. Sugar	15.3	9.4	63.0	2.8	2.0
12. Chemicals	15.3	22.9	-33.0	2.8	4.8
13. Electrical Energy	13.4	15.6	-14.4	2.5	3.3
14. Beverages	8.9	7.0	27.4	1.7	1.5
15. Textile	5.2	21.3	-75.5	1.0	4.5
16. Fertilizer	5.1	4.9	3.8	0.9	1.0
17. Coffee, Tea, etc	4.4	4.3	2.4	0.8	0.9
Sub Total	427.6	362.1	18.1	79.3	75.8
Others	111.2	116.0	-4.1	20.7	24.3
Gross	539.0	478.1	12.7	100.0	100.0
Refund/Rebates	51.1	71.1	-28.1		
Net Collection	487.9	407.0	19.9		

Projections for FY: 2006-07

Anticipating that the economy will maintain the high growth trajectory, the budgetary target for FY: 06-07 has been set at Rs. 835 billion, showing an increase of 17.2% over the provisional collection of Rs. 712.5 billion of FY: 05-06 (Table 8). The projections for FY: 06-07 are based on the baseline collection of FY: 05-06, assumptions about robust growth in various components of GDP, the elasticity/ buoyancy estimates, and the expected impact of budgetary and relief measures announced at the time of Federal Budget 05-06. Given that the outturn of individual taxes and growth trajectories are materialized, the CBR projections anticipate that the share of direct taxes in total CBR collection will be 31.7% -- higher than last year, and within indirect taxes the shares of sales tax, excise, and CD will be 60.3%, 12.1%, and 27.6%, respectively.

Table 8: A Comparison of Baseline Collection and Projections

(Rs. Billion)

	Provisional Collection FY: 05-06	Projections FY: 06-07	Growth (%)
Direct Taxes	224.6	264.7	17.9
Sales Tax	294.6	343.8	16.7
Federal Excise	55.0	69.0	25.5
Customs Duties	138.3	157.5	13.9
All Taxes	712.5	835.0	17.2

CHAPTER 4

TAX ADMINISTRATION REFORM PROGRAM (TARP): AN UPDATE*

The Central Board of Revenue, in the recent years, has channeled its efforts towards raising revenues, and bringing equity and efficiency in the tax system. CBR has started to operate on functional lines to render efficient services to the taxpayers by ensuring uniform application of laws with integrity, efficiency and high degree of professionalism. The reform process at CBR has been designed to churn out long term benefits through efficiency again.

The initiatives under the Tax Administration Reform Program (TARP) include, *inter alia*, the implementation of universal self-assessment, creation of a functional organization, building of a taxpayer service function, use of modern work layout for conducting tax administration, creation of database for management reporting, audit selection, statistical analysis, and automation in CBR and its field formations. The following actions have been completed by CBR so far.

1. One Large Taxpayers Unit (LTU), was set up in Karachi on 1st July, 2002. Another LTU was also established in June, 2005. All the federal domestic taxes administered by the CBR are being dealt under one roof in LTUs. This is a giant

step towards facilitation of the taxpayers. Similarly, to address the issues of medium and small income taxpayers, an MTU at Lahore was established. Acknowledging the success of the MTU Lahore, five more MTUs at Rawalpindi, Peshawar, Karachi, Quetta and Faisalabad have been set up during 2005 and 2006. As indicated earlier, these six MTUs along with the existing Commissionerates will be merged in Regional Tax Offices (RTOs) to be established during 2006 and 2007. The nine additional RTOs will be located at Hyderabad, Sukkur, Multan, Lahore, Gujranwala, Sialkot, Islamabad, Sahiwal and Abbotabad.

2. As a first step towards Electronic Compliance Mechanisms, filing of statements of withholding taxes has been routed through electronic media at LTU, Karachi.

3. CBR has developed a Custom Administration Reform Project (CARE) to modernize customs clearances. In this regard, a pilot project was launched in April, 2005 by the Honorable Prime Minister of Pakistan. The program shall be rolled out at 11 Model Customs Collectorate during FY: 06-07 and FY: 07-08 including four regional hubs.

4. Sales Tax Automated Refund Repository (STARR) software has been developed which has streamlined the process of issuance of sales tax refunds. The system has been upgraded and now refunds claims are processed through Risk-based Refund Analysis System (RRAS).

5. Software has been developed for withholding tax Management. It is capable of preparing withholding

statements through recording transactions liable to withholding taxes.

6. Existing sales tax offices located in Karachi have been consolidated in a single unit called Model Sales Tax House, Karachi. It is an open layout office working on functional basis since August, 2003. This new addition to sales tax offices has greatly facilitated taxpayers.

7. M/S Nespak has been appointed as Consultant for design, procurement, support, and supervision of renovation and refurbishment activities at all model tax offices.

8. CBR has awarded the contracts for renovation and refurbishment activities at 13 RTO sites including those at Peshawar, Rawalpindi, Abbotabad, Faisalabad, Gujranwala, Sialkot, Lahore, Sukkur, Hyderabad, Quetta, Karachi, Multan and Sahiwal.

9. CBR has procured Computer Hardware and allied equipment through International Competitive Bidding (ICB) for the automation of these offices.

10. Technical Staff for Project Management Unit (PMU) has been hired from the private as well government sectors. Selection of program Manager for PMU is in final stage.

11. For selection of firm for supply, customization, and implementation of an Integrated Tax Management System (ITMS), preparation of two stage bidding document is under process.

12. Teams have been appointed for performing BPR work.

13. A Committee has been constituted to establish the workforce requirements in the reformed setup. In order to get feed back of the taxpayers on current reform program, M/S Gallup Pakistan has been assigned the job for conducting country-wide perception survey.

Status of on-going Projects under TARP: Infrastructure Development:

An amount of US$ 24 million will be utilized for establishment of the following projects:

a) Establishment of 13 Regional Taxpayers Offices (RTOs) at Karachi, Hyderabad, Sukkur, Quetta, Lahore, Faisalabad, Multan, Gujranwala, Sialkot, Rawalpindi, Peshawar, Sahiwal, and Abbotabad.

b) Establishment of third LTU at Islamabad.

c) Establishment of 12 Model Customs Collectorates

d) Establishment of 65 Taxpayers' Facilitation Centers (TFCs) throughout the country

e) Construction of transit accommodation with RTOs.

Procurement of ITMS (Software)

As per instructions of the World Bank, draft two stage bidding document for selection of software firms for ITMS is under process.

Procurement of Hardware

During the first phase, PCs/other equipment for customs, sales tax and income tax have been procured through ICB.

Procurement of Vehicles

In the first year, 43 operational vehicles have been procured to carry out functions of ‘reformed’ units. During FY: 06-07, additional amount has been earmarked for second stage procurement of vehicles under TARP.

Hiring of Program Manager

The selection of Program Manager is at final stage.

Other Staffing Requirement for PMU

In order to strengthen the PMU, the CBR has hired specialists in the field of finance and procurement.

Technical Assistance

For technical assistance in the fields of HR and Audit, consultants have been appointed. For communication consultant, selection is at final stage.

CHAPTER 5

CONCLUDING OBSERVATIONS

CBR has achieved the start-of-the-year assigned revenue target for the fourth consecutive year. It is a clear departure from the past when CBR was unable to meet even the downwardly revised revenue targets. The CBR performance during FY: 05-06 is attributable to a number of factors. The most important among them is the continuation of vibrant economic activities in the country. The persistence of higher domestic demand as exhibited by substantial growth in production and taxable sales, and phenomenal increase in imports have resulted into significant growth in internal and the import related taxes and duties. The income and corporate taxes have performed exceptionally well in term of revenue generation. Acknowledging that tax evasion and avoidance is still widespread, the growth in direct taxes confirms that the profitability of the corporate sector has improved substantially over the years. In particular, the growth in the banking and insurance, oil and gas, and telecom sectors cannot be over-emphasized. This is the reason that despite reduction in corporate rates, the collection is increasing steadily. Nevertheless, it is also true that resource mobilization through direct taxes remains below its potential. The evidence from competing economies reconfirms this point further. In most of the East Asian and other developing economies, the contribution of income and corporate taxes is between 6% and 7% of GDP whereas it is close to 3% in Pakistan. Clearly, there is scope to raise this level to the international standards. With the introduction of a modern tax system backed by state-of-the art information management system, it is expected that the objectives of raising direct tax collection and improvement in tax/GDP ratio would be achieved.

It is also worth emphasizing that to facilitate the taxpayers, to maintain growth momentum, and to further improve revenue generation efforts, bold budgetary initiatives were introduced at the time of Federal Budget 2005-06. The most significant among them was the zero-rating of the entire chains of five export-oriented industries. Besides other benefits of the measure, the problem of delays in sales tax refunds has been reduced significantly during the CFY. This has been a step towards good governance and transparency. Furthermore, to reduce the cost of doing business and to promote industrial growth, tax relief has been granted to taxpayers on the purchase of capital goods and raw materials.

CBR has also taken a number of steps to improve its tax base. Through a clean-up effort, all spurious cases identified through ‘NADRA initiative’ have been separated from the income tax base. As a result, the compliance rate has increased from 58% to 76%. Similarly, within sales tax, the base of registered persons has been made ‘effective’ by eliminating ‘null’ filers. However, notwithstanding these changes, special effort has been made to raise the number of return filers under the PM Goal/Target Initiative. The success in these numbers is quite encouraging.

Finally, one of the most outstanding achievements of CBR has been the reduction of burden of litigation on taxpayers. Within a short span of two years, all cases (nearly 80,000) at the first level of have been settled. Similarly, with active involvement of judiciary, nearly two-thirds of cases at the Apex Court level have been decided. Thus, the taxpayers have got significant relief.

Towards the end, it is worthwhile to restate that the improvement in revenue collection is visualized as a by-product of the system that encourages voluntary compliance to tax laws in a hassle-free environment. CBR remains committed to this objective.

SPECIAL EVENTS

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PRESIDENT INAUGURATES THE SILK ROUTE DRYPORT AT SUST

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PM ADDRESSES CBR SENIOR MANAGEMENT AND INAUGURATES NEW LOGO AND FLAG

PRESIDENT INAUGURATES THE SILK ROUTE DRYPORT AT SUST, HUNZA

Silk Route Dry Port, a joint venture of Sino Trans and Silk Route Dry Port Trust, is a landmark project, and constructed with the assistance of Peoples' Republic of China. It is the first formal Dry Port, linking the two friendly countries through the land route for the facilitation of cross border trade. It will prove to be an impartment step to strengthen the economies of both countries and play a pivotal role in development of the Northern Areas. In future, it will also link markets of China to Middle East, through Pakistan's Sea Ports, providing trans-shipment facilities. And, with signing of a quadrilateral transit trade agreement with China, Kazakhstan and Kirghistan, this facility would be a major economic and commercial platform of the Region.

Regarding trade transactions at Sust, clearance facilities are being up-graded, work on developing Sust Customs as a model e-Customs and transit border station are planned and this effort is going to be a part of the Customs Administration Reforms Plan.

The tariff and tax regime in Pakistan amplifies that Pakistan has reformed its systems and pursing the policy of export-led growth. The local producers and manufacturers are not being unduly protected which provides comfort to the consumers and reduces the cost of doing business in Pakistan.

In this backdrop, Pakistan is not only well placed to sustain high growth rates, but also offers great opportunities to foreign businesses and investors. Stable macroeconomic environment, least restrictive trade policy in South Asia, high standards of economic government, deep-rooted structural reforms, well-developed financial sector and Pakistan's location as a regional hub for trade, energy, logistics, and tourism makes it an attractive country for business and investment.

Appreciating the significance of the Silk Route Dry Port project and Pakistan's deep rooted relations with China, the President of Pakistan, General Pervez Musharraf was generous enough to have spared time and traveled to the Northern Areas to personally inaugurate the Dry Port. The inauguration ceremony took place on July 25, 2006 and it was attended by senior management of Pakistan and a senior Chinese delegation. In the absence of Chairman CBR, Mr. Abdullah Yusuf who was out of the country, Mr. Salman Nabi represented CBR.

The President General Pervez Musharraf, the Adviser on Finance and Revenue, Deputy Chairman Planning Commission, and Senior Officers of CBR photographed before the Ceremony

The President General Pervez Musharraf unveils the Plaque

The President addresses the Gathering of Chinese and Pakistanis Officials attending the Ceremony

PRIME MINISTER ADDRESSES CBR SENIOR MANAGEMENT AND INAUGURATES ITS NEW LOGO AND FLAG

The CBR Branding Ceremony

CBR is deeply committed to the reform program initiated few years ago. Beside structural and administrative changes being introduced in the organization, CBR is striving hard to change the whole perception of the tax collecting department from an autocratic institution of the past to a service-oriented organization of the future. CBR has launched its new LOGO, FLAG and a whole array of products associated with the organization. The presentation ceremony was held in the Prime Minister House, Islamabad on 5th August 2006, attended by the Prime Minister of Pakistan, Advisor to Prime Minister on Finance and Revenue, Chairman and Members of CBR along with senior officers from the field. The ceremony started with recitation from the Holy Quran by Hafiz Muhammad Jameel Owasi. The Chairman CBR delivered his welcome address, followed by presentation of CBR LOGO by Mr. Habib Fakhruddin Member (FATE). The Prime Minister of Pakistan Mr. Shaukat Aziz unveiled the new LOGO and FLAG and awarded certificates to some of the dedicated architects of the change. He then addressed the gathering. The salient features of the ceremony are as follows.

The Prime Minister Chairs the Ceremony flanked by Advisor on Finance and Chairman CBR

Address by Chairman CBR, Mr. Abdullah Yusuf

The Chairman CBR welcomed the Prime Minister of Pakistan and Advisor to Prime Minister on Finance and Revenue for sparing time for the special address to the senior officers of CBR and inaugurating the new LOGO and FLAG of CBR. The Chairman said that to him it is not only yet another proof of the present government's constant and continuous commitment to the reform process, but also a reflection of government's confidence in CBR's delivering capabilities. The need for reform was being felt since long, as years of confrontational attitude of tax collectors and taxpayers had distorted the whole taxation system. Missing revenue targets, heavy reliance on indirect taxes, protectionism through high tariffs, wide-ranging exemptions, complexity of tax laws and lack of transparency were only a few of the problems. With this bleak backdrop CBR presented the case for wide-ranging changes in the taxation system to the President of Pakistan in November 2001. The President approved the document in December 2001.

The Chairman CBR welcoming the Chief Guest

The Chairman further stated that due to paucity of time he would only refer to some of the major steps taken that have changed the public's perception about CBR.

- Introduction of functional set-up at CBR (HQ) and induction of functional Members from private sector.
- Establishment of LTUs at Karachi and Lahore and six Medium Taxpayers Units in major cities where a homegrown computerized Tax Management System has been implemented. Major emphasis was on the implementation of Universal Self Assessment System in Income Tax and Federal Excise and its further streamlining in Sales Tax. It is heartening to note that

now a vast majority of our stakeholders are out of the initial misgivings about the System. Through facilitation and tax education the taxpayers now understand that Universal Self Assessment System has taken the power of assessment from the tax collectors and now it lies with the taxpayers as a trust.

- Refunds have been one of the major irritants in the way of better relations between the taxpayers and tax collector. On the Sales Tax side, the issue is being addressed with the help of STARR/STREAMS. The conscious decision of zero-rating of 5 major sectors has also reduced the creation of refund by around 80%.

- On the Customs side, Customs Administration Reforms Project (CARE) has been completed and PACCS (Pakistan Automated Customs Clearance System) has been successfully introduced at KICT, Karachi, which has reduced the dwell time of cargo clearance to four hours on average for imports and one hour for export. It will be replicated all over the country in 12-18 months.

- To complement the Self-Assessment System, a system of Computerized Payment Receipts (CPR) developed in collaboration with the SBP and the NBP and endorsed by MOF, AGPR and CGA has also been implemented.

- The Human Resource Management, a hitherto extremely neglected aspect, has been revamped with a comprehensive HR Development Plan, imparting various trainings for the capacity building and proper carrier planning of officers and staff.

- Legal system has gone through one of the major changes in the history of CBR. All frivolous cases from the first stage appeal have been withdrawn. Others have been decided, thereby, reducing the number of cases from 78,000 to only 1255. At the Apex court level, special benches were constituted on CBR request and out of 1610 cases, 1240 have been disposed off. And for speedy disposal of complicated cases the system of Alternate Dispute Resolution Mechanism has been successfully implemented.

Senior Officers of CBR attending the Ceremony

Senior Officers of CBR attending the Ceremony

The Chairman further expressed that acknowledgement of appreciation of CBR performance by the Prime Minister has enabled the organization to confidently draw a roadmap for the future. In the immediate future we would be striving for the roll-out of 14 Regional Tax Offices, one LTU at Islamabad, 12 Model Customs Collectorates and around 65 Tax Facilitation Centers throughout the country by December 2007. On the automation front, the Integrated Tax Management System (ITMS) is being sought, GD Tracker has been developed and the concept of e-filing has been materialized. Similarly regarding outreach and research activities the perception survey through GALLUP is being launched, Sectoral Gap Analysis is undertaken as top priority research activity to enhance tax receipts. Effective Communication Strategy and continuous development of educational materials and simplification of tax laws and procedures are part of taxpayers' education and facilitation.

At the end, the Chairman CBR elaborated the need for CBR branding and said that CBR is striving hard to change its image from an autocratic institution of the past to a service-oriented organization of the future. A corporate style of LOGO and color scheme that has a welcoming and facilitative impression, will be shown to the public in all our future correspondence, letter heads, name plates, bill-board advertisement etc. so that the people have a feel of change that is taking place as a result of Reforms. We at the CBR consider it a good omen to unveil the LOGO through the honorable hands of the Prime Minister.

Presentation of the LOGO by Member (FATE) CBR

While presenting the LOGO, FLAG and the proposed corporate branding of the Central Board of Revenue, Mr. Habib Fakhruddin, Member (Taxpayer Education and Facilitation) said that CBR is reforming in a number of ways. To supplement all these changes under the banner of Reforms, it is imperative that the image of the organization is also improved by adopting the corporate branding tools. The LOGO and FLAG play a very important role in the recognition of an organization.

Member (FATE) Mr. Habib Fakhruddin explaining the rationale of having new LOGO and FLAG

Member (FATE) elaborated the traits of the LOGO which consists of a crescent, a shining star, bold abbreviation of the Central Board of Revenue and the use of the word Pakistan. He emphasizes that:

- We are changing; we are innovating new means of revenue generation; and unlike the angled crescent, the horizontal crescent projects that change and innovation;
- The umbrellas shape of the crescent symbolizes protection of national wealth as well as care for the taxpayers. This also symbolizes of bringing every thing under one roof, i.e., convenience;
- The crescent in green also reflects a green horizon.;
- The golden star with an extra twinkle symbolizes a shining future for all the stakeholders;
- The CBR in bold font shows the inherent strengths and integrity of the organization;
- The LOGO with its elements taken together alongwith the word Pakistan form an identity of a patriotic organization committed to the well being of the country.

Three colors have been used for the LOGO.

- Green is the colour of prosperity and in our context, this stands for nationalism and patriotism;
- Golden symbolizes progress; and
- Blue is the colour of finance and wealth. This also stands for the ways of generating revenues.

The overall shape and feel of the LOGO

- Is of epitome of an innovative, modern, dynamic and transparent organization dedicated to national progress in partnership with the taxpayers;
- Pointing upwards reflects CBR's ever increasing contribution to the national exchequer.
- Blue is the colour of finance and wealth. This also stands for the ways of generating revenues.

The FLAG of the CBR

- The maroon strip of the left represents the Income Tax Group while the dark blue strip on the right stands for Customs and Excise Group.
- In the middle of the LOGO, CBR brings both these services under one banner.

Mr. Fakhruddin appreciated the cooperation of the entire team of Midas Advertising in conceiving the LOGO, FLAG and branding of CBR.

The Prime Minister Mr. Shaukat Aziz unveils the new LOGO of CBR

The Prime Minister Mr. Shaukat Aziz unveils the new FLAG of CBR

The Prime Minister Appreciates the LOGO and the FLAG of CBR

The Award Giving Ceremony

After Unveiling the CBR LOGO and FLAG, Prime Minister Mr. Shaukat Aziz also awarded Certificates of Commendation to the officers selected on the basis of their extraordinary efforts in pursuing reforms. The following officers received Certificates:

1. Mr. Salman Nabi, Member (Direct Taxes), CBR, Islamabad
2. Mr. Haji Ahmed, Regional Commissioner of Income Tax, Eastern Region, Lahore
3. Ms. Musarrat Jabeen, Collector of Customs (Appraisement), Karachi.
4. Mr. Azhar Majeed Khalid, Collector, Model Customs Collectorate, Karachi.
5. Ms. Rana Ahmed, Additional Commissioners (IT), Model Taxpayers Unit (MTU), Lahore
6. Mr. Ashir Azeem, Additional Collector, Model Customs Collectorate, Karachi
7. Mr. Mukarram Jah Ansari, Additional Collector, Sales Tax, Lahore.
8. Mr. Irfan Sarfraz, Deputy Collector, Model Customs Collectorate, Karachi
9. Mr. Muhammad Asim Akram, Project Manager, PRAL
10. Mr. Ahmed Nawaz Rauf, Project Manager, PRAL

Mrs. Musarrat Jabeen receiving the certificate

Mr. Ahmed Nawaz Rauf receiving the certificate

Address by the Prime Minister of Pakistan.

The Prime Minister Mr. Shaukat Aziz congratulated the Chairman CBR and his team for making the reform program a success story. He expressed his satisfaction over the state of the economy. Reforms are vital for maintaining macro-economic stability, strengthening structural reforms with sustained growth and poverty reduction. The reforms at CBR have been instrumental in raising revenue collection. In the process, budget deficit has come down to just over four percent and inflation has been reduced. However, despite achieving these successes, we are not complacent and would continue to work hard to further contain inflation and expedite the pace of development.

The Prime Minister Addressing the Senior Officers of CBR

He appreciated CBR for successful implementation of the wide-ranging reforms and enhancing revenue for the national exchequer and said there is still a long way to go to bring the tax collection at par with competing economies and enhance tax-GDP ratio. He said due to buoyancy in the economy, reduction in number of taxes, decrease in tax rates, and improvement in efficiency, the tax collection has increased at a rapid pace. He asked the CBR senior officers to continue their hard work for further raise in revenue receipts.

The Prime Minister further stated that although CBR has made tremendous achievements in implementing reforms, but there is need to further focus on improvements in taxpayers facilitations and assistance at international airports, enhancing tax net implementing information technology, improvement of sale tax delivery, and above all change in the mind set to facilitate the taxpayers.

The Prime Minister appreciated that CBR has taken initiatives for branding its name and products. It would be a personal pleasure to inaugurate the new logo and flag of CBR at this occasion. He wished that the new face of CBR will prove to be a sign of trust and responsibility for development and progress of the nation. He prayed that the reformed CBR emerges as one of the technologically modern institutions with dedicated workforce to transform the public sector working environment on corporate lines in a rapidly changing world.

In the end, Mr. Shaukat Aziz asked the public servants, in general, and the CBR employees in particular that transparency, efficiency, integrity and professionalism should be their motto for success in the era of competitiveness and change.

Shield with CBR LOGO is presented to the Prime Minister by Chairman CBR

STATISTICAL APPENDIX

Comparative Statements of

Month-to-Month and Progressive

Provision Collection of

Federal Taxes 2005 - 06

A L L T A X E S

TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	38,431	7,756	30,675	41,522	6,921	34,601	3,091	-835	3,926	8.0	-10.8	12.8
AUGUST	M	41,415	7,227	34,188	50,326	5,402	44,924	8,911	-1,825	10,736	21.5	-25.3	31.4
	P	**79,846**	**14,983**	**64,863**	**91,848**	**12,323**	**79,525**	**12,002**	**-2,660**	**14,662**	**15.0**	**-17.8**	**22.6**
SEPTEMBER	M	68,460	7,614	60,846	78,416	5,885	72,531	9,956	-1,729	11,685	14.5	-22.7	19.2
1st Quarter		**148,306**	**22,597**	**125,709**	**170,264**	**18,208**	**152,056**	**21,958**	**-4,389**	**26,347**	**14.8**	**-19.4**	**21.0**
OCTOBER	M	48,025	7,103	40,922	56,273	7,098	49,175	8,248	-5	8,253	17.2	-0.1	20.2
	P	**196,331**	**29,700**	**166,631**	**226,537**	**25,306**	**201,231**	**30,206**	**-4,394**	**34,600**	**15.4**	**-14.8**	**20.8**
NOVEMBER	M	46,436	7,946	38,490	53,461	5,908	47,553	7,025	-2,038	9,063	15.1	-25.6	23.5
	P	**242,767**	**37,646**	**205,121**	**279,998**	**31,214**	**248,784**	**37,231**	**-6,432**	**43,663**	**15.3**	**-17.1**	**21.3**
DECEMBER	M	66,543	9,174	57,369	86,627	11,502	75,125	20,084	2,328	17,756	30.2	25.4	31.0
2nd Quarter		**161,004**	**24,223**	**136,781**	**196,361**	**24,508**	**171,853**	**35,357**	**285**	**35,072**	**22.0**	**1.2**	**25.6**
Up to 2nd Qtr		**309,310**	**46,820**	**262,490**	**366,625**	**42,716**	**323,909**	**57,315**	**-4,104**	**61,419**	**18.5**	**-8.8**	**23.4**
JANUARY	M	50,424	9,172	41,252	53,366	7,445	45,921	2,942	-1,727	4,669	5.8	-18.8	11.3
	P	**359,734**	**55,992**	**303,742**	**419,991**	**50,161**	**369,830**	**60,257**	**-5,831**	**66,088**	**16.8**	**-10.4**	**21.8**
FEBRUARY	M	45,529	8,288	37,241	56,011	6,529	49,482	10,482	-1,759	12,241	23.0	-21.2	32.9
	P	**405,263**	**64,280**	**340,983**	**476,002**	**56,690**	**419,312**	**70,739**	**-7,590**	**78,329**	**17.5**	**-11.8**	**23.0**
MARCH	M	71,572	11,284	60,288	79,236	8,726	70,510	7,664	-2,558	10,222	10.7	-22.7	17.0
3rd Quarter		**167,525**	**28,744**	**138,781**	**188,613**	**22,700**	**165,913**	**21,088**	**-6,044**	**27,132**	**12.6**	**-21.0**	**19.6**
Up to 3rd Qtr		**476,835**	**75,564**	**401,271**	**555,238**	**65,416**	**489,822**	**78,403**	**-10,148**	**88,551**	**16.4**	**-13.4**	**22.1**
APRIL	M	57,388	7,547	49,841	63,599	6,442	57,157	6,211	-1,105	7,316	10.8	-14.6	14.7
	P	**534,223**	**83,111**	**451,112**	**618,837**	**71,858**	**546,979**	**84,614**	**-11,253**	**95,867**	**15.8**	**-13.5**	**21.3**
MAY	M	58,771	9,339	49,432	69,140	5,550	63,590	10,369	-3,789	14,158	17.6	-40.6	28.6
	P	**592,994**	**92,450**	**500,544**	**687,977**	**77,408**	**610,569**	**94,983**	**-15,042**	**110,025**	**16.0**	**-16.3**	**22.0**
JUNE	M	97,542	7,699	89,843	109,652	7,706	101,946	12,110	7	12,103	12.4	0.1	13.5
4th Quarter		**213,701**	**24,585**	**189,116**	**242,391**	**19,698**	**222,693**	**28,690**	**-4,887**	**33,577**	**13.4**	**-19.9**	**17.8**
Up to 4th Qtr		**690,536**	**100,149**	**590,387**	**797,629**	**85,114**	**712,515**	**107,093**	**-15,035**	**122,128**	**15.5**	**-15.0**	**20.7**

DIRECT TAXES

TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	7,040	825	6,215	8,865	1,245	7,620	1,825	420	1,405	25.9	50.9	22.6
AUGUST	M	7,605	949	6,656	10,342	1,327	9,015	2,737	378	2,359	36.0	39.8	35.4
	P	**14,645**	**1,774**	**12,871**	**19,207**	**2,572**	**16,635**	**4,562**	**798**	**3,764**	**31.2**	**45.0**	**29.2**
SEPTEMBER	M	30,362	1,499	28,863	34,181	2,630	31,551	3,819	1,131	2,688	12.6	75.5	9.3
1st Quarter		**45,007**	**3,273**	**41,734**	**53,388**	**5,202**	**48,186**	**8,381**	**1,929**	**6,452**	**18.6**	**58.9**	**15.5**
OCTOBER	M	8,575	1,821	6,754	12,930	1,825	11,105	4,355	4	4,351	50.8	0.2	64.4
	P	**53,582**	**5,094**	**48,488**	**66,318**	**7,027**	**59,291**	**12,736**	**1,933**	**10,803**	**23.8**	**37.9**	**22.3**
NOVEMBER	M	9,672	2,296	7,376	12,327	2,164	10,163	2,655	-132	2,787	27.5	-5.7	37.8
	P	**63,254**	**7,390**	**55,864**	**78,645**	**9,191**	**69,454**	**15,391**	**1,801**	**13,590**	**24.3**	**24.4**	**24.3**
DECEMBER	M	25,611	3,088	22,523	40,966	6,106	34,860	15,355	3,018	12,337	60.0	97.7	54.8
2nd Quarter		**43,858**	**7,205**	**36,653**	**66,223**	**10,095**	**56,128**	**22,365**	**2,890**	**19,475**	**51.0**	**40.1**	**53.1**
Up to 2nd Qtr		**88,865**	**10,478**	**78,387**	**119,611**	**15,297**	**104,314**	**30,746**	**4,819**	**25,927**	**34.6**	**46.0**	**33.1**
JANUARY	M	12,052	2,985	9,067	12,948	2,878	10,070	896	-107	1,003	7.4	-3.6	11.1
	P	**100,917**	**13,463**	**87,454**	**132,559**	**18,175**	**114,384**	**31,642**	**4,712**	**26,930**	**31.4**	**35.0**	**30.8**
FEBRUARY	M	10,721	1,851	8,870	12,680	2,161	10,519	1,959	310	1,649	18.3	16.7	18.6
	P	**111,638**	**15,314**	**96,324**	**145,239**	**20,336**	**124,903**	**33,601**	**5,022**	**28,579**	**30.1**	**32.8**	**29.7**
MARCH	M	27,630	4,481	23,149	31,709	3,916	27,793	4,079	-565	4,644	14.8	-12.6	20.1
3rd Quarter		**50,403**	**9,317**	**41,086**	**57,337**	**8,955**	**48,382**	**6,934**	**-362**	**7,296**	**13.8**	**-3.9**	**17.8**
Up to 3rd Qtr		**139,268**	**19,795**	**119,473**	**176,948**	**24,252**	**152,696**	**37,680**	**4,457**	**33,223**	**27.1**	**22.5**	**27.8**
APRIL	M	15,742	2,270	13,472	17,211	2,323	14,888	1,469	53	1,416	9.3	2.3	10.5
	P	**155,010**	**22,065**	**132,945**	**194,159**	**26,575**	**167,584**	**39,149**	**4,510**	**34,639**	**25.3**	**20.4**	**26.1**
MAY	M	16,126	2,662	13,464	16,968	2,605	14,363	842	-57	899	5.2	-2.1	6.7
	P	**171,136**	**24,727**	**146,409**	**211,127**	**29,180**	**181,947**	**39,991**	**4,453**	**35,538**	**23.4**	**18.0**	**24.3**
JUNE	M	41,269	4,306	36,963	47,457	4,818	42,639	6,188	512	5,676	15.0	11.9	15.4
4th Quarter		**73,137**	**9,238**	**63,899**	**81,635**	**9,746**	**71,889**	**8,498**	**508**	**8,001**	**11.6**	**5.5**	**12.5**
Up to 4th Qtr		**212,405**	**29,033**	**183,372**	**258,583**	**33,998**	**224,585**	**46,178**	**4,965**	**41,213**	**21.7**	**17.1**	**22.5**

INDIRECT TAXES
TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	31,391	6,931	24,460	32,657	5,676	26,981	1,266	-1,255	2,521	4.0	-18.1	10.3
AUGUST	M	33,810	6,278	27,532	39,984	4,075	35,909	6,174	-2,203	8,377	18.3	-35.1	30.4
	P	**65,201**	**13,209**	**51,992**	**72,641**	**9,751**	**62,890**	**7,440**	**-3,458**	**10,898**	**11.4**	**-26.2**	**21.0**
SEPTEMBER	M	38,098	6,115	31,983	44,235	3,255	40,980	6,137	-2,860	8,997	16.1	-46.8	28.1
1st Quarter		**103,299**	**19,324**	**83,975**	**116,876**	**13,006**	**103,870**	**13,577**	**-6,318**	**19,895**	**13.1**	**-32.7**	**23.7**
OCTOBER	M	39,450	5,282	34,168	43,343	5,273	38,070	3,893	-9	3,902	9.9	-0.2	11.4
	P	**142,749**	**24,606**	**118,143**	**160,219**	**18,279**	**141,940**	**17,470**	**-6,327**	**23,797**	**12.2**	**-25.7**	**20.1**
NOVEMBER	M	36,764	5,650	31,114	41,134	3,744	37,390	4,370	-1,906	6,276	11.9	-33.7	20.2
	P	**179,513**	**30,256**	**149,257**	**201,353**	**22,023**	**179,330**	**21,840**	**-8,233**	**30,073**	**12.2**	**-27.2**	**20.1**
DECEMBER	M	40,932	6,086	34,846	45,661	5,396	40,265	4,729	-690	5,419	11.6	-11.3	15.6
2nd Quarter		**117,146**	**17,018**	**100,128**	**130,138**	**14,413**	**115,725**	**12,992**	**-2,605**	**15,597**	**11.1**	**-15.3**	**15.6**
Up to 2nd Qtr		**220,445**	**36,342**	**184,103**	**247,014**	**27,419**	**219,595**	**26,569**	**-8,923**	**35,492**	**12.1**	**-24.6**	**19.3**
JANUARY	M	38,372	6,187	32,185	40,418	4,567	35,851	2,046	-1,620	3,666	5.3	-26.2	11.4
	P	**258,817**	**42,529**	**216,288**	**287,432**	**31,986**	**255,446**	**28,615**	**-10,543**	**39,158**	**11.1**	**-24.8**	**18.1**
FEBRUARY	M	34,808	6,437	28,371	43,331	4,368	38,963	8,523	-2,069	10,592	24.5	-32.1	37.3
	P	**293,625**	**48,966**	**244,659**	**330,763**	**36,354**	**294,409**	**37,138**	**-12,612**	**49,750**	**12.6**	**-25.8**	**20.3**
MARCH	M	43,942	6,803	37,139	47,527	4,810	42,717	3,585	-1,993	5,578	8.2	-29.3	15.0
3rd Quarter		**117,122**	**19,427**	**97,695**	**131,276**	**13,745**	**117,531**	**14,154**	**-5,682**	**19,836**	**12.1**	**-29.2**	**20.3**
Up to 3rd Qtr		**337,567**	**55,769**	**281,798**	**378,290**	**41,164**	**337,126**	**40,723**	**-14,605**	**55,328**	**12.1**	**-26.2**	**19.6**
APRIL	M	41,646	5,277	36,369	46,388	4,119	42,269	4,742	-1,158	5,900	11.4	-21.9	16.2
	P	**379,213**	**61,046**	**318,167**	**424,678**	**45,283**	**379,395**	**45,465**	**-15,763**	**61,228**	**12.0**	**-25.8**	**19.2**
MAY	M	42,645	6,677	35,968	52,172	2,945	49,227	9,527	-3,732	13,259	22.3	-55.9	36.9
	P	**421,858**	**67,723**	**354,135**	**476,850**	**48,228**	**428,622**	**54,992**	**-19,495**	**74,487**	**13.0**	**-28.8**	**21.0**
JUNE	M	56,273	3,393	52,880	62,196	2,888	59,308	5,923	-505	6,428	10.5	-14.9	12.2
4th Quarter		**140,564**	**15,347**	**125,217**	**160,756**	**9,952**	**150,804**	**20,192**	**-5,395**	**25,587**	**14.4**	**-35.2**	**20.4**
Up to 4th Qtr		**478,131**	**71,116**	**407,015**	**539,046**	**51,116**	**487,930**	**60,915**	**-20,000**	**80,915**	**12.7**	**-28.1**	**19.9**

SALES TAX (TOTAL)
TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	20,261	5,474	14,787	19,978	4,238	15,740	-283	-1,236	953	-1.4	-22.6	6.4
AUGUST	M	20,997	4,896	16,101	24,353	1,574	22,779	3,356	-3,322	6,678	16.0	-67.9	41.5
	P	**41,258**	**10,370**	**30,888**	**44,331**	**5,812**	**38,519**	**3,073**	**-4,558**	**7,631**	**7.4**	**-44.0**	**24.7**
SEPTEMBER	M	24,255	4,793	19,462	26,228	1,762	24,466	1,973	-3,031	5,004	8.1	-63.2	25.7
1st Quarter		**65,513**	**15,163**	**50,350**	**70,559**	**7,574**	**62,985**	**5,046**	**-7,589**	**12,635**	**7.7**	**-50.0**	**25.1**
OCTOBER	M	23,842	4,127	19,715	27,204	3,628	23,576	3,362	-499	3,861	14.1	-12.1	19.6
	P	**89,355**	**19,290**	**70,065**	**97,763**	**11,202**	**86,561**	**8,408**	**-8,088**	**16,496**	**9.4**	**-41.9**	**23.5**
NOVEMBER	M	23,855	4,536	19,319	25,797	2,250	23,547	1,942	-2,286	4,228	8.1	-50.4	21.9
	P	**113,210**	**23,826**	**89,384**	**123,560**	**13,452**	**110,108**	**10,350**	**-10,374**	**20,724**	**9.1**	**-43.5**	**23.2**
DECEMBER	M	25,017	5,050	19,967	26,427	3,796	22,631	1,410	-1,254	2,664	5.6	-24.8	13.3
2nd Quarter		**72,714**	**13,713**	**59,001**	**79,428**	**9,674**	**69,754**	**6,714**	**-4,039**	**10,753**	**9.2**	**-29.5**	**18.2**
Up to 2nd Qtr		**138,227**	**28,876**	**109,351**	**149,987**	**17,248**	**132,739**	**11,760**	**-11,628**	**23,388**	**8.5**	**-40.3**	**21.4**
JANUARY	M	23,918	4,668	19,250	25,310	3,122	22,188	1,392	-1,546	2,938	5.8	-33.1	15.3
	P	**162,145**	**33,544**	**128,601**	**175,297**	**20,370**	**154,927**	**13,152**	**-13,174**	**26,326**	**8.1**	**-39.3**	**20.5**
FEBRUARY	M	21,671	5,100	16,571	26,721	3,130	23,591	5,050	-1,970	7,020	23.3	-38.6	42.4
	P	**183,816**	**38,644**	**145,172**	**202,018**	**23,500**	**178,518**	**18,202**	**-15,144**	**33,346**	**9.9**	**-39.2**	**23.0**
MARCH	M	25,513	5,306	20,207	27,208	3,323	23,885	1,695	-1,983	3,678	6.6	-37.4	18.2
3rd Quarter		**71,102**	**15,074**	**56,028**	**79,239**	**9,575**	**69,664**	**8,137**	**-5,499**	**13,636**	**11.4**	**-36.5**	**24.3**
Up to 3rd Qtr		**209,329**	**43,950**	**165,379**	**229,226**	**26,823**	**202,403**	**19,897**	**-17,127**	**37,024**	**9.5**	**-39.0**	**22.4**
APRIL	M	25,342	3,910	21,432	28,539	2,395	26,144	3,197	-1,515	4,712	12.6	-38.7	22.0
	P	**234,671**	**47,860**	**186,811**	**257,765**	**29,218**	**228,547**	**23,094**	**-18,642**	**41,736**	**9.8**	**-39.0**	**22.3**
MAY	M	26,196	5,253	20,943	32,101	1,555	30,546	5,905	-3,698	9,603	22.5	-70.4	45.9
	P	**260,867**	**53,113**	**207,754**	**289,866**	**30,773**	**259,093**	**28,999**	**-22,340**	**51,339**	**11.1**	**-42.1**	**24.7**
JUNE	M	32,579	1,796	30,783	37,217	1,666	35,551	4,638	-130	4,768	14.2	-7.2	15.5
4th Quarter		**84,117**	**10,959**	**73,158**	**97,857**	**5,616**	**92,241**	**13,740**	**-5,343**	**19,083**	**16.3**	**-48.8**	**26.1**
Up to 4th Qtr		**293,446**	**54,909**	**238,537**	**327,083**	**32,439**	**294,644**	**33,637**	**-22,470**	**56,107**	**11.5**	**-40.9**	**23.5**

SALES TAX (IMPORTS)
TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	10,617	3	10,614	11,095	13	11,082	478	10	468	4.5	333.3	4.4
AUGUST	M	11,273	1	11,272	13,609	22	13,587	2,336	21	2,315	20.7	2,100.0	20.5
	P	**21,890**	**4**	**21,886**	**24,704**	**35**	**24,669**	**2,814**	**31**	**2,783**	**12.9**	**775.0**	**12.7**
SEPTEMBER	M	11,288	1	11,287	14,358	2	14,356	3,070	1	3,069	27.2	100.0	27.2
1st Quarter		**33,178**	**5**	**33,173**	**39,062**	**37**	**39,025**	**5,884**	**32**	**5,852**	**17.7**	**640.0**	**17.6**
OCTOBER	M	11,354	5	11,349	14,269	5	14,264	2,915	0	2,915	25.7	0.0	25.7
	P	**44,532**	**10**	**44,522**	**53,331**	**42**	**53,289**	**8,799**	**32**	**8,767**	**19.8**	**320.0**	**19.7**
NOVEMBER	M	11,814	2	11,812	13,122	6	13,116	1,308	4	1,304	11.1	200.0	11.0
	P	**56,346**	**12**	**56,334**	**66,453**	**48**	**66,405**	**10,107**	**36**	**10,071**	**17.9**	**300.0**	**17.9**
DECEMBER	M	13,007	2	13,005	14,352	9	14,343	1,345	7	1,338	10.3	350.0	10.3
2nd Quarter		**36,175**	**9**	**36,166**	**41,743**	**20**	**41,723**	**5,568**	**11**	**5,557**	**15.4**	**122.2**	**15.4**
Up to 2nd Qtr		**69,353**	**14**	**69,339**	**80,805**	**57**	**80,748**	**11,452**	**43**	**11,409**	**16.5**	**307.1**	**16.5**
JANUARY	M	11,574	1	11,573	12,265	5	12,260	691	4	687	6.0	400.0	5.9
	P	**80,927**	**15**	**80,912**	**93,070**	**62**	**93,008**	**12,143**	**47**	**12,096**	**15.0**	**313.3**	**14.9**
FEBRUARY	M	11,080	25	11,055	13,095	4	13,091	2,015	-21	2,036	18.2	-84.0	18.4
	P	**92,007**	**40**	**91,967**	**106,165**	**66**	**106,099**	**14,158**	**26**	**14,132**	**15.4**	**65.0**	**15.4**
MARCH	M	14,028	2	14,026	15,026	18	15,008	998	16	982	7.1	800.0	7.0
3rd Quarter		**36,682**	**28**	**36,654**	**40,386**	**27**	**40,359**	**3,704**	**-1**	**3,705**	**10.1**	**-3.6**	**10.1**
Up to 3rd Qtr		**106,035**	**42**	**105,993**	**121,191**	**84**	**121,107**	**15,156**	**42**	**15,114**	**14.3**	**100.0**	**14.3**
APRIL	M	12,551	4	12,547	13,757	2	13,755	1,206	-2	1,208	9.6	-50.0	9.6
	P	**118,586**	**46**	**118,540**	**134,948**	**86**	**134,862**	**16,362**	**40**	**16,322**	**13.8**	**87.0**	**13.8**
MAY	M	12,947	4	12,943	17,159	3	17,156	4,212	-1	4,213	32.5	-25.0	32.6
	P	**131,533**	**50**	**131,483**	**152,107**	**89**	**152,018**	**20,574**	**39**	**20,535**	**15.6**	**78.0**	**15.6**
JUNE	M	13,367	5	13,362	19,657	9	19,648	6,290	4	6,286	47.1	80.0	47.0
4th Quarter		**38,865**	**13**	**38,852**	**50,573**	**14**	**50,559**	**11,708**	**1**	**11,707**	**30.1**	**7.7**	**30.1**
Up to 4th Qtr		**144,900**	**55**	**144,845**	**171,764**	**98**	**171,666**	**26,864**	**43**	**26,821**	**18.5**	**78.2**	**18.5**

SALES TAX (DOMESTIC)
TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	9,644	5,471	4,173	8,883	4,225	4,658	-761	-1,246	485	-7.9	-22.8	11.6
AUGUST	M	9,724	4,895	4,829	10,744	1,552	9,192	1,020	-3,343	4,363	10.5	-68.3	90.3
	P	**19,368**	**10,366**	**9,002**	**19,627**	**5,777**	**13,850**	**259**	**-4,589**	**4,848**	**1.3**	**-44.3**	**53.9**
SEPTEMBER	M	12,967	4,792	8,175	11,870	1,760	10,110	-1,097	-3,032	1,935	-8.5	-63.3	23.7
1st Quarter		**32,335**	**15,158**	**17,177**	**31,497**	**7,537**	**23,960**	**-838**	**-7,621**	**6,783**	**-2.6**	**-50.3**	**39.5**
OCTOBER	M	12,488	4,122	8,366	12,935	3,623	9,312	447	-499	946	3.6	-12.1	11.3
	P	**44,823**	**19,280**	**25,543**	**44,432**	**11,160**	**33,272**	**-391**	**-8,120**	**7,729**	**-0.9**	**-42.1**	**30.3**
NOVEMBER	M	12,041	4,534	7,507	12,675	2,244	10,431	634	-2,290	2,924	5.3	-50.5	39.0
	P	**56,864**	**23,814**	**33,050**	**57,107**	**13,404**	**43,703**	**243**	**-10,410**	**10,653**	**0.4**	**-43.7**	**32.2**
DECEMBER	M	12,010	5,048	6,962	12,075	3,787	8,288	65	-1,261	1,326	0.5	-25.0	19.0
2nd Quarter		**36,539**	**13,704**	**22,835**	**37,685**	**9,654**	**28,031**	**1,146**	**-4,050**	**5,196**	**3.1**	**-29.6**	**22.8**
Up to 2nd Qtr		**68,874**	**28,862**	**40,012**	**69,182**	**17,191**	**51,991**	**308**	**-11,671**	**11,979**	**0.4**	**-40.4**	**29.9**
JANUARY	M	12,344	4,667	7,677	13,045	3,117	9,928	701	-1,550	2,251	5.7	-33.2	29.3
	P	**81,218**	**33,529**	**47,689**	**82,227**	**20,308**	**61,919**	**1,009**	**-13,221**	**14,230**	**1.2**	**-39.4**	**29.8**
FEBRUARY	M	10,591	5,075	5,516	13,626	3,126	10,500	3,035	-1,949	4,984	28.7	-38.4	90.4
	P	**91,809**	**38,604**	**53,205**	**95,853**	**23,434**	**72,419**	**4,044**	**-15,170**	**19,214**	**4.4**	**-39.3**	**36.1**
MARCH	M	11,485	5,304	6,181	12,182	3,305	8,877	697	-1,999	2,696	6.1	-37.7	43.6
3rd Quarter		**34,420**	**15,046**	**19,374**	**38,853**	**9,548**	**29,305**	**4,433**	**-5,498**	**9,931**	**12.9**	**-36.5**	**51.3**
Up to 3rd Qtr		**103,294**	**43,908**	**59,386**	**108,035**	**26,739**	**81,296**	**4,741**	**-17,169**	**21,910**	**4.6**	**-39.1**	**36.9**
APRIL	M	12,791	3,906	8,885	14,782	2,393	12,389	1,991	-1,513	3,504	15.6	-38.7	39.4
	P	**116,085**	**47,814**	**68,271**	**122,817**	**29,132**	**93,685**	**6,732**	**-18,682**	**25,414**	**5.8**	**-39.1**	**37.2**
MAY	M	13,249	5,249	8,000	14,942	1,552	13,390	1,693	-3,697	5,390	12.8	-70.4	67.4
	P	**129,334**	**53,063**	**76,271**	**137,759**	**30,684**	**107,075**	**8,425**	**-22,379**	**30,804**	**6.5**	**-42.2**	**40.4**
JUNE	M	19,212	1,791	17,421	17,560	1,657	15,903	-1,652	-134	-1,518	-8.6	-7.5	-8.7
4th Quarter		**45,252**	**10,946**	**34,306**	**47,284**	**5,602**	**41,682**	**2,032**	**-5,344**	**7,376**	**4.5**	**-48.8**	**21.5**
Up to 4th Qtr		**148,546**	**54,854**	**93,692**	**155,319**	**32,341**	**122,978**	**6,773**	**-22,513**	**29,286**	**4.6**	**-41.0**	**31.3**

FEDERAL EXCISE
TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	3,129	1	3,128	2,962	104	2,858	-167	103	-270	-5.3	10,300.0	-8.6
AUGUST	M	3,855	0	3,855	4,063	2	4,061	208	2	206	5.4	#DIV/0!	5.3
	P	**6,984**	**1**	**6,983**	**7,025**	**106**	**6,919**	**41**	**105**	**-64**	**0.6**	**10,500.0**	**-0.9**
SEPTEMBER	M	4,256	9	4,247	5,364	44	5,320	1,108	35	1,073	26.0	388.9	25.3
1st Quarter		**11,240**	**10**	**11,230**	**12,389**	**150**	**12,239**	**1,149**	**140**	**1,009**	**10.2**	**1,400.0**	**9.0**
OCTOBER	M	4,278	4	4,274	4,643	2	4,641	365	-2	367	8.5	-50.0	8.6
	P	**15,518**	**14**	**15,504**	**17,032**	**152**	**16,880**	**1,514**	**138**	**1,376**	**9.8**	**985.7**	**8.9**
NOVEMBER	M	3,778	0	3,778	4,117	1	4,116	339	1	338	9.0	#DIV/0!	8.9
	P	**19,296**	**14**	**19,282**	**21,149**	**153**	**20,996**	**1,853**	**139**	**1,714**	**9.6**	**992.9**	**8.9**
DECEMBER	M	4,276	0	4,276	4,405	41	4,364	129	41	88	3.0	#DIV/0!	2.1
2nd Quarter		**12,332**	**4**	**12,328**	**13,165**	**44**	**13,121**	**833**	**40**	**793**	**6.8**	**1,000.0**	**6.4**
Up to 2nd Qtr		**23,572**	**14**	**23,558**	**25,554**	**194**	**25,360**	**1,982**	**180**	**1,802**	**8.4**	**1,285.7**	**7.6**
JANUARY	M	4,223	2	4,221	4,159	18	4,141	-64	16	-80	-1.5	800.0	-1.9
	P	**27,795**	**16**	**27,779**	**29,713**	**212**	**29,501**	**1,918**	**196**	**1,722**	**6.9**	**1,225.0**	**6.2**
FEBRUARY	M	3,752	15	3,737	4,890	8	4,882	1,138	-7	1,145	30.3	-46.7	30.6
	P	**31,547**	**31**	**31,516**	**34,603**	**220**	**34,383**	**3,056**	**189**	**2,867**	**9.7**	**609.7**	**9.1**
MARCH	M	4,824	9	4,815	5,277	14	5,263	453	5	448	9.4	55.6	9.3
3rd Quarter		**12,799**	**26**	**12,773**	**14,326**	**40**	**14,286**	**1,527**	**14**	**1,513**	**11.9**	**53.8**	**11.8**
Up to 3rd Qtr		**36,371**	**40**	**36,331**	**39,880**	**234**	**39,646**	**3,509**	**194**	**3,315**	**9.6**	**485.0**	**9.1**
APRIL	M	5,276	0	5,276	5,710	5	5,705	434	5	429	8.2	#DIV/0!	8.1
	P	**41,647**	**40**	**41,607**	**45,590**	**239**	**45,351**	**3,943**	**199**	**3,744**	**9.5**	**497.5**	**9.0**
MAY	M	5,450	5	5,445	6,189	2	6,187	739	-3	742	13.6	-60.0	13.6
	P	**47,097**	**45**	**47,052**	**51,779**	**241**	**51,538**	**4,682**	**196**	**4,486**	**9.9**	**435.6**	**9.5**
JUNE	M	6,056	4	6,052	3,508	5	3,503	-2,548	1	-2,549	-42.1	25.0	-42.1
4th Quarter		**16,782**	**9**	**16,773**	**15,407**	**12**	**15,395**	**-1,375**	**3**	**-1,378**	**-8.2**	**33.3**	**-8.2**
Up to 4th Qtr		**53,153**	**49**	**53,104**	**55,287**	**246**	**55,041**	**2,134**	**197**	**1,937**	**4.0**	**402.0**	**3.6**

C U S T O M S

TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

(Rs. in Million)

MONTHS		FY: 2004-05			FY: 2005-06			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	8,001	1,456	6,545	9,717	1,334	8,383	1,716	-122	1,838	21.4	-8.4	28.1
AUGUST	M	8,958	1,382	7,576	11,568	2,499	9,069	2,610	1,117	1,493	29.1	80.8	19.7
	P	**16,959**	**2,838**	**14,121**	**21,285**	**3,833**	**17,452**	**4,326**	**995**	**3,331**	**25.5**	**35.1**	**23.6**
SEPTEMBER	M	9,587	1,313	8,274	12,643	1,449	11,194	3,056	136	2,920	31.9	10.4	35.3
1st Quarter		**26,546**	**4,151**	**22,395**	**33,928**	**5,282**	**28,646**	**7,382**	**1,131**	**6,251**	**27.8**	**27.2**	**27.9**
OCTOBER	M	11,330	1,151	10,179	11,496	1,643	9,853	166	492	-326	1.5	42.7	-3.2
	P	**37,876**	**5,302**	**32,574**	**45,424**	**6,925**	**38,499**	**7,548**	**1,623**	**5,925**	**19.9**	**30.6**	**18.2**
NOVEMBER	M	9,131	1,114	8,017	11,220	1,493	9,727	2,089	379	1,710	22.9	34.0	21.3
	P	**47,007**	**6,416**	**40,591**	**56,644**	**8,418**	**48,226**	**9,637**	**2,002**	**7,635**	**20.5**	**31.2**	**18.8**
DECEMBER	M	11,639	1,036	10,603	14,829	1,559	13,270	3,190	523	2,667	27.4	50.5	25.2
2nd Quarter		**32,100**	**3,301**	**28,799**	**37,545**	**4,695**	**32,850**	**5,445**	**1,394**	**4,051**	**17.0**	**42.2**	**14.1**
Up to 2nd Qtr		**58,646**	**7,452**	**51,194**	**71,473**	**9,977**	**61,496**	**12,827**	**2,525**	**10,302**	**21.9**	**33.9**	**20.1**
JANUARY	M	10,231	1,517	8,714	10,949	1,427	9,522	718	-90	808	7.0	-5.9	9.3
	P	**68,877**	**8,969**	**59,908**	**82,422**	**11,404**	**71,018**	**13,545**	**2,435**	**11,110**	**19.7**	**27.1**	**18.5**
FEBRUARY	M	9,385	1,322	8,063	11,720	1,230	10,490	2,335	-92	2,427	24.9	-7.0	30.1
	P	**78,262**	**10,291**	**67,971**	**94,142**	**12,634**	**81,508**	**15,880**	**2,343**	**13,537**	**20.3**	**22.8**	**19.9**
MARCH	M	13,605	1,488	12,117	15,042	1,473	13,569	1,437	-15	1,452	10.6	-1.0	12.0
3rd Quarter		**33,221**	**4,327**	**28,894**	**37,711**	**4,130**	**33,581**	**4,490**	**-197**	**4,687**	**13.5**	**-4.6**	**16.2**
Up to 3rd Qtr		**91,867**	**11,779**	**80,088**	**109,184**	**14,107**	**95,077**	**17,317**	**2,328**	**14,989**	**18.9**	**19.8**	**18.7**
APRIL	M	11,028	1,367	9,661	12,139	1,719	10,420	1,111	352	759	10.1	25.7	7.9
	P	**102,895**	**13,146**	**89,749**	**121,323**	**15,826**	**105,497**	**18,428**	**2,680**	**15,748**	**17.9**	**20.4**	**17.5**
MAY	M	10,999	1,419	9,580	13,882	1,388	12,494	2,883	-31	2,914	26.2	-2.2	30.4
	P	**113,894**	**14,565**	**99,329**	**135,205**	**17,214**	**117,991**	**21,311**	**2,649**	**18,662**	**18.7**	**18.2**	**18.8**
JUNE	M	17,638	1,593	16,045	21,471	1,217	20,254	3,833	-376	4,209	21.7	-23.6	26.2
4th Quarter		**39,665**	**4,379**	**35,286**	**47,492**	**4,324**	**43,168**	**7,827**	**-55**	**7,882**	**19.7**	**-1.3**	**22.3**
Up to 4th Qtr		**131,532**	**16,158**	**115,374**	**156,676**	**18,431**	**138,245**	**25,144**	**2,273**	**22,871**	**19.1**	**14.1**	**19.8**