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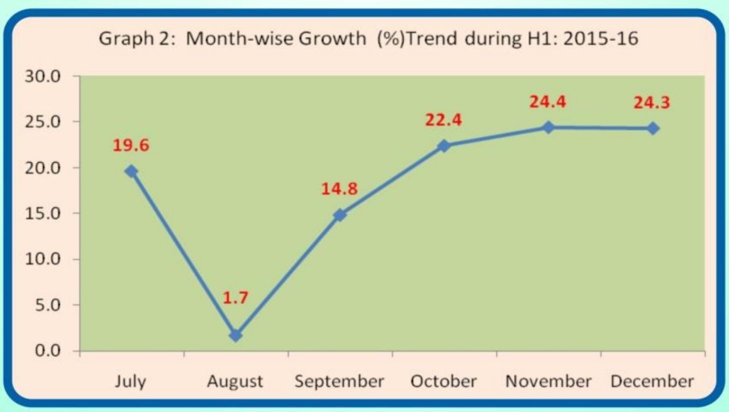

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The FBR Biannual Review, July-December, 2015-16 has been prepared by the Research Team of Strategic Planning and Reform & Statistics Wing.

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Foreword

Despite several challenges including energy shortages and compression of imports, FBR has been able to collect net tax revenue of Rs.1,385 billion during the first half of 2015-16, yielding 18% growth over the collection of Rs. 1,172 billion during H1 2014-15. On the tax revenue front many positive developments have been noticed and overall performance during H1 2015-16 remained satisfactory. The reforms have started paying the dividends in shape of improved compliance, significant revenue growth and higher tax GDP ratio. It is hoped that the tax-GDP ratio will reach 10.1% if revenue target of CFY is achieved.

The current issue of the FBR Biannual Review provides an update on FBR revenue generating efforts. The in-depth analysis of data for the first half of 2015-16 provides an insight into various components of federal taxes. It also explains how the growth in tax yield is directly linked with the macroeconomic indicators of the economy.

The efforts of the research team of Strategic Planning Reform & Statistics Wing are commendable in bringing out this issue of FBR Biannual Review. Suggestions and comments for improvement of this publication will be highly appreciated.

(Nisar Muhammad)
Secretary Revenue Division/
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Abbreviations

FBR	Federal Board of Revenue
DT	Direct Taxes
CD	Customs Duties
GST	General Sales Tax
STM	Sales Tax Import
STD	Sales Tax Domestic
FED	Federal Excise Duties
WHT	Withholding Taxes
VP	Voluntary Payments
CoD	Collection on Demand
AOPs	Association of Persons
NTN	National Tax Number
USAS	Universal Self-Assessment Scheme
SED	Special Excise Duty
PCT	Pakistan Customs Tariff
GDP	Gross Domestic Product
CH	Chapter
RTO	Regional Tax Office
LTU	Large Tax Payers' Unit
FY	Fiscal Year
CFY	Current Fiscal Year
PFY	Previous Fiscal Year

I. FBR Revenue Collection vis-à-vis Target FY 2015-16

FBR has collected Rs. 1,385 billion as provisional collection during H1: 2015-16 as against Rs 1,172 billion during H1: 2014-15 entailing a growth of 18.2%. The revenue target for H1: 2015-16 of Rs 1,390.1 billion has been achieved to the extent of 99.6%. This performance is commendable amid declining trend in the price of different commodities especially POL and significant decline in imports. Table 1 highlights the tax-wise target and collection during H1: 2015-16.

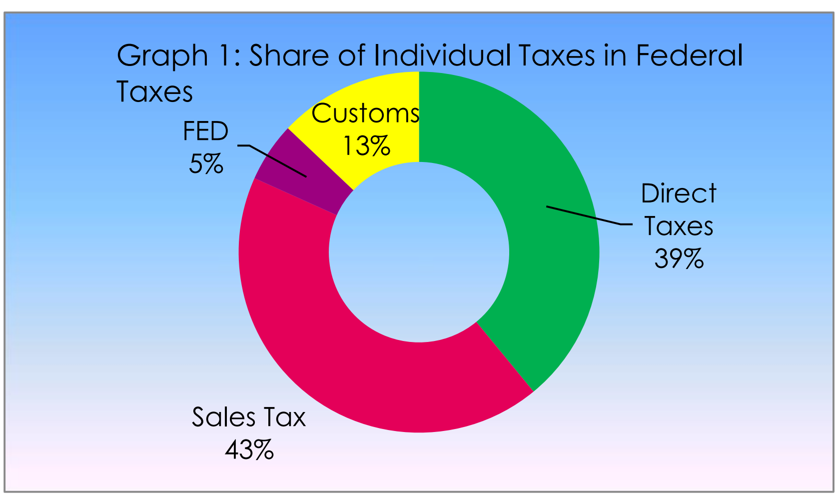
Table 1: Net Collection Vis-à-Vis Targets for H1: 2015-16

(Rs. Billion)

Tax Heads	Target	Collection		Growth (%)	Target Achieved
		H1:2015-16	H1:2014-15		
Direct Taxes	567.3	540.8	458.9	17.8	95.3
Sales Tax	596.1	591	513.8	15.0	99.1
FED	85.3	73.7	64	15.2	86.4
Customs	141.4	179.4	135.3	32.6	126.9
Half Year	**1390.1**	**1384.9**	**1172.0**	**18.2**	**99.6**

(*) The collection for H1: 2015-16 is provisional

The sales tax contributed 43% to the Federal Tax collection followed by direct taxes 39%, customs 13% and FED 5% during H1: 2015-16 (Graph 1). The share of customs has increased from 12% in H1: 2014-15 to 13% in H1: 2015-16 and share of FED has slightly declined as compared to corresponding period previous year.



Analysis of Head-wise Revenue Collection: H1: 2015-16

During CFY FBR has been allocated a target of Rs 3,103 billion, which is around 24% higher than the collection of FY: 2014-15. During first half of CFY Rs. 1,385 billion has been collected, reflecting an addition of Rs. 213 billion or 18.2% higher than the collection realized during the H1: 2014-15. The custom duties have recorded a healthy growth of 32.6%, followed by direct taxes (17.8%), sales tax (15%) and FED (15.2%). The customs have surpassed half early revenue target by 27%. FED and direct taxes need more attention as the half yearly targets have been missed by around 13% and 5% respectively.

Table 2: Month-wise Comparative Net Collection

(Rs. Million)

Months	FY 15-16	FY 14-15	Difference	
			Absolute	Percentage
July	148,642	124,260	24,382	19.6
August	182,025	178,926	3,099	1.7
September	269,537	234,697	34,840	14.8
Quarter-1	***600,204***	***537,883***	***62,321***	**11.6**
October	223,783	182,864	40,919	22.4
November	225,031	180,905	44,126	24.4
December	335,898	270,285	65,613	24.3
Quarter-2	***784,712***	***634,054***	**150,658**	**23.8**
July-December	**1,384,916**	**1,171,937**	**212,979**	**18.2**

According to month-wise and quarterly growth trends new fiscal year started with healthy growth of around 20% in July, but it sharply plummeted to just less than 2% in August, rose to 14.8% in September. The overall growth achieved during quarter-1 was 11.6% (Table 2). However, in the second quarter the collection started picking up and month of October recorded a growth of 22.4%, November 24.4% and December 24.3%. The second quarter ended with a growth of 23.8%. Moreover, performance in respect of target achievement has been excellent as the quarterly target has been achieved by 105% as compared to 93.8% in the first quarter of CFY. It is hoped that if current growth trend continues the annual target would be achieved comfortably.

Refunds/Rebates

The tax-wise refund payments during H1: 2015-16 have been shown in Table 3A and month-wise stock of refund is shown in Table 3B:.

Table 3A: Comparative Position of Refunds/ Rebates Payments:
H1: 2015-16 Vs. H1: 2014-15

(Rs. Billion)

Heads	Refunds/ Rebates		Difference	
	H1: 15-16	H1: 14-15	Absolute	Growth (%)
Direct Taxes	19.5	30.5	-11	-36.1
Sales Tax	25.1	22.7	2.4	10.6
Federal Excise	0	0	0	0.0
Customs	5.2	5.3	-0.1	-1.9
All Taxes	**49.8**	**58.5**	**-8.7**	**-14.9**

Table 3B: Month-wise Stock of Refund at the end of Month:

(Amount in Rs. M)

Heads	Income Tax		Sales Tax		Customs Duty	
	No. of cases	Amount	No. of cases	Amount	No. of cases	Amount
Jan 2016	31,285	77,861	70,372	110,487	388,143	15,775
Feb 2016	32,332	90,332	70,489	112,655	394,048	15,849

Detailed Tax wise Analysis

Direct Taxes**:** The direct taxes have contributed 39% in the total tax receipts collected during H1: 2015-16. The net collection stood at Rs. 540.8 billion reflecting a growth of 17.8% over the corresponding period last year. An amount of Rs. 19.5 billion has been paid back as refund to the claimants as against Rs. 30.5 billion during FY: 2014-15.

The collection of income tax comprises of withholding taxes (WHT), voluntary payments (VP) and collection on demand (COD). The share of WHT, VP and COD in gross collection has been 67%, 28.7% and 4.3% respectively. Details of these components of direct taxes collection are presented in Table 4.

Table 4: Head-wise Collection of Direct Taxes
During H1:2015-16

(Rs Million)

Heads	H1: 2015-16	H1: 2014-15	Growth (%)	Share (%)	
				2015-16	2014-15
Collection on Demand	**24,068**	**33,307**	**-27.7**	**4.3**	**6.9**
Voluntary Payments	**161,530**	**133,452**	**21.0**	**28.7**	**27.8**
Deductions at Source (WHT)	**376,847**	**314,057**	**20.0**	**67.0**	**65.3**
Miscellaneous	5,655	3,735	51.4	**1.0**	**0.8**
Gross Income Tax	**562,445**	**480,816**	**17.0**	**100.0**	**100.0**
Other DT	3,465	4,875	-28.9		
Total Gross Direct Taxes	**560,247**	**489,427**	**14.5**		
Refunds	19,484	30,500	-36.1		
Total Net Direct Taxes	**540,763**	**458,927**	**17.8**		

Analysis of Components of Income Tax

Collection On Demand (CoD): This part of the collection is very important as it reflects departmental efforts to fetch revenue. Unfortunately the collection from this head has declined by around 28% in H1: 2015-16 as compared to PFY (Table 5). In absolute terms around Rs.9 billion lesser amount has been collected from CoD during July-December 2015-16 as compared to H1: PFY. The collection from arrear demand and current demand has recorded a negative growth of 30.5% and 26.2% respectively. This underlines the need to boost departmental efforts in audit and subsequent recovery. Furthermore, arrear demand also needs to be liquidated. However, there are certain issues which the field formations are facing due to which CoD has badly affected. These include:

1. Repeated extensions in filing returns
2. Teething problems in Iris program especially jurisdiction issues confronting tax officers
3. Litigation issues confronting field formations in liquidating arrear demand.

Table 5: Collection on Demand (CoD)

(Rs. Million)

Heads	H1: 15-16	H1: 14-15	Growth (%)
Arrear	8,157	11,741	-30.5
Current	15,911	21,567	-26.2
Total CoD	**24,068**	**33,308**	**-27.7**

Voluntary Payments (VP): This component includes payments with return and advances. Rs 161.5 billion have been generated during H1: 2015-16 as compared to Rs 133.5 billion in the corresponding period last year. Collection from VP has recorded a growth of 21% (Table 6). Major component of voluntary payment is advance tax where a sum of Rs 131.2 billion has been collected against Rs 118.5 billion in the corresponding period last year. The collection from advance tax has grown by 10.7%. The second component of VP is payment with returns, which has shown a substantial growth i.e. 102.7% during the period under review. This shows better efforts, effective enforcement and persuasion by the field formations asking taxpayer to comply with tax laws and file tax returns.

Table 6: Voluntary Payments (VP): A Comparison

(Rs. Million)

Heads	H1: 15-16	H1: 14-15	Growth (%)
With Return	30,290	14,942	102.7
Advance Tax	131,239	118,510	10.7
Total VP	**161,529**	**133,452**	**21.0**

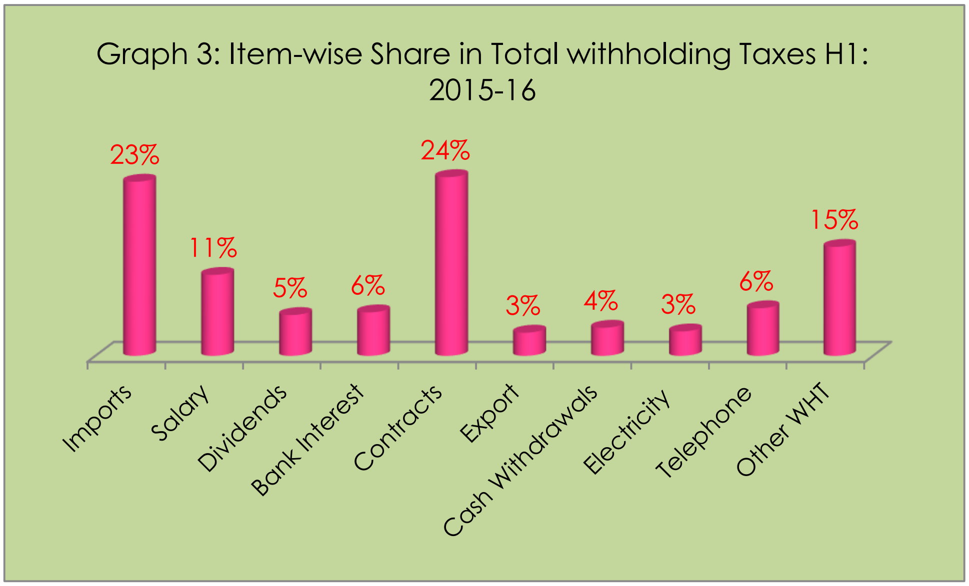
Withholding Taxes (WHT): WHT contributes a major chunk i.e. around 67% in the collection of income tax. The WHT collection during H1: 2015-16 has been Rs. 376.8 billion against Rs. 314.1 billion during H1: 2014-15 indicating a growth of 20%. The nine major components of withholding taxes contributed around 86% of total WHT collection. These are: contracts, imports, salary, telephone, export, bank interest/securities, cash withdrawal, dividends and electricity. As far as growth is concerned, collection from dividends grew by 52.4%, followed by contracts (26.2%), cash withdrawal (22.9%), salary (22.3%) and imports (19.8%).

Table 7: Half-Yearly Collection from Major Revenue Spinners of Withholding Taxes

(Rs. Million)

Collection Heads	H1: 15-16	H1: 14-15	Difference (Absolute)	Growth (%)	Share in WHT HI:15-16
Imports	87,414	72,943	14,471	19.8	23%
Salary	40,689	33,260	7,429	22.3	11%
Dividends	20,516	13,462	7,054	52.4	5%
Bank Interest	21,848	22,945	-1,097	-4.8	6%
Contracts	89,688	71,054	18,634	26.2	24%
Export	11,639	13,065	-1,426	-10.9	3%
Cash Withdrawals	14,102	11,470	2,632	22.9	4%
Electricity	12,247	13,997	-1,750	-12.5	3%
Telephone	23,915	23,209	706	3.0	6%
Sub-Total (9 major items)	**322,058**	**275,405**	**46,653**	**16.9**	**85%**
Share in Total WHT	85.5	87.7			
Other WHT	54,789	38,680		41.6	15%
Total WHT	**376,847**	**314,056**		20.0	
Share in Gross I. Tax	67.3	64.2			

Nine items contribute around 85% in total withholding taxes. The highest contributors in WHT collection has been from contracts (24%) and imports (23%), followed by salary (11%) (Graph 3).



***Sales Tax**:* The sales tax is the top revenue generating source of federal tax receipts. It constitutes 43% of the total net revenue collection. The collection during July-December 2015-16 has been Rs 591.0 billion against Rs. 513.7 billion in the corresponding period of last year. The overall sales tax collection grew by around 15%. The collection of sales tax domestic grew by just 13.2%, whereas, sales tax imports increased by 16.6%. Within sales tax the share of sales tax imports is 54% and the rest 46% is contributed by sales tax domestic. Details of collection of these two components are depicted in (Table-8).

Table 8: Collection of Sales Tax during H1:2015-16

(Rs. Million)

Tax-Head	Net Collection		Growth	
	H1:15-16	H1:14-15	Absolute	%
Sales Tax Imports	320,378	274,766	45,612	16.6
Sales Tax Domestic	270,645	238,991	31,654	13.2
Sales Tax (Total)	**591,023**	**513,757**	**77,266**	**15.0**

Sales Tax Domestic Collection: The overall net collection of Sales Tax Domestic (STD) was Rs.271 billion against Rs.239 billion in the H1: PFY and the net collection grew by only 13.2%. The share of sales tax domestic has declined to 47% from around 49% in the H1: PFY.

Major Revenue Spinners of STD: The collection of sales tax has been highly concentrated in few commodities. This is confirmed by the fact that only four items including; petroleum products, electrical energy, cement and cigarettes contribute around 60% of the total sales tax domestic. Major 10 items shared 74% of the total net sales tax domestic. The detail of major ten items has been shown in Table 9.

Table 9: Net Collection of GST (Domestic) from Major Revenue Spinners

(Rs. Million)

Commodities/Items	Net Collection			Share (%)	
	H1:15-16	H1:14-15	Growth (%)	H1:15-16	H1:14-15
POL Products	127,099	112,609	12.9	47.0	47.1
Electrical Energy	15,309	12,284	24.6	5.7	5.1
Cement	11,086	8,699	27.4	4.1	3.6
Cigarettes	8,222	6,729	22.2	3.0	2.8
Fertilizer	7,149	14,109	-49.3	2.6	5.9
Food Products	6,815	6,398	6.5	2.5	2.7
Natural Gas	6,262	7,497	-16.5	2.3	3.1
Aerated Waters/Beverage	6,131	3,458	77.3	2.3	1.4
Sugar	5,824	4,638	25.6	2.2	1.9
Services	5,056	3,056	65.4	1.9	1.3
Major Ten Commodities	**198,953**	**179,477**	**10.9**	**73.5**	**75.1**
Other	71,692	59,514	20.5	26.5	24.9
All Commodities	**270,645**	**238,991**	**13.2**	**100.0**	**100.0**

Out of ten major items, fertilizers and natural gas have registered a negative growth during July-December 2014-15. Other eight items have registered a positive growth and on the top is beverages with 77.3% growth, followed by services (65.4%), cement (27.4%) and sugar (25.6%). The collection from POL products grew by just 12.9% due to a declining trend in the prices. However, POL is still a top most contributor with more than 47% share in sales tax domestic collection.

Sales Tax at Import Stage*:* Sales tax on imports is a significant component of federal tax receipts. The share of sales tax (imports) in total sales tax net collection is 54%. The net collection of sales tax imports during H1: 2015-16 stood at Rs. 320.4 billion against Rs. 274.8 billion in H1: 2014-15.

Major 10 commodities of sales tax import have contributed a major chunk i.e. 69% in sales tax (imports) collection (Table 10). Like sales tax domestic, petroleum is a leading source of sales tax collection at import stage. Its share in sales tax imports is 27.8% and the share of top five items i.e. POL products, electrical machinery, vehicles and iron & steel is around 54% of total collection of sales tax imports. Item-wise details indicate that the collection from POL products was Rs. 89.2 billion against Rs.80.9 billion in the July-December previous year. The collection increased by 10.3%.

Out of ten major items, five items have recorded a healthy substantial growth in the collection. The tea & coffee were at the top with around 75%, followed by vehicles 31.9 etc..

Table:10 Major Revenue Spinners(Sales Tax(Imports) July-December

(Rs Million)

		July-December			Share (%)	
Ch.	**Commodities**	**H1: 2015-16**	**H1: 2014-15**	**Growth (%)**	**H1: 2015-16**	**H1: 2014-15**
27	POL Products	89,240	80,870	10.3	27.8	29.4
72	Iron and Steel	22,679	19,104	18.7	7.1	7.0
84	Machinery and Mechanical	21,879	18,049	21.2	6.8	6.6
85	Electrical Machinery	21,362	19,572	9.1	6.7	7.1
87	Vehicles (Non-Railway)	20,201	15,315	31.9	6.3	5.6
39	Plastic Resins etc.	16,219	14,931	8.6	5.1	5.4
31	Fertilizers	10,421	8,919	16.8	3.3	3.2
29	Organic Chemicals	6,350	6,430	-1.2	2.0	2.3
9	Tea & Coffee	5,988	3,431	74.5	1.9	1.2
40	Rubber Products	5,071	4,261	19.0	1.6	1.6
	Sub Total	**219,410**	**190,882**	**14.9**	**68.5**	**69.5**
	Others	101,066	83,937	20.4	31.5	30.5
	Gross	**320,476**	**274,819**	**16.6**	**100.0**	**100.0**
	Refund/Rebate	98	53	84.9	0.0	0.0
	Net	**320,378**	**274,766**	**16.6**		

Customs Duty

Customs duty constitutes 21.3% and 13% of the indirect taxes and federal taxes respectively. The gross and net collection from customs duty during July-December, 2015-16 has been Rs 184.6

billion and Rs. 179.4 billion entailing growths of 31.3% and 32.6% respectively. The base of customs duties is dutiable imports and it grew by 25.6% during the first 6 months of FY: 2015-16. The major reasons of this robust growth are the withdrawal of concessionary SROs and upward revision of tariff slab of 1% to 2% during Budget 2015-16. Moreover, dutiable imports have recorded a significant growth of 25% during first quarter of 2015-16.The payments of refunds/rebates have also recorded a decline of 2.1% during H1: CFY.

Customs Duty from Major Revenue Spinners

It is evident from Table 11 that around 63% of customs duty has been emanated from 10 major commodities grouped in PCT Chapters. It is encouraging that all these major revenue spinners have exhibited positive growths in the collection except electrical machinery and paper & paper board. Automobile (Ch: 87), the leading revenue spinner, has contributed 15.3% in the customs duty during H1:15-16 and recorded growth of 29.2% during Q1 FY; 2015-16. This growth can be attributable to 35.9% growth in its dutiable imports. The POL Products is the second major contributor of customs duty. The collection of customs from POL (Ch:27) has exhibited a massive growth of 132.4% during H1:15-16. This growth is mainly driven by around 221% growth in the dutiable imports and increased tariff on some items from 1% to 2%.

The edible oil is the 3rd major source of customs duty. The collection of customs from edible oil (Ch: 15) has grown by 18.2%. Edible oil is mainly subject to specific rate of customs duty. A growth of 175.9% was manifested by customs duty in iron & steel (Ch: 72) while 2.8% in dutiable imports. On other hand, duty free imports of iron and steel have increased by 18.8%. Similarly, the collection from article of iron and steel has also increased revenue significantly i.e. by 90% mainly due to 17.5% surge in the dutiable import. The collection has come down by 11.1% due to decline in the dutiable imports. As far as mechanical machinery (Ch:84) is concerned, revenue collection from this source has gone up by 9.7%. The collection from plastic (Ch: 39) has also increased by 11.6% against 7.8% growth in the dutiable imports.

The collection of CD from paper & paper board declined slightly due to marginal decline in dutiable imports. Moreover, the collection from staple fibres (Ch:55) has recorded a growth of 1.7% while its dutiable imports decreased by 1.3%.

Table11: Major Revenue Spinners of Customs Duties During H1:15-16

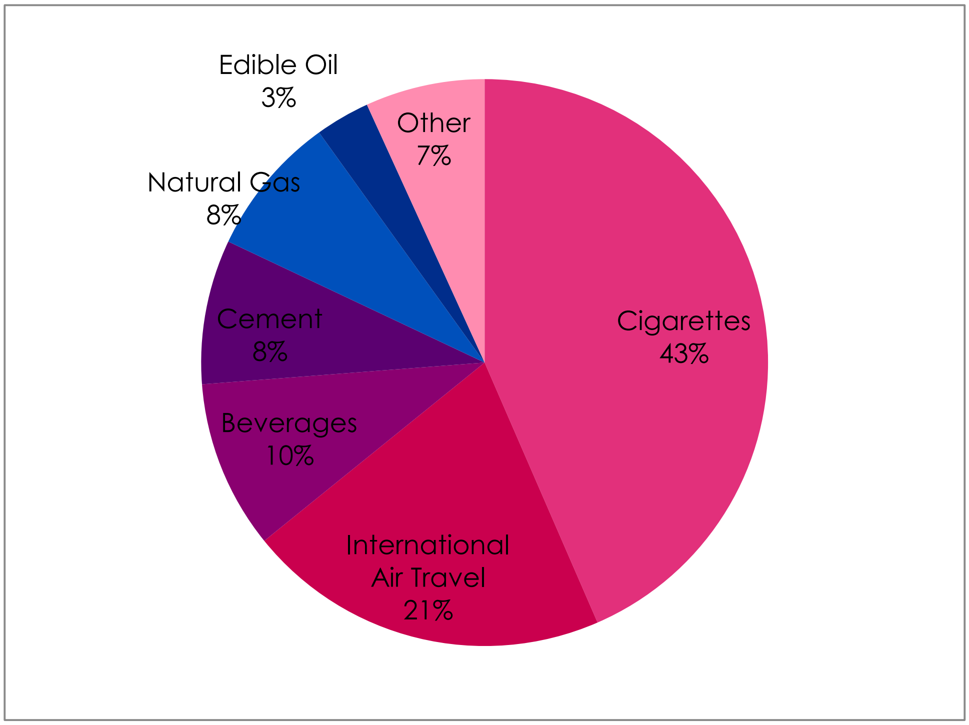
(Rs. Million)

PCT Chapter	Description	Collection of Customs Duties			Contribution in Customs Duties (%)	
		H1:15-16	H1:14-15	Growth (%)	H1:15-16	H1:14-15
87	Vehicles	28,272	21,888	29.2	15.3	15.6
27	POL Products	19,039	8,193	132.4	10.3	5.8
15	Edible oil	12,721	10,759	18.2	6.9	7.7
72	Iron and Steel	11,662	4,227	175.9	6.3	3.0
85	Electrical Machinery	10,587	11,911	-11.1	5.7	8.5
84	Mechanical Machinery	10,086	9,191	9.7	5.5	6.5
39	Plastic	7,174	6,427	11.6	3.9	4.6
73	Articles of Iron and Steel	5,282	2,782	89.9	2.9	2.0
48	Paper and Paperboard	3,947	3,982	-0.9	2.1	2.8
55	Staple Fibres	3,420	3,362	1.7	1.9	2.4
	Sub-Total	**112,190**	**82,722**	**35.6**	**60.8**	**58.8**
	Others	72,403	57,900	25.0	39.2	41.2
	Gross	**184,593**	**140,622**	**31.3**	**100.0**	**100.0**
	Refund/Rebate	**5,211**	**5,325**	-2.1		
	Net	**179,382**	**135,297**	**32.6**		

Federal Excise Duty (FED)

FED constitutes 8.7% of indirect taxes and 5.3% of the federal taxes collected by FBR. The collection from federal excise duties has registered a growth of 15.3% during H1: 2015-16 as compared to the corresponding period last year. The net revenue stood at Rs. 73.7 billion during July-December, 2015-16 against Rs.64 billion during the corresponding period last year. Due to a limited base, the share of six major revenue spinners of FED has been around 93% during July-December, 2015-16.

The cigarette is the top most revenue generating source of FED and it alone contributed 43% to the collection of FED. Other major items have been services (international air travel), beverages, cement, natural gas and edible oils etc. The composition of FED during July-December, 2015-16 is depicted in Graph 4.



The collection from major revenue spinners during first 6 months of 2015-16 as compared to corresponding period last year has been presented in Table 12.

Table 12: FED Collection from Major Commodities H1:15-16 Vs H1: 14-15

(Rs. Million)

Commodities	Collection		Difference	
	H1: 15-16	H1: 14-15	Absolute	Percent
Cigarettes	32,064	27,851	4,213	15.1
International Air Travel	15,261	9,920	5,341	53.8
Beverages	7,084	6,150	934	15.2
Cement	6,079	5,166	913	17.7
Natural Gas	5,939	5,348	591	11.1
Edible Oil	2,294	1,680	614	36.5
Sub Total	**68,721**	**56,115**	**12,606**	**22.5**
Others	5,026	7,841	-2,815	-35.9
Grand Total	**73,747**	**63,956**	**9,791**	**15.3**

The collection from cigarettes recorded growth of 15.1% during first half year 2015-16. The major reason for this growth is the enhancement of FED rates on the cigarettes during the Budget 2015-16. On the other hand, it is encouraging that a massive growth of 53.8% has been recorded in the foreign air travel during the period under review which reflects the high trend of passengers going abroad. The collection from natural gas has grown by 11.1% during first 6 month of 2015-16. As far as collection from beverages is concerned, it recorded growth of 15.2% due to increased FED rates from 9% to 12% during Budget 2015-16.

Prosecution for tax crimes:

The information regarding prosecution for tax crimes during the current financial year up to end of Feb 2016 is given in Table 13.

Table 13: Prosecution for tax crimes up to Feb 2016:

Number of Prosecution Cases filed	21
Revenue Involved Prosecution Cases (Rs. M)	4514.8
Conviction orders	3
Prison sentences by court	3
Fines/ Penalties levied by court (Rs. M)	0.4
Tax recovery in Prosecution cases (Rs. M)	483.6

Conclusion

Despite many challenges FBR has been able to collect Rs.1,385 billion meeting half yearly target to the extent of 99.6%. The collected revenue is 44.6% of total annual target, which is well aligned with the first half yearly collection trends and target achievements (Table 14). FBR is expected to collect Rs.1,713.6 billion in the 2nd half of the CFY, around 55% of the yearly target.

Table 14: Revenue Targets and Prospects for H2: CFY

(Rs Billion)

Tax Heads	FY:15-16	H1:15-16	H2:15-16	% of Target Achieved During H1:15-16	% of Target To be Achieved During H2:15-16
Direct Taxes	1324	567.3	756.7	40.8	59.2
Sales Tax	1230.3	596.1	634.2	48.0	52.0
FED	200.9	85.3	115.6	36.7	63.3
Customs	348.5	141.4	207.1	51.5	48.5
Full Year	**3103.7**	**1390.1**	**1713.6**	**44.6**	**55.4**

In the wake of its declining performance during July-Dec 2015-16, the segment of CoD should be seen extra carefully both in direct takes & FED in order to offset the losses incurred in the first half of CEY. The direct taxes and FED need more attention to balance the loss occurred in the first half of CFY. It is hoped that with more dedicated efforts by the field formations in the second half of CFY the assigned target of more than Rs. 3 trillion would be achieved, thus providing sufficient fiscal space to government for spending on the high priority areas like poverty alleviation, education and health.

II. Analysis of Cost of Federal Tax Collection in Pakistan

By

Mir Ahmad Khan[1]

Introduction

The governments largely rely on the tax revenues for providing services and facilities to the public. The tax administration collects tax revenues, interpret, enforce tax laws and facilitate taxpayers. A substantial body of opinion of tax economists supports the view that tax administration is crucially important in the taxation system. According to Bird & Zolt (2003), increasing tax revenue requires effective tax administration. Tax revenues yield is influenced by both tax policy and tax administration (Shome 1995).

The administrative cost of collecting tax revenues is a significant part of theory and policy of taxation in the tax literature. There is an operating cost of any tax system. The operating cost has two broad kinds. Firstly, the expenditure spent on the tax revenue collection is generally known as cost of collection and secondly, cost borne by the taxpayers in disposal of his duties as a taxpayer is called compliance cost.

The cost of collection is the expenditure incurred on collection of federal taxes[2] relative to federal tax receipts. Notwithstanding the presence of discrete bases of expenditures and revenue, it is widely regarded as an important parameter for gauging the efficiency of revenue collecting organization.

Purpose of the Article

The purpose of this article is to find the cost of collection in Pakistan, issues involved and explore the various aspects of cost of collection as an efficiency indicator of tax administration and compare with the international standards.

Cost of Collection as an Efficiency Indicator

One of the criteria of a good system is low administration and compliance cost (Shukla 2000). The improvement in the efficiency i.e. downward trends in the cost of collection manifests improvement in the efficiency of tax administration while upward trends confirming the efficiency loss. Undoubtedly, cost of collection is regarded as an efficiency indicator. There are many limitations of cost of collection because a number of factors cast influence on the calculations which is not directly related to it. For instance, change in the tax rates, abrupt change in the microeconomic situation like floods, unusual excessive expenditure, withdrawal

[1]The author is Second Secretary (SPR&S) , FBR and views in this article are those of the author and do not necessarily represent FBR or FBR's view/policy.

[2]The cost of collection in this article covers only the cost of collection of federal taxes collected by FBR.

of exemption or broadening of effective base and legislative issues can strongly impact cost of collection. Further, it does not take it into account large tax gap where potential is not being actualized.

Cost of Collection in Pakistan

The cost of collection in Pakistan has been in the range of 0.74-0.89% in the last eight years. It means that FBR is spending 74-89 Paisas on the collection of every Rs. 100 rupees. Moreover, the cost of collection declined from 0.89% in 2007-108 to 0.74% during 2014-15. Although it is a good omen that expenditure of the revenue body in the country has declined in the last two years. The reduction in cost of the collection during 2014-15 is mainly due to healthy growth in the tax collection while expenditure increase is quite normal. Year-wise cost of collection for the last eight years is presented in Table 1.

Table 1: Cost of Tax Collection in Pakistan

Fiscal Year	Cost of Collection (%)
2007-08	0.89
2008-09	0.83
2009-10	0.87
2010-11	0.86
2011-12	0.81
2012-13*	0.84
2013-14*	0.82
2014-15*	0.74

*Expenditure for Revenue Division are not available, however, does not impact cost of collection due to its size

There are four broad components of expenditure for FBR's tax collection. These include expenditures on inland Revenue, Customs, Developmental expenditure/FBR(HQ) and Revenue Division. The expenditures and tax collection regarding inland revenue and customs are separately available but there is an issue of separating combined expenditure into two bodies like developmental expenditure and FBR (HQ). If this combined expenditure is set aside and expenditure of each body is divided by its tax collection reveals that cost of collection is comparatively higher for customs than the inland revenue. In fact, cost of collection for customs has been on average 2% while 0.5% in case of inland revenue in the last eight years. There is an explanation of higher customs cost of collection.

The import related taxes other than customs are also collected by the customs departments where no extra expenditure allocation made to customs collectorates. During 2014-15, 39% of the collection was contributed by customs collectorates for inland revenue.

Interestingly, the cost of collection is reasonably low in Pakistan as compared to many countries. Even though low cost of collection manifests efficiency but it also acts as constraint to revenue maximization through compliance. In this respect, paucity of logistics, insufficient infrastructure, and meager investment in human resource development are the key elements hindering further growth in revenues.

Table 2 reveals that only around 0.07% of the GDP is being spent on the collection of tax revenues in Pakistan.

Table 2: Comparison of Tax GDP Ratio and Cost to GDP Ratio

Year	Tax-GDP Ratio (%)	Tax Collection Cost to GDP Ratio (%)
2007-08	9.5	0.08
2008-09	8.8	0.07
2009-10	8.9	0.08
2010-11	8.5	0.07
2011-12	9.4	0.08
2012-13	8.7	0.07
2013-14	9.0	0.07
2014-15	9.5	0.07

Cross Country Comparison

It is extremely difficult to compare the cost of tax collection in many countries. There is a broad division between the developed and developing countries. There are different systems in different countries. Even tax systems in different regions provided variety of tax systems with varied bases and tax rates. Moreover, tax culture is extremely different. Box-1 provides details about the complexities and difficulties while making comparisons.

Box 1. International Comparison of Cost of Collection Ratios

Analytical work undertaken in conducting comparisons of cost of collection ratios has revealed that there are many factors to explain the marked variations in the ratio observed from country to country. The more significant factors are described below:-

- ***Difference in tax rates and structure****: Rates of tax and the actual structure of taxes all will have a bearing on aggregate revenue and, to a lesser extent, cost considerations. For example, comparisons of the ratio involving high-taxing countries (e.g those where tax burdens regularly exceed 40% of GDP) and low taxing countries (e.g those where tax burdens are less than20% are hardly realistic given their widely varying tax burdens.*
- ***Difference in the rage of nature of taxes administered by federal revenue authorities****: There are a number of differences that can arise here. In some countries, more than one major tax authority may operate at the national level (e.g as in India, Cyprus and Malta), or taxes at the federal level are predominantly of a direct tax nature, while indirect taxes are administered largely by separate regional/state authorities (e.g. the United States). In other countries, one national authority will collect taxes for all levels of government, i.e. federal regional and local governments (a number of EU countries).*
- ***Collection of social insurance contributions, etc.:*** *There are significant variations from country to country in the collection of social security contributions. A few countries (e.g Australia, New Zealand) do not have separate regions of mandatory social contributions while others make separate provision for them and have them collected by the main tax revenue collection agency. Some countries have collected by a separate government agency. Given that social contributions are a major source of tax revenue for many countries, the inclusion/exclusion of social contributions in the revenue base for 'cost of collection' calculation purposes can have a significant bearing on the computed ratios.*
- ***Difference in the range of functions undertaken:*** *The range of functions undertaken by revenue bodies can vary from country to country. For example, in some countries the revenue body is also responsible for carrying out activities not directly related to tax administration (e.g administration of customs laws, the administration of certain welfare benefits), while in others some tax-related functions are not carried out by the revenue body (e.g enforced debt collection). Ideally, these sorts of differences should be allowed for in any cross-country comparisons undertaken of relative aggregate costs and related ratios.*
- ***Lack of a common measurement methodology:*** *There is no universally accepted methodology for the measurement of administrative costs. Revenue bodies that publish a cost of collection ratio generally do not reveal precise details of the measurement approach adopted for their calculations. In relation to administrative costs, the treatment of employee pension costs, accommodation costs, interest paid on overpaid taxes, the use of cash and non-cash methods (e.g by means of a float) to recompense financial institutions for collecting tax payments, and capital equipment purchases are some of the potentially significant areas where the measurement approaches adopted may vary. The ratio is also influenced by the selection of the revenue based i.e. 'gross' of 'net' (after refunds) revenue collections figure for its computation. For example, the US Internal Revenue Service (IRS), which has one of the lowest reported cost of collection ratios for any national revenue body, and the Irish Revenue Authority, both use 'gross' revenue as the basis of their reported computation, while most other authorities use a 'net figure. As result, for both countries the reported ratio is around 10-12 % lower than if it were computed on a 'Net' revenue basis. (NB: For this series, calculations are made on the basis of 'net revenue 'collections.*

Source: Tax Administration in OECD Countries: Comparative Information Series(2011)

In this background, apple to apple comparison seems impossible. However, OECD has calculated cost of collection for a number of countries which provide an insight of level of cost of tax collection. The estimate of 2013 for OECD falls in the range of 0.47% to 1.74%. Japan spends the highest i.e. 1.74% of collection while USA spends the lowest of 0.47%. Moreover, according to Bird & Zolt (2003), the actual cost of the collecting taxes in developed countries is roughly 1 percent of tax revenues and may be substantially higher for developing countries. It is evident from Table 3 that cost of the collection in most of the OECD countries is comparatively higher than Pakistan.

Table 3: Cost of Collection-Cross Country Comparison

Country	Cost of Collection (%)
Japan	1.74
Saudi Arabia	1.62
Poland	1.60
Germany	1.35
Malaysia	1.00
Singapore	0.79
U.K	0.73
Thailand	0.71
Turkey	0.64
India	0.56
Indonesia	0.47
Denmark	0.48
USA	0.47

In South Asia, cost of collection for India is 0.56%, 0.63% in Sri Lanka[3] and 0.72% in Bangladesh[4]. All these costs of collection are lower than Pakistan.

[3]Palili(2010)

[5]See for details presentation Reforming Tax Policy and Administration (2011)in Bangladesh by Nasiruddin Ahmad, Chairman, NBR Bangladesh .

Other Issues Related to Cost of Collection in Pakistan

i) **Salary Dominated Expenditure on Revenue Administration:** In Pakistan, expenditure on tax administration is dominated by payments of salaries. Around 77% of the expenditure is spent on the payment of salaries as compared to India (61.3%), Japan (80.7%), Malaysia (82.4%), New Zealand (59.2%) etc. There is a room for increase in the total expenditure for enhancing capability of tax administration.

ii) **Taxpayers VS Tax Administrator.** It is evident from Table 4 that number of taxpayers per tax administrator is small. This number is near to Turkey (65) and Egypt (71). On the other hand, this number is quite small as compared to Philippines (937), Canada (631) and Australia (621). As far as composition of employees of FBR is concerned, there is a large number of unskilled staff. The officers to staff ratio in FBR is tilted in favour of staff. Martinez (2006) rightly pointed out that the composition of the FBR staff is very problematic and the FBR is seriously overstaffed at the lower ranks and understaffed in key functional areas, such as audit. In the face of self-assessment in vogue in domestic taxes, there is a need of increasing auditors and skilled staff for maximum revenue generation.

Table 4: Active Taxpayers per tax administrator, Selected countries

Country	Taxpayers/official
Pakistan	64
Turkey	65
Egypt	71
Indonesia	100
Sri Lanka	232
Australia	621
Canada	631
Philippines	937

Source: Martinenz (2006)

iii) **Excessive Exemptions and SRO Culture:** Apart from huge cost of exemptions in term of revenue foregone, there is another cost of time consumption. The application of tax become difficult and takes more time the treatment of exempted goods for checking exemptions/SROs while ensuring due revenue deposited in national exchequer. The tax administrator has to check for exemption while collecting tax revenues. In order to address this issue, the Government of Pakistan has embarked upon a plan to withdraw exemptions/concessions. First two sets of exemptions have already been withdrawn and remaining will be withdrawn in the Budget 2016-17.

iv) **Meager Resources**: Despite best efforts, the tax-GDP ratio is low. The government has to allocate most of the budget to the payment of debt servicing, defense etc. In this scenario, modernization of FBR requires funds. In fact, more resources are required by the government for better enforcement and improved compliance. Hence, the government has to look for donors like World Bank and IMF. In this scenario, it is always difficult to adopt an indigenous course of action according to the requirements.

v) **Higher Threshold:** Before 2004-05, thresholds of sales tax for retailers and manufacturers were one million rupees and 0.5 million rupees respectively. Due to their lower contribution by small retailers and manufacturers, threshold was increased to five million rupees during 2004-05. It was justifiable, to a great extent, in view of cost and benefit considering in collecting revenues from small businesses where a large workforce is required and cost of administering tax is extremely higher. If the government takes the decision of lowering threshold, extra expenditures and efforts will be required for proper revenue realization by the tax machinery.

vi) **Non Availability of Recent data of expenditure for Sales Tax and Income Tax**
After the formation of Inland Revenue, expenditures are compiled for RTOs and LTUs where all the domestic taxes are collected. The data for collection is available for individual taxes of Inland Revenue but expenditure are not available separately. This has created impediment in calculation of cost of collection of individual taxes of Inland Revenue.

Conclusion

It is well established that cost of tax collection is low in Pakistan as compared to a number of the countries. It implies that taxation system is reasonable on this score and reflects administrative efficiency to some extent. It does not mean that everything is going well on part of tax administration. On the other hand, outcome of the resource mobilization efforts is low as tax-GDP is quite low. In this context, cost of collection is a weak indicator of efficiency of tax administration due to various limitations and irrelevancies.

There are various issues with taxation system of Pakistan like huge exemptions, wider tax gap, low tax-GDP ratio, less effective audit and penalty system etc. If these issues are settled, tax revenues will improve significantly which will further bring down cost of collection**.** Improvement in revenue collection through reduced cost of collection should then be viewed as a by-product of effective management of human and physical resources.

More resources are required for modernization and enforcement. Similarly, skilled personnel will have to be increased. There is a need to modernize the taxation system and more funds are required to be allocated for human resource development.

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VI. An update on Pak-China Free Trade Agreement and China Pakistan Economic Corridor

By

Naeem Ahmed [5]

I. Introduction

Trade among nations is as old as human history and its importance has always been felt strongly. In the wake of growing globalization trade patterns have changed from the protectionism towards open and free international trade. In the recent past increasing trends of Free Trade Agreements (FTAs) among nations have been witnessed. Along with bilateral trade agreements the Regional Trade Agreements (RTAs) have also become a prominent feature of the Multilateral Trading System (MTS). The surge in RTAs has continued unabated since the early 1990s. [6] Keeping in view the fast changes in the world trade patterns Pakistan also initiated bilateral trade agreements to promote trade relations and to safeguard wider economic interests of the country. In this regard Pakistan has joined several bilateral and regional trade agreements in recent years, like South Asia Free Trade Agreement (SAFTA), the Framework Agreement on the Trade Preferential System among OIC Member States, Developing-8 group of countries (D-8) and Economic Cooperation Organization (ECO) or ECO Trade Agreement (ECOTA). Currently bilateral free-trade agreements (FTAs) are in operation with China, Sri Lanka and Malaysia.[7] Nonetheless, Pakistan's FTA with China has greater significance in many respects. The strategic direction through which the economic ties between Pakistan and China can be strengthened in the coming decades lie in deeper trade, investment and transfer of technology, this route is feasible as it creates win-win situation for both countries. In 1963 both countries had signed a trade agreement, according to which they granted Most Favoured Nation (MFN) status to each other. However, substantive trade relations could not be developed due to various reasons. Nonetheless, in 2003 a Preferential Trade Agreement was signed and it became operational in 2004. Pakistan and China signed Free Trade Agreement (FTA) in 2006 and that became operational in January 2007.

This study analyses various aspects of Pak-China FTA including taxes, trade creation and trade diversion and overall significance of the said FTA, prospects and challenges. The study also includes the discussion on political economy of the said FTA and issues. Moreover, a brief overview of China Pakistan Economic Corridor has also been included.

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[5] The Author is Secretary(SP&S), FBR and the views expressed in this article are those of the author and do not necessarily represent FBR or FBR policy. The FTA analysis is based on data of FY 2011-12

[6] For details see WTO website

[7] WTO/Government of Pakistan (2006g), pp. 9-10.

Importance of Free Trade:

Usually it is believed that the free trade agreements bring prosperity and welfare, but it may not be true in all cases and there may be some negative impacts. In the literature we find different views on the riddle of free trade. In the early fifties and sixties it was believed that the policy of Import Substituting Industrialization (ISI) or protectionism was best for developing countries, however this view changed to the reliance on more exports for growth (Krugman and Obstfeld: 2000, p.266). According to Todaro (2000, p.468), "diverse preferences as well as varied physical and financial endowments open up the possibility of profitable trade". Resultantly countries try to specialize in the production of goods in which they find comparative advantage. The globalists believe that the free trade is beneficial for the world, while on the other hand some leading economists are skeptical about the benefits of free trade. Dollar and Kraay (2000) favor the free trade and say that "the openness to foreign trade benefits the poor to the same extent that it benefits the whole economy". Whereas, according to Ravallion (2004), the increased openness can lead to a rise in the demand for relatively skilled labor, which can harm a vast majority of poor population. Sachs and Warner (1995), asserts that the countries that were more open grew faster compared to the countries which were less open. According to Bhagwati (1996, p/10), "in case of free trade between poor and rich countries, if the poor countries have more unskilled labor, lower standards of labor and environment then the free trade can be harmful to them". Nonetheless, despite some demerits of free trade the importance of free trade is increasing rapidly. Data confirms that the volume of international trade has increased significantly; particularly in the free trade zones in the recent times.

II. Political Economy of Pak-China FTA and CPEC

The FTA with any country is important, nevertheless, keeping in view the historical and geo-strategic background of Sino-Pakistani relations and regional and global political situation, the Pak-China FTA has greater significance in all respects. Along with economic benefits, the promotion of overall cooperative partnership between Pakistan and China will exert significant influence on maintaining the stability and regional safety and boosting the traditional friendly relations between other Muslim countries and China[8].

The trade among nations not only brings economic benefits and welfare, but in most cases it also boosts bilateral and regional political stability and peace. According to Spero (1990) the start of cold war at the end of 1940s led to more economic cooperation for the rebuilding of western economies and also to provide political and military security. The integration among European states had not only brought economic welfare in the region but also established political stability

[8] Further details on the pros and cons and the interests of China behind this FTA can be seen form http://english.people.com.cn/200504/05/eng20050405_179598.html.

and peace among the hostile and warring nations. The European Union (EU) has affected the world trade and political scenario. Qualitative analyses divulged that free trade enhances economic interdependence among the nations and leads them to peace[9], as it happened in the case of EU.

Other trade blocs also played an important role not only for the promotion of trade but also for political stability in the region. The ASEAN, which started its journey in 1967 for regional security, turned to preferential trade arrangement and in 1993 with a timetable to shape ASEAN free trade area (AFTA) (Low: 2004). Keeping in view the current and future economic and political scenario of the region Pak-China FTA is the desirable and appropriate step in the right direction bearing great economic and political impact in the coming decades. It is a reality that Pakistan is one of the largest Muslim countries, a nuclear power and, moreover, its key geographical location magnifies its importance on the world map. China is interested to promote its economic relations with Gulf and African countries to have access to oil reserves in Gulf countries (GCC), a place of 20 million consumers and a lucrative region for foreign investors[10]. However, the promotion of Sino-GCC trade relations will largely depend on Pakistan due to its geographical location, which will facilitate China to en-route its shipments through sea of Pakistan, particularly the newly built Gawadar Port, to GCC/Arab countries and other parts of the world as well.

Pakistan needs China's technical, economic and political support. In addition to this China's unprecedented economic growth, a role model for developing countries can lead Pakistan to economic development and welfare through trade, investment and transfer of technology. The Sino-Pakistan close political relations will also promote regional security and peace, which is quite essential for the economic development in the region.

China Pakistan Economic Corridor (CPEC)

China and Pakistan signed a Memorandum of Understanding on China-Pakistan Economic Corridor (CPEC) on July 5, 2013[11]. The CPEC will be completed during 2014 to 2030. China has promised $46 billion investment to Pakistan, $11 billion has been set aside for infrastructure work on the corridor, while the remaining $35 billion will be directed towards energy projects. The establishment of Pak-China Economic Corridor would bring huge economic benefits to the

[9] http://en.wikipedia.org/wiki/free_trade#Economic_arguments_for_free_trade
[10] Asia Pulse , www.asiapulse.com
[11] http://tribune.com.pk/story/887949/china-pakistan-economic-corridor-lines-of-development-not-lines-of-divide/ accessed on 22nd July 2015

region and it would create great opportunities of employments, business, trade and travel for millions of people.

The expected benefits of CPEC are enormous and multifarious. It would not only boost the economy of Pakistan but would also strengthen its defense and promote peace in the region. The shared economic benefits between two nations would further enhance their ties. The CPEC would also benefit China significantly. Every day, China spends around $18 million on import of 6.3 million barrels of oil as shipment costs from the Middle East, accounting for 80% of its all oil needs, routing through the Strait of Malacca covering a distance of 9,912 miles[12]. By cutting a corridor directly from Kashgar to Gwadar, it will bring these costs significantly down to one-third of the current levels as new distance will be 3,626 miles to Central China, whereas only 2,295 miles to West China. Moreover, it will ease the Chinese export to Middle East and African countries as well. The Pakistan-China Economic Corridor (PCEC) has been rightly termed a game changer by the experts. Nonetheless, the key parameters for Pakistan should be additional business, trade, investment etc. Resultantly, Pakistan will acquire a new asset in terms of infrastructure, but there is a need to strengthen our own industries and trade sector to make the best use of the corridor.

The existing Pak-China FTA added with CPEC would be highly effective to enhance trade volume and overall economic and social benefits. The CPEC is a combination of multiple developments in the global, regional, bilateral and domestic contexts. The ultimate objective of which is peace, prosperity and well-being of the people of the two countries and the region.

The global economic landscape has changed dramatically. The main drivers of this change have been technology, trade liberalization, freer capital movements, advances in communication and transportation infrastructure and creation of cross border supply chains. The center of gravity of the world economy has shifted east with the emerging economies growing at a much faster pace than the developed economies. In this backdrop it is therefore, essential to reap the benefits of Pak-China FTA and CPEC fully. It will pave the way for regional peace, stability and economic development benefiting directly to more than 2 and ½ billion people living in the region.

[12] http://tribune.com.pk/story/880259/pakistan-china-economic-corridor-a-cost-benefit-analysis/ accessed on 22nd July 2015

III. Pak-China FTA and Trade Patterns of Pakistan:

Pakistan's international trade is not much diversified and major chunk of imports around (60%) and exports (50%) are carried out with few countries. Major import partners are China, Saudi Arabia, USA and Germany, whereas, major export destinations include; USA, UAE, China, Afghanistan, UK and Germany.

During last ten years trade patterns have changed. Pakistan's imports from China have jumped from around 12% share in total imports to 23% in 2014-15. Similarly, the share of UAE increased from 8.6% to 13.6% during the same period.

Also on the exports side a positive impact of FTA in shape of increasing share of exports of Pakistan to China has been witnessed. The share of exports to China has increased from 3.6% to 9.4% during 2007-08 and 2014-15. Now china is the second largest export destination after USA. This shows that Pak-China FTA has started benefiting Pakistan economy.

Trade Balance:

The volume of trade between two countries has increased significantly. During 2004-05 to 2014-15 the imports have gone up from Rs.116 billion to Rs.1,058 billion and exports from Rs.21 billion to Rs.232 billion (Table 1). The increasing volume of trade between two countries is a healthy sign. However, negative trade balance is a point of concern for Pakistan. There is a wide gap between country's imports and exports.

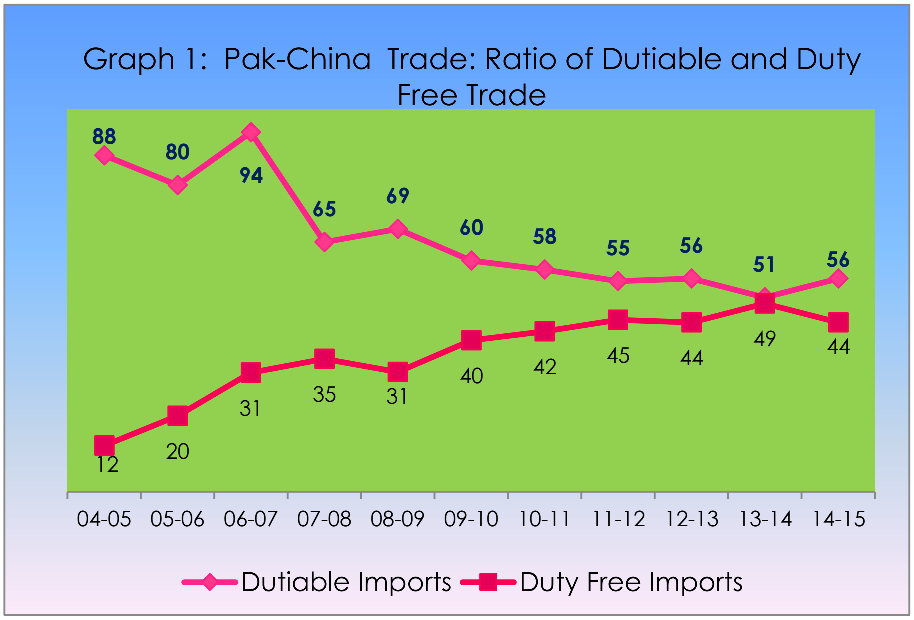
Table 1: Pak-China Trade Balance

Rs. Million

Years	Exports to China	Imports from China	Balance of Trade
2004-05	21,063	116,270	(95,207)
2014-15	231,598	1,058,148	(826,551)
Increase	**210,535**	**941,878**	

Pak-China trade data reveals that terms of trade with china so far have not been in favor of Pakistan. The trade balance during the last ten years has worsened from Rs. -95 billion to Rs. -826 billion. The concerned quarters need to review the existing policy and situation to improve the balance of trade in favor of Pakistan.

Another impact of FTA has been seen on the rapidly changing ratios of dutiable and duty free imports. The ratio of dutiable imports has gone down from 88% in 2004-05 to 56% in 2014-15 and ratio of duty free imports has gone up from 12% to 44% (Graph 1).



The increasing volume of free trade is the natural outcome of FTA. The overall higher growth in imports would offset the customs revenue loss and the same has been proved from the import data of last few years.

The item-wise data indicate that imports in terms of value of 25 items have increased significantly during FY: 04-05 and FY: 14-15 (Table 2). It includes electrical machinery, fertilizers, iron and steel & articles of iron and steel, man-made filaments & staple fibres, vegetables and paper & paperboard. The import of these items as raw materials are important both for industrial and agriculture sectors of Pakistan.

Table 2: Chapter-wise Imports from China (Rs.Million)

Description	CH	Value of Imports			%age Share	
		2014-15	2004-05	Change	2014-15	2004-05
Electrical machinery	**85**	**244,360**	**21,211**	**223,149**	**23.1**	**18.2**
Mechanical appliances	84	164,651	28,748	135,903	15.6	24.7
Man-made staple fibers	**55**	**32,304**	**492**	**31,812**	**3.1**	**0.4**
Man-made filaments	**54**	**48,658**	**2,874**	**45,784**	**4.6**	**2.5**
Organic chemicals	**29**	**54,085**	**6,412**	**47,673**	**5.1**	**5.5**
Iron and steel.	**72**	**94,577**	**2,210**	**92,367**	**8.9**	**1.9**
Plastics	**39**	**37,185**	**2,883**	**34,302**	**3.5**	**2.5**
Rubber	40	22,154	3,675	18,479	2.1	3.2
Articles of iron or steel	**73**	**37,066**	**2,042**	**35,024**	**3.5**	**1.8**
Vehicles	87	21,039	3,336	17,703	2.0	2.9
Miscell. chemical products	38	17,971	4,785	13,186	1.7	4.1
Fertilizers	**31**	**39,601**	**611**	**38,990**	**3.7**	**0.5**
vegetables, certain roots etc	7	7,147	1,997	5,150	0.7	1.7
Inorganic chemicals	28	13,824	2,631	11,193	1.3	2.3
Tanning/ dyeing extracts etc	32	11,817	2,176	9,641	1.1	1.9
Paper and paperboard;	**48**	**15,626**	**804**	**14,822**	**1.5**	**0.7**
Clocks and watches	90	17,023	1,850	15,173	1.6	1.6
Footwear, gaiters etc	64	7,839	1,276	6,563	0.7	1.1
textile fabrics, textile articles	59	6,025	461	5,564	0.6	0.4
Ceramic products.	69	13,018	3,051	9,967	1.2	2.6
Special classification	99	5,353	2,563	2,790	0.5	2.2
Glass and glassware.	70	8,117	1,944	6,173	0.8	1.7
Coffee, tea, mate,spices.	9	3,033	1,391	1,642	0.3	1.2
Sub-total		**922,473**	**109,460**	**813,013**	87.2	94.1
Total		**1,058,148**	**116,270**	**941,878**	100.0	100.0

Source: PRAL and DRS (FBR)

Impact on Trade Tax Revenues:

The loss or gain of revenue depends on the factors like level of reduction in rates, number of items and trade volume of imported items. The nominal loss in revenue, if any, is not the real loss as normally it is compensated by the investment by the partner country, enhanced demand of local goods, thus higher exports. Particularly, trade creation generates the demand of local goods in partner country, which leads to increase in employment; demand for raw materials, thus benefiting downstream and upstream local industries and creating the opportunities of more domestic tax revenues. Under FTA, the custom duty rates are reduced or eliminated and other taxes like sales tax, WHT, excise duties remain intact. Same arrangement has been made in respect of Pak-China FTA. With the passage of time over the period of last ten years the volume of imports from China has increased significantly.

If pre-Early Harvest Program (EHP) custom revenues are compared with EHP period (05-06 and 06-07) revenues, the customs duty increased by around 19% in first year and 10% in second year. It indicates that the reduction in rates of selected items had not only compensated the expected loss but also generated more revenues due to higher volume of trade. The share of customs duty collected from Chinese imports was 12.6% and 14.4% at the time of EHP in 2005-06 and 2006-07 respectively.

After the enforcement of FTA, the expected loss due to reduction in rates of customs duty has largely been compensated by the increase in the volume of trade. I. 2006-07 Rs. 17.5 billion were collected under the head of customs duty, whereas this collection grew to Rs. 69.4 billion in 2014-15. Similarly, other taxes like sales tax and withholding have also risen during the same period.

So far the impact of free trade on revenue, due to trade creation or trade diversion is positive, which is of course encouraging sign. Therefore, it is projected if this trend of higher trade volume continues; there will be no revenue loss in future. Nonetheless, if there is any loss on revenue front it will be compensated through other gains in shape of more exports, cheaper imports, investments, job creation in local labor market etc.

Concluding Remarks

The preliminary assessment reveals that as a whole the volume of trade between two countries has increased significantly. China has become the top most import destination and second largest export partner of Pakistan during last ten years after the implementation FTA. Trade creation and trade diversion has also been witnessed. Moreover, due to the increased imports from China the tax revenue has also grown substantially.

However, on the other hand it is a fact that there is a huge gap between the size of the two economies, level of industrial development and infrastructure. The economies of scale of Pakistan and China are unmatchable given the structure of industrial production of the two countries. Pakistani exports are mainly raw materials, whereas its imports are comprised of value added manufactured commodities.

The Pak-China FTA and CPEC can be the big opportunities with appropriate long term planning and vision by the stakeholders. Following measures are suggested to maximize the benefits of FTA and CPEC;

- Create environment to attract more investment from China in industrial, agriculture and energy sectors.
- Make plan to diversify exports
- Ensure quality, efficiency and cost minimization particularly in textile sector.
- Top priority should be given to complete all the projects relating to CPEC for greater economic benefits.

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STATISTICAL TABLES

Provisional Collection of Federal Taxes 2015-16 Vs. 2014-15

(Rs Million)

MONTHS		Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
	M/P	Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	168,639	19,997	148,642	134,159	9899	124,260	34,480	10098	24382	25.700848	102.0103	19.621761
AUGUST	M	190,925	8,900	182,025	188,808	9,882	178,926	2,117	-982	3,099	1.1212449	-9.9372597	1.7320009
	P	**359,564**	**28,897**	**330,667**	**322,967**	**19,781**	**303,186**	**36,597**	**9116**	**27,481**	**11.331498**	**46.084627**	**9.0640729**
SEPTEMBER	M	280,978	11,441	269,537	245,852	11155	234,697	35,126	286	34,840	14.287457	2.5638727	14.844672
1st Quarter		**640,542**	**40,338**	**600,204**	**568,819**	**30,936**	**537,883**	**71,723**	**9402**	**62,321**	**12.609108**	**30.391777**	**11.586349**
OCTOBER	M	226,141	2,358	223,783	192,372	9508	182,864	33,769	-7150	40919	17.55401	-75.199832	22.376739
	P	866,683	42,696	823,987	761,191	40,444	720,747	105,492	2252	103,240	13.858808	5.5681931	14.324028
NOVEMBER	**M**	**228,747**	**3,716**	**225,031**	**188,679**	**7,774**	**180,905**	**40,068**	**-4058**	**44,126**	**21.236068**	**-52.19964**	**24.391808**
	P	1,095,430	46,412	1,049,018	949,870	48218	901,652	145,560	-1806	147366	15.324202	-3.7454892	16.344
DECEMBER	M	339,266	3,379	335,887	280,575	10,290	270,285	58,691	-6911	65,602	20.918115	-67.162293	24.271417
2nd Quarter		**794,154**	**9,453**	**784,701**	**661,626**	**27,572**	**634,054**	**132,528**	**-18119**	**150,647**	**20.030652**	**-65.715218**	**23.759333**
Upto 2nd Qtr		**1,434,696**	**49,791**	**1,384,905**	**1,230,445**	**58,508**	**1,171,937**	**204,251**	**-8717**	**212,968**	**16.599767**	**-14.898817**	**18.172308**
JANUARY	M				179,570	6175	173,395						
	P				1,410,015	64683	1,345,332						
FEBRUARY	M				200,851	8120	192,731						
	P				1,610,866	72803	1,538,063						
MARCH	M				254,275	17205	237,070						
3rd Quarter					**634,696**	**31,500**	**603,196**						
Upto 3rd Qtr					**1,865,141**	**90,008**	**1,775,133**						
APRIL	M				218,410	19899	198,511						
	P				2,083,551	109907	1,973,644						
MAY	M				239,304	4793	234,511						
	P				2,322,855	114700	2,208,155						
JUNE	M				382,339	516	381,823						
4th Quarter					**840,053**	**25,208**	**814,845**						
Annual					**2,705,194**	**115,216**	**2,589,978**						

(*) M- Monthly, P-Progressive

DIRECT TAXES

(Rs Million)

MONTHS	M/P	Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	66,771	9,159	57,612	42,096	7718	34,378	24,675	1441	23234	58.616021	18.67064	67.58392
AUGUST	M	64,787	4,528	60,259	58,141	7,105	51,036	6,646	-2577	9,223	11.430832	-36.270232	18.071557
	P	**131,558**	**13,687**	**117,871**	**100,237**	**14,823**	**85,414**	**31,321**	**-1136**	**32,457**	**31.246945**	**-7.6637658**	**37.999625**
SEPTEMBER	M	124,033	2,232	121,801	108,185	3905	104,280	15,848	-1673	17,521	14.648981	-42.84251	16.80188
1st Quarter		**255,591**	**15,919**	**239,672**	**208,422**	**18,728**	**189,694**	**47,169**	**-2809**	**49,978**	**22.631488**	**-14.998932**	**26.346642**
OCTOBER	M	73,990	364	73,626	68,502	1589	66,913	5,488	-1225	6713	8.0114449	-77.092511	10.03243
	P	329,581	16,283	313,298	276,924	20,317	256,607	52,657	-4034	56,691	19.014964	-19.855294	22.092538
NOVEMBER	**M**	**74,045**	**575**	**73,470**	**68,344**	**3,249**	**65,095**	**5,701**	**-2674**	**8,375**	**8.3416247**	**-82.302247**	**12.865812**
	P	403,626	16,858	386,768	345,268	23566	321,702	58,358	-6708	65066	16.902232	-28.464737	20.22555
DECEMBER	M	156,633	2,626	154,007	144,159	6,934	137,225	12,474	-4308	16,782	8.6529457	-62.128641	12.22955
2nd Quarter		**304,668**	**3,565**	**301,103**	**281,005**	**11,772**	**269,233**	**23,663**	**-8207**	**31,870**	**8.4208466**	**-69.716276**	**11.83733**
Upto 2nd Qtr		**560,259**	**19,484**	**540,775**	**489,427**	**30,500**	**458,927**	**70,832**	**-11016**	**81,848**	**14.472434**	**-36.118033**	**17.834645**
JANUARY	M				68,670	2921	65,749						
	P				558,097	33421	524,676						
FEBRUARY	M				79,283	4660	74,623						
	P				637,380	38081	599,299						
MARCH	M				114,909	12690	102,219						
3rd Quarter					**262,862**	**20,271**	**242,591**						
Upto 3rd Qtr					**752,289**	**50,771**	**701,518**						
APRIL	M				85,169	10759	74,410						
	P				837,458	61530	775,928						
MAY	M				80,352	384	79,968						
	P				917,810	61914	855,896						
JUNE	M				178,236	412	177,824						
4th Quarter					**343,757**	**11,555**	**332,202**						
Annual					**1,096,046**	**62,326**	**1,033,720**						

INDIRECT TAXES

(Rs Million)

MONTHS	M/P	Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	101,868	10,838	91,030	92,063	2181	89,882	9,805	8657	1148	10.650316	396.92801	1.2772301
AUGUST	M	126,138	4,372	121,766	130,667	2,777	127,890	-4,529	1595	-6,124	-3.4660626	57.436082	-4.7884901
	P	**228,006**	**15,210**	**212,796**	**222,730**	**4,958**	**217,772**	**5,276**	**10252**	**-4,976**	**2.3687873**	**206.77693**	**-2.2849586**
SEPTEMBER	M	156,945	9,209	147,736	137,667	7250	130,417	19,278	1959	17,319	14.003356	27.02069	13.27971
1st Quarter		**384,951**	**24,419**	**360,532**	**360,397**	**12,208**	**348,189**	**24,554**	**12211**	**12,343**	**6.8130423**	**100.02457**	**3.5449138**
OCTOBER	M	152,151	1,994	150,157	123,870	7919	115,951	28,281	-5925	34206	22.831194	-74.820053	29.500392
	P	537,102	26,413	510,689	484,267	20,127	464,140	52,835	6286	46,549	10.910304	31.231679	10.029086
NOVEMBER	**M**	**154,702**	**3,141**	**151,561**	**120,335**	**4,525**	**115,810**	**34,367**	**-1384**	**35,751**	**28.559438**	**-30.585635**	**30.870391**
	P	691,804	29,554	662,250	604,602	24652	579,950	87,202	4902	82300	14.423042	19.884796	14.190879
DECEMBER	M	182,633	753	181,880	136,416	3,356	133,060	46,217	-2603	48,820	33.879457	-77.562574	36.690215
2nd Quarter		**489,486**	**5,888**	**483,598**	**380,621**	**15,800**	**364,821**	**108,865**	**-9912**	**118,777**	**28.601943**	**-62.734177**	**32.55761**
Upto 2nd Qtr		**874,437**	**30,307**	**844,130**	**741,018**	**28,008**	**713,010**	**133,419**	**2299**	**131,120**	**18.004826**	**8.208369**	**18.389644**
JANUARY	M				110,900	3254	107,646						
	P				851,918	31262	820,656						
FEBRUARY	M				121,568	3460	118,108						
	P				973,486	34722	938,764						
MARCH	M				139,366	4515	134,851						
3rd Quarter					**371,834**	**11,229**	**360,605**						
Upto 3rd Qtr					**1,112,852**	**39,237**	**1,073,615**						
APRIL	M				133,241	9140	124,101						
	P				1,246,093	48377	1,197,716						
MAY	M				158,952	4409	154,543						
	P				1,405,045	52786	1,352,259						
JUNE	M				204,103	104	203,999						
4th Quarter					**496,296**	**13,653**	**482,643**						
Annual					**1,609,148**	**52,890**	**1,556,258**						

SALES TAX (TOTAL)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	74,523	9,853	64,670	70,461	1045	69,416	4,062	8808	-4746	5.7648912	842.87081	-6.8370405
AUGUST	M	90,035	3,202	86,833	97,990	1,694	96,296	-7,955	1508	-9,463	-8.1181753	89.020071	-9.8269918
	P	**164,558**	**13,055**	**151,503**	**168,451**	**2,739**	**165,712**	**-3,893**	**10316**	**-14,209**	**-2.3110578**	**376.63381**	**-8.5745148**
SEPTEMBER	M	110,355	8,433	101,922	98,684	6190	92,494	11,671	2243	9,428	11.826639	36.235864	10.193094
1st Quarter		**274,913**	**21,488**	**253,425**	**267,135**	**8,929**	**258,206**	**7,778**	**12559**	**-4,781**	**2.9116364**	**140.65405**	**-1.8516223**
OCTOBER	M	105,858	1,218	104,640	86,802	7169	79,633	19,056	-5951	25007	21.953411	-83.010183	31.40281
	P	380,771	22,706	358,065	353,937	16,098	337,839	26,834	6608	20,226	7.5815753	41.048577	5.9868754
NOVEMBER	**M**	**111,248**	**2,350**	**108,898**	**86,717**	**3,792**	**82,925**	**24,531**	**-1442**	**25,973**	**28.288571**	**-38.027426**	**31.321073**
	P	492,019	25,056	466,963	440,654	19890	420,764	51,365	5166	46199	11.656538	25.972851	10.979789
DECEMBER	M	124,100	40	124,060	95,786	2,793	92,993	28,314	-2753	31,067	29.559643	-98.567848	33.407891
2nd Quarter		**341,206**	**3,608**	**337,598**	**269,305**	**13,754**	**255,551**	**71,901**	**-10146**	**82,047**	**26.698724**	**-73.767631**	**32.10592**
Upto 2nd Qtr		**616,119**	**25,096**	**591,023**	**536,440**	**22,683**	**513,757**	**79,679**	**2413**	**77,266**	**14.853292**	**10.637923**	**15.039406**
JANUARY	M				75,112	2449	72,663						
	P				611,552	25132	586,420						
FEBRUARY	M				85,415	2572	82,843						
	P				696,967	27704	669,263						
MARCH	M				94,983	3897	91,086						
3rd Quarter					**255,510**	**8,918**	**246,592**						
Upto 3rd Qtr					**791,950**	**31,601**	**760,349**						
APRIL	M				91,497	8574	82,923						
	P				883,447	40175	843,272						
MAY	M				108,357	3608	104,749						
	P				991,804	43783	948,021						
JUNE	M				139,769	0	139,769						
4th Quarter					**339,623**	**12,182**	**327,441**						
Annual					**1,131,573**	**43,783**	**1,087,790**						

SALES TAX (IMPORTS)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	43,246	1	43,245	38,305	1	38,304	4,941	0	4941	12.899099	0	12.899436
AUGUST	M	50,818	0	50,818	51,690	4	51,686	-872	-4	-868	-1.6869801	-100	-1.6793716
	P	**94,064**	**1**	**94,063**	**89,995**	**5**	**89,990**	**4,069**	**-4**	**4,073**	**4.5213623**	**-80**	**4.5260585**
SEPTEMBER	M	58,100	0	58,100	52,200	2	52,198	5,900	-2	5,902	11.302682	-100	11.306947
1st Quarter		**152,164**	**1**	**152,163**	**142,195**	**7**	**142,188**	**9,969**	**-6**	**9,975**	**7.010795**	**-85.714286**	**7.0153599**
OCTOBER	M	56,847	0	56,847	45,218	0	45,218	11,629	0	11629	25.717635	#DIV/0!	25.717635
	P	209,011	1	209,010	187,413	7	187,406	21,598	-6	21,604	11.524281	-85.714286	11.527913
NOVEMBER	**M**	**54,356**	**56**	**54,300**	**43,407**	**46**	**43,361**	**10,949**	**10**	**10,939**	**25.224042**	**21.73913**	**25.227739**
	P	263,367	57	263,310	230,820	53	230,767	32,547	4	32543	14.100598	7.5471698	14.102103
DECEMBER	M	57,108	40	57,068	43,999	0	43,999	13,109	40	13,069	29.793859	#DIV/0!	29.702948
2nd Quarter		**168,311**	**96**	**168,215**	**132,624**	**46**	**132,578**	**35,687**	**50**	**35,637**	**26.908403**	**108.69565**	**26.880025**
Upto 2nd Qtr		**320,475**	**97**	**320,378**	**274,819**	**53**	**274,766**	**45,656**	**44**	**45,612**	**16.613116**	**83.018868**	**16.600307**
JANUARY	M				38,850	0	38,850				-100	#DIV/0!	-100
	P				313,669	53	313,616				-100	-100	-100
FEBRUARY	M				42,568	3	42,565				-100	-100	-100
	P				356,237	56	356,181				-100	-100	-100
MARCH	M				44,500	1	44,499						
3rd Quarter					**125,918**	**4**	**125,914**						
Upto 3rd Qtr					**400,737**	**57**	**400,680**						
APRIL	M				46,661		46,661						
	P				447,398	57	447,341						
MAY	M				53,878		53,878						
	P				501,276	57	501,219						
JUNE	M				51,809		51,809						
4th Quarter					**152,348**	**0**	**152,348**						
Annual					**553,085**	**57**	**553,028**						

SALES TAX (DOMESTIC)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	31,277	9,852	21,425	32,156	1044	31,112	-879	8808	-9687	-2.7335489	843.67816	-31.135896
AUGUST	M	39,217	3,202	36,015	46,300	1,690	44,610	-7,083	1512	-8,595	-15.298056	89.467456	-19.26698
	P	**70,494**	**13,054**	**57,440**	**78,456**	**2,734**	**75,722**	**-7,962**	**10320**	**-18,282**	**-10.148363**	**377.46891**	**-24.143578**
SEPTEMBER	M	52,255	8,433	43,822	46,484	6188	40,296	5,771	2245	3,526	12.415025	36.279897	8.7502482
1st Quarter		**122,749**	**21,487**	**101,262**	**124,940**	**8,922**	**116,018**	**-2,191**	**12565**	**-14,756**	**-1.7536417**	**140.83165**	**-12.718716**
OCTOBER	M	49,011	1,218	47,793	41,584	7169	34,415	7,427	-5951	13378	17.860235	-83.010183	38.872585
	P	171,760	22,705	149,055	166,524	16,091	150,433	5,236	6614	-1,378	3.1442915	41.103723	-0.9160224
NOVEMBER	**M**	**56,892**	**2,294**	**54,598**	**43,310**	**3,746**	**39,564**	**13,582**	**-1452**	**15,034**	**31.359963**	**-38.761345**	**37.999191**
	P	228,652	24,999	203,653	209,834	19837	189,997	18,818	5162	13656	8.9680414	26.02208	7.1874819
DECEMBER	M	66,992	0	66,992	51,787	2,793	48,994	15,205	-2793	17,998	29.36065	-100	36.73511
2nd Quarter		**172,895**	**3,512**	**169,383**	**136,681**	**13,708**	**122,973**	**36,214**	**-10196**	**46,410**	**26.49527**	**-74.379924**	**37.739992**
Upto 2nd Qtr		**295,644**	**24,999**	**270,645**	**261,621**	**22,630**	**238,991**	**34,023**	**2369**	**31,654**	**13.00469**	**10.468405**	**13.24485**
JANUARY	M				36,262	2449	33,813				-100	-100	-100
	P				297,883	25079	272,804				-100	-100	-100
FEBRUARY	M				42,847	2569	40,278				-100	-100	-100
	P				340,730	27648	313,082				-100	-100	-100
MARCH	M				50,483	3896	46,587						
3rd Quarter					**129,592**	**8,914**	**120,678**						
Upto 3rd Qtr					**391,213**	**31,544**	**359,669**						
APRIL	M				44,836	8574	36,262						
	P				436,049	40118	395,931						
MAY	M				54,479	3608	50,871						
	P				490,528	43726	446,802						
JUNE	M				87,960	0	87,960						
4th Quarter					**187,275**	**12,182**	**175,093**						
Annual					**578,488**	**43,726**	**534,762**						

FEDERAL EXCISE

(Rs Million)

MONTHS	M/P	Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	4,338	0	4,338	3,687	0	3,687	651	0	651	17.656631	-	17.656631
AUGUST	M	8,114	0	8,114	9,918	0	9,918	-1,804	0	-1,804	-18.189151	-	-18.189151
	P	**12,452**	**0**	**12,452**	**13,605**	**0**	**13,605**	**-1,153**	**0**	**-1,153**	**-8.4748254**	**-**	**-8.4748254**
SEPTEMBER	M	15,032	0	15,032	11,855	0	11,855	3,177	0	3,177	26.798819	#DIV/0!	26.798819
1st Quarter		**27,484**	**0**	**27,484**	**25,460**	**0**	**25,460**	**2,024**	**0**	**2,024**	**7.9497251**	**#DIV/0!**	**7.9497251**
OCTOBER	M	15,370		15,370	14,492		14,492	878	0	878	6.058515	-	6.058515
	P	42,854	0	42,854	39,952	0	39,952	2,902	0	2,902	7.2637165	-	7.2637165
NOVEMBER	**M**	**12,455**	**0**	**12,455**	**10,958**	**0**	**10,958**	**1,497**	**0**	**1,497**	**13.661252**	**-**	**13.661252**
	P	55,309	0	55,309	50,910	0	50,910	4,399	0	4399	8.6407386	-	8.6407386
DECEMBER	M	18,416	0	18,416	13,046	0	13,046	5,370	0	5,370	41.162042	#DIV/0!	41.162042
2nd Quarter		**46,241**	**0**	**46,241**	**38,496**	**0**	**38,496**	**7,745**	**0**	**7,745**	**20.118973**	**#DIV/0!**	**20.118973**
Upto 2nd Qtr		**73,725**	**0**	**73,725**	**63,956**	**0**	**63,956**	**9,769**	**0**	**9,769**	**15.274564**	**#DIV/0!**	**15.274564**
JANUARY	M				11,622	0	11,622						
	P				75,578	0	75,578						
FEBRUARY	M				13,157	0	13,157						
	P				88,735	0	88,735						
MARCH	M				15,601	0	15,601						
3rd Quarter					**40,380**	**0**	**40,380**						
Upto 3rd Qtr					**104,336**	**0**	**104,336**						
APRIL	M				15,311	0	15,311						
	P				119,647	0	119,647						
MAY	M				20,128	0	20,128						
	P				139,775	0	139,775						
JUNE	M				22,489	16	22,473						
4th Quarter					**57,928**	**16**	**57,912**						
Annual					**162,264**	**16**	**162,248**						

C U S T O M S

(Rs Million)

MONTHS	M/P	Collection											
		FY 2015-16			FY 2014-15			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	23,007	985	22,022	17,915	1136	16,779	5,092	-151	5243	28.423109	-13.292254	31.247393
AUGUST	M	27,989	1,170	26,819	22,759	1,083	21,676	5,230	87	5,143	22.97992	8.033241	23.726702
	P	**50,996**	**2,155**	**48,841**	**40,674**	**2,219**	**38,455**	**10,322**	**-64**	**10,386**	**25.377391**	**-2.8841821**	**27.008191**
SEPTEMBER	M	31,558	776	30,782	27,128	1060	26,068	4,430	-284	4,714	16.329991	-26.792453	18.083474
1st Quarter		**82,554**	**2,931**	**79,623**	**67,802**	**3,279**	**64,523**	**14,752**	**-348**	**15,100**	**21.75747**	**-10.612992**	**23.402508**
OCTOBER	M	30,923	776	30,147	22,576	750	21,826	8,347	26	8321	36.972892	-	38.124255
	P	113,477	3,707	109,770	90,378	4,029	86,349	23,099	-322	23,421	25.558211	-	27.123649
NOVEMBER	**M**	**30,999**	**791**	**30,208**	**22,660**	**733**	**21,927**	**8,339**	**58**	**8,281**	**36.80053**	**7.9126876**	**37.766224**
	P	144,476	4,498	139,978	113,038	4762	108,276	31,438	-264	31702	27.811886	-5.5438891	29.27888
DECEMBER	M	40,117	713	39,404	27,584	563	27,021	12,533	150	12,383	45.43576	26.642984	45.827319
2nd Quarter		**102,039**	**2,280**	**99,759**	**72,820**	**2,046**	**70,774**	**29,219**	**234**	**28,985**	**40.124966**	**11.43695**	**40.954305**
Upto 2nd Qtr		**184,593**	**5,211**	**179,382**	**140,622**	**5,325**	**135,297**	**43,971**	**-114**	**44,085**	**31.268934**	**-2.1408451**	**32.583871**
JANUARY	M				24,166	805	23,361						
	P				164,788	6130	158,658						
FEBRUARY	M				22,996	888	22,108						
	P				187,784	7018	180,766						
MARCH	M				28,782	618	28,164						
3rd Quarter					**75,944**	**2,311**	**73,633**						
Upto 3rd Qtr					**216,566**	**7,636**	**208,930**						
APRIL	M				26,433	566	25,867						
	P				242,999	8202	234,797						
MAY	M				30,467	801	29,666						
	P				273,466	9003	264,463						
JUNE	M				41,845	88	41,757						
4th Quarter					**98,745**	**1,455**	**97,290**						
Annual					**315,311**	**9,091**	**306,220**						