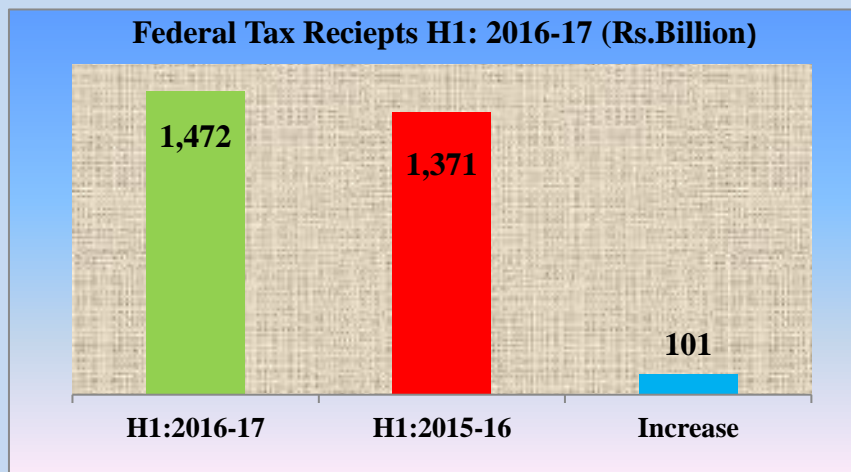


FBR

Biannual Review

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*A Review of Resource Mobilization Efforts
of Federal Board of Revenue*



**FEDERAL BOARD OF REVENUE
GOVERNMENT OF PAKISTAN
ISLAMABAD – PAKISTAN**

The Biannual Review July-December 2016-17 has been prepared by the Research Team of Strategic Planning Reform & Statistics Wing.

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Foreword

FBR has been able to collect net tax revenue of Rs. 1,472 billion during the first half of 2016-17, yielding 7.4% growth over a collection of Rs. 1,371 billion during H1 2015-16. In absolute terms, an additional amount of Rs. 101 billion has been collected. During the first half of CFY, the pace in revenue collection remained slow mainly because of lower rates of sales tax on petroleum products, decreasing rate of fertilizers from 17 percent to 5 percent, zero rating of export-oriented sectors, reduction in the corporate tax rates and exemption in taxes on green-field industrial undertakings. On the other hand, factors such as increase in imports (especially related to construction, power and transport, simplification of tariff slabs helped the customs revenue to grow substantially during H1 2016-17. It is hoped that the tax collection would grow at faster pace in the second half of CFY.

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 2016-17 provides an insight into various components of federal taxes. The current issue includes an article on the topic “Boosting Revenue, Driving Development: Why Taxes are Critical for Growth”, which gives the challenges faced by our tax system and FBR’s response to tackle such issues. It also contains statistical tables showing month-wise and tax-wise comparison of revenue collection.

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 Khan)
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
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 2016-17

FBR has collected Rs. 1,472.3 billion during H1: 2016-17 against Rs. 1,371 billion during H1: 2015-16 achieving a growth of 7.4%. The revenue target for H1: 2016-17 of Rs. 1,547.9 billion has been achieved to the extent of about 95.1%. According to the tax-wise details, customs and FED surpassed the half yearly revenue target by 2.0% and 12.5% respectively. The custom duties recorded a growth of around 22.5% and FED collection grew by about 15.9% during H1: 2016-17. The performance of both these sources is commendable and it is hoped that full year target will be achieved easily. However, the performance of direct taxes and sales tax has not been satisfactory as the half yearly targets have been missed by 2.7% and 11.3% respectively. The collection of direct taxes grew by 9.4%, whereas, sales tax showed a negative growth of 0.2%. According to further details, the sales tax at import stage increased by 3.7% and sales tax domestic has recorded a negative growth of 4.6%. The major decline has been witnessed in the STD collection. Table 1 below highlights the tax-wise target and collection during H1: 2016-17:

Table 1: Net Collection Vis-à-Vis Targets for H1: 2016-17

(Rs. Billion)

Tax Heads	Target	Collection		Growth (%)	Target Achieved
		H1:2016-17	H1:2015-16		
Direct Taxes	607.7	591.5	540.8	9.4	97.3
Sales Tax	650.7	577.4	578.5	-0.2	88.7
FED	75.9	85.4	73.7	15.9	112.5
Customs	213.9	218	177.9	22.5	102.0
Half Year	1547.9	1472.3	1370.9	7.4	95.1

FBR taxes witnessed a slowdown during H1:2016-17. A combination of factors has contributed to this slowdown in the tax collection, including: (i) low corporate profitability combined with government's decision to reduce the corporate tax rate by 1 percent; (ii) exemption in taxes on green-field industrial undertakings; (iii) increase in tax credits for employment generation, BMR and enlistment on stock exchange; (iv) government's decision to keep POL prices unchanged by decreasing sales tax rates to a great extent in the face of increase in international crude prices, and; (v) decline in production of cigarettes following increase in excise duty. It is however, important to mention that despite some adverse

implications of these initiatives in the short run, they are expected to contribute favorably by stimulating economic growth and increasing the size of the overall tax base, in the months ahead.

Analysis of Head-wise Revenue Collection: H1: 2016-17

During CFY, FBR has been allocated a target of Rs. 3,521 billion, which is around 13.1% higher than the collection of FY: 2015-16. During first half of CFY Rs. 1,472.3 billion has been collected, reflecting an addition of Rs. 101.4 billion or 7.4% higher than the collection realized during the H1: 2015-16. The revenue performance during second quarter has been comparatively better than the first quarter of CFY. The net revenue grew by 6.3% in the first quarter whereas second quarter recorded a growth of 8.3%.

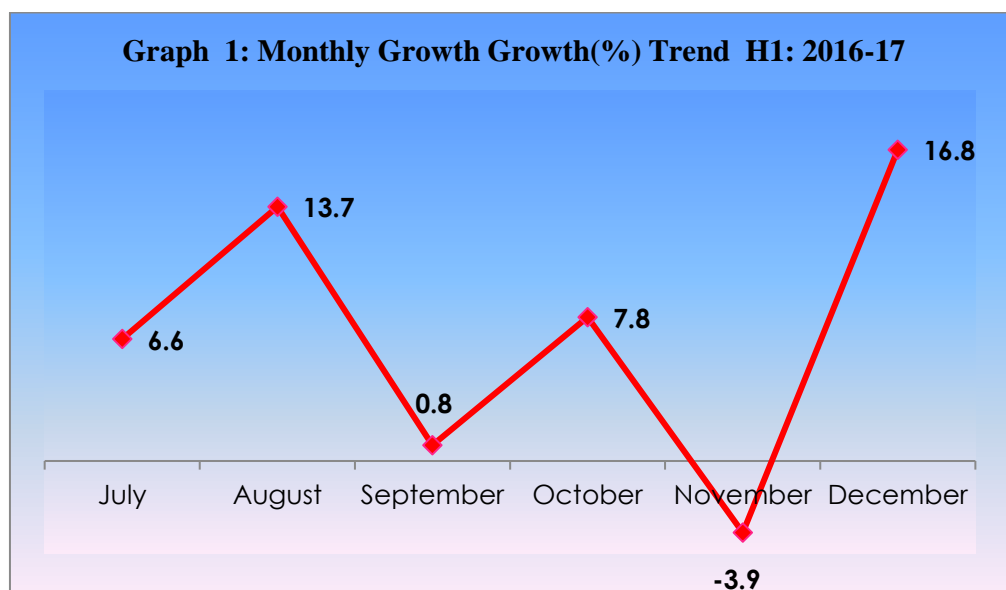
Table 2: Month-wise Comparative Net Collection

(Rs. Billion)

Months	H1: 2016-17	H1: 2015-16	Difference	
			Absolute	Percentage
July	158.4	148.6	9.8	6.6
August	207.0	182.0	25.0	13.7
September	261.7	259.6	2.1	0.8
Quarter-1	627.1	590.2	37.0	6.3
October	241.2	223.8	17.0	7.8
November	216.3	225.0	-9.0	-3.9
December	387.7	331.9	56.0	16.8
Quarter-2	845.2	780.7	65.0	8.3
July-December	1472.3	1370.9	101.4	7.4

The monthly growth trends in revenue collection during CFY have shown variations. In the month of July 2016 the growth was 6.6%, which jumped to 13.7% in August but again plummeted to just 0.8% in September. The growth in October was comparatively better but the same pace could not be sustained in November. However, in December the net collection recorded a healthy growth of 16.8% (Graph 1). The average growth during first half of CFY

has been around 7.4%. The excellent growth attained in the month of December needs to be maintained in the second half to attain the targets.



Refunds/Rebates

FBR has paid 20.3% higher refunds to the refund claimants during H1: 2016-17 as compared to the corresponding period last year (Table 3). This shows the FBR's efforts to facilitate the compliant taxpayers and to create congenial environment in the country in order to promote business activity and economic growth.

**Table 3: Comparative Position of Refunds/ Rebates Payments:
H1: 2016-17 Vs. H1: 2015-16**

(Rs. Billion)

Heads	Refunds/ Rebates		Difference	
	H1: 2016-17	H1: 2015-16	Absolute	Growth (%)
Direct Taxes	29.1	19.5	9.6	49.2
Sales Tax	24.8	25.1	-0.3	-1.1
Federal Excise	0.0	0.0	0.0	0.0
Customs	6.0	5.2	0.8	15.4
All Taxes	59.9	49.8	10.1	20.3

Direct Taxes:

The direct taxes are the major contributors in the federal tax receipts with more than 40% share. The net collection stood at Rs. 591.5 billion reflecting a growth of 9.4% over the corresponding period last year. During H1: 2016-17 an amount of Rs. 29.1 billion has been paid back as refunds to the claimants as against Rs. 19.5 billion during H1: 2015-16.

The collection of income tax comprises 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% and 5% respectively. Details of these components of direct taxes collection are presented in Table 4 below:

Table 4: Head-wise Collection of Direct Taxes for H1:2016-17

(Rs Million)

Heads	H1:2016-17	H1:2015-16	Growth (%)	Share (%)	
				H1:2016-17	H1:2015-16
Collection on Demand	31,846	24,068	32.0	5.0	4.0
Voluntary Payments	172,182	161,525	7.0	28.0	28.0
Deductions at Source (WHT)	415,091	376,854	10.0	67.0	66.0
Miscellaneous	2,848	5,652	-50.0	1.0	1.0
Gross Income Tax	621,967	568,099	10.0	100.0	100.0
Other DT	5,232	3,465	51.0		

Analysis of Components of Income Tax

Collection on Demand (CoD): This part of the income tax collection is very important as it reflects departmental efforts to enhance revenue collection. The collection from this head has shown remarkable improvement in the first half of CFY. The collection grew by 32% and its share in income tax has also increased from 4% to 5% during the period under review

(Table 5). In absolute terms, around Rs.8 billion excess amount has been collected from CoD during July-December 2016-17 as compared to the corresponding period last year. Further break-down shows that the collection from arrear demand recorded a growth of 49% and current demand by 24%. So far the performance of this component is commendable; however, keeping in view the overall sluggish performance of direct taxes, there is a need to further boost up the departmental efforts for recovery of arrears and creation of current demands.

Table 5: Collection on Demand (CoD) for H1: 2016-17

(Rs. Million)

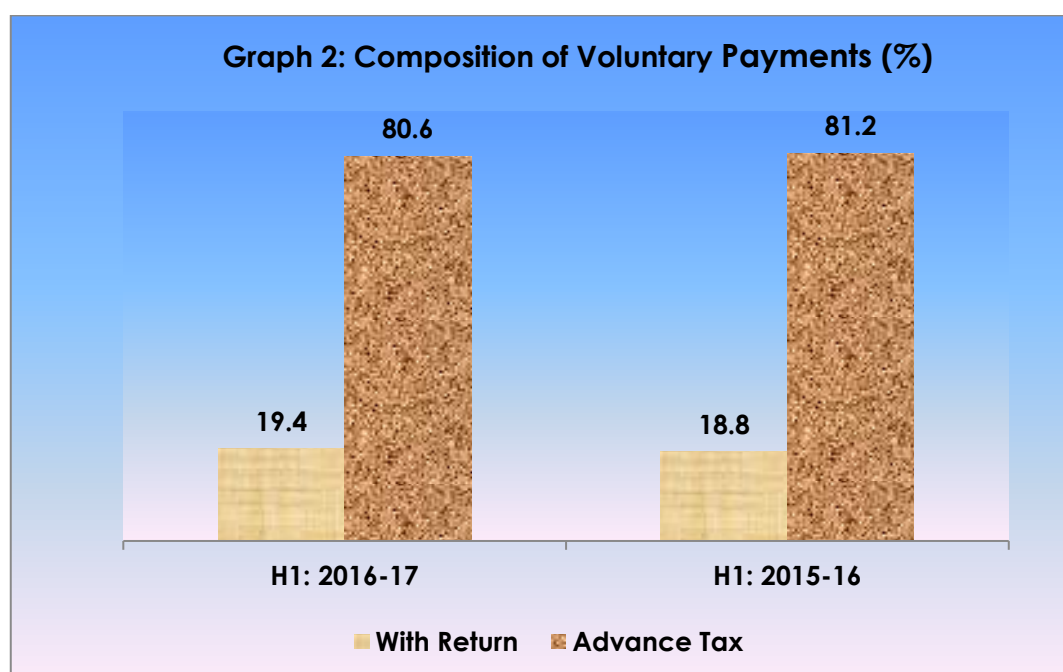
Heads	H1: 2016-17	H1: 2015-16	Difference	Growth (%)
Arrear	12,171	8,157	4,014	49.0
Current	19,675	15,911	3,764	24.0
Total CoD	31,846	24,068	7,778	32.3

Voluntary Payments (VP): This is another very important component of income tax which includes; payments with return and advances. This component has shown a moderate performance during first half of CFY by recording around 6.6% growth. In absolute terms Rs. 172.2 billion has been collected against Rs. 161.5 billion collected in the corresponding period last year (Table 6). Major component of voluntary payment is advance tax where a sum of Rs 138.8 billion has been collected against Rs 131.2 billion in the corresponding period last year. The collection from advance tax has grown by 6%. The second component of VP is payments with return, which grew by 10% during the period under review. As the economic activities would be growing, the component of payment with return will further enhance.

Table 6: Voluntary Payments (VP): A Comparison for H1: 2016-17*(Rs. Million)*

Heads	H1: 2016-17	H1: 2015-16	Difference	Growth (%)
With Return	33,350	30,290	3,060	10.0
Advance Tax	138,831	131,235	7,596	6.0
Total VP	172,182	161,525	10,656	6.6

The share of payments with return has shown slight improvement during first half of CFY but share of advance payments as compared to previous year has dipped slightly (Graph 2).



Withholding Taxes (WHT): WHT contributes a major chunk i.e. around 67% in the collection of income tax. The WHT collection during H1: 2016-17 has been Rs. 415 billion against Rs. 377 billion during H1: 2015-16 indicating a growth of 10.1%. The nine major components of withholding taxes contributed around 84% of total WHT collection. These are: imports, salaries, dividends, bank interest & securities, contracts, export, cash withdrawals, electricity and telephone. As far as growth is concerned, collection from

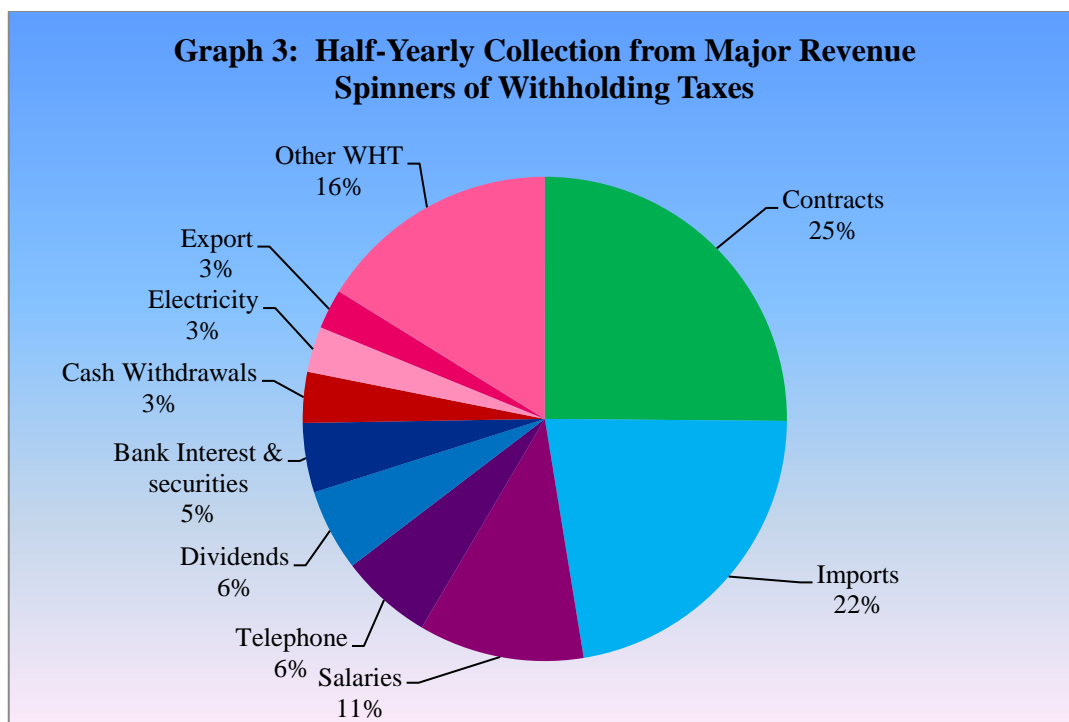
contracts grew by 17%, followed by salaries (13%), dividends (10%), telephone (7%) and imports (6%). On the other hand bank interest & securities, exports and cash withdrawals recorded a negative growth of 12%, 6% and 0.1% respectively.

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

(Rs. Million)

Collection Heads	H1: 2016-17	H1: 2015-16	Difference (Absolute)	Growth (%)
Contracts	104,320	89,558	14,762	16.5
Imports	92,542	87,414	5,128	5.9
Salaries	45,867	40,689	5,178	12.7
Telephone	25,570	23,915	1,655	6.9
Dividends	22,660	20,516	2,144	10.5
Bank Interest & securities	19,254	21,848	-2,594	-11.9
Cash Withdrawals	14,088	14,102	-14	-0.1
Electricity	12,651	12,247	404	3.3
Export	10,996	11,739	-743	-6.3
Sub-Total (9 major items)	347,948	322,028	25,920	8.0
Share in Total WHT	84	86	-	-
Other WHT	67,143	54,873	12,270	22.4
Total WHT	415,091	376,854	38,237	10.1
Share in Gross I. Tax	66.7	66.3		

Nine items contribute around 84% in total withholding taxes. The highest contribution in WHT collection has been from contracts (25.1%) followed by imports (22.3%) and salary (11%). (Graph 3)



Sales Tax:

The sales tax is the 2nd top revenue generating source of federal tax receipts. It constitutes 39.2% of the total net revenue collection. The collection during July-December 2016-17 has been Rs 577.4 billion against Rs. 578.5 billion in the corresponding period of last year. The overall sales tax collection declined by around 0.2%. The collection of sales tax domestic declined by 4.6%, whereas, sales tax imports increased by 3.7%. Within sales tax the share of sales tax imports is 55% and the rest 45% is contributed by sales tax domestic. Details of collection of these two components are depicted in Table 8 below.

The decline in the sales tax revenue is mainly due to the reasons such as: lower rates of sales tax on petroleum products, decreasing rate of fertilizers from 17 percent to 5 percent, reduced rate of zero percent from 3 percent on the input of five export-oriented sectors namely; textile, leather, carpets, sports goods and surgical goods. Moreover, the sales tax on pesticides has been now fully exempted from previous rate of 7 percent. Similarly, other reasons of lower collection are FBR's decision to switch to ad-valorem tax from the fixed rate and secondly government kept domestic petroleum prices unchanged and absorbed the incremental increase in crude oil prices by resorting to lower effective rate on petroleum products.

Table 8: Collection of Sales Tax for H1:2016-17*(Rs. Million)*

Tax-Head	Net Collection		Growth	
	H1: 2016-17	H1: 2015-16	Absolute	%
Sales Tax Imports	319,264	307,898	11,366	3.7
Sales Tax Domestic	258,175	270,645	-12,470	-4.7
Sales Tax (Total)	577,439	578,543	-1,104	-0.2

Sales Tax Domestic Collection: The overall net collection of Sales Tax Domestic (STD) was Rs.258 billion against Rs.271 billion in the H1 of PFY and the net collection declined by 4.6%. The share of sales tax domestic has declined to 45% from around 47% in the H1 of 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 five items contributed 61.2% 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 below:

Table 9: Net Collection of GST (Domestic) from Major Revenue Spinners H1:2016-17*(Rs. in Million)*

Commodities/Items	Net Collection			Share (%)	
	H1:2016-17	H1:2015-16	Growth (%)	H1:2016-17	H1:2015-16
POL Products	95,480	127,328	-25.0	37.0	47.0
Electrical Energy	24,925	15,607	59.7	9.7	5.8
Sales Tax at Import Stage	14,951	10,213	46.4	5.8	3.8
Cement	13,839	11,086	24.8	5.4	4.1
Aerated Waters/Beverage	8,768	6,133	43.0	3.4	2.3
Sugar	8,584	5,824	47.4	3.3	2.2
Cigarettes	7,242	8,222	-11.9	2.8	3.0
Food Products	5,913	6,812	-13.2	2.3	2.5
Motor Cars	5,854	4,509	29.8	2.3	1.7
Misc/Non Specified Commodities	5,653	4,074	38.8	2.2	1.5
Major Ten Commodities	191,209	199,808	-4.3	74.1	73.8
Other	66,966	70,837	-5.5	25.9	26.2
All Commodities	258,175	270,645	-4.6	100.0	100.0

Out of ten major items, POL products, cigarettes and food products have registered a negative growth during July-December 2016-17. Other seven items have registered a positive growth and on the top is electrical energy with 59.7% growth, followed by sugar (47.4%), sales tax at import stage (46.4%), aerated waters/beverages (43%), Misc (38.8%), motor cars (29%) and cement (24.8%).

The collection from POL products although declined by 25% due to a declining trend in the prices. However, POL is still a top most contributor with more than 37% 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 55%. The net collection of sales tax imports during H1: 2016-17 stood at Rs. 319.3 billion against Rs. 307.9 billion in H1: 2015-16.

Major 10 commodities of sales tax import have contributed a major chunk i.e. 74% 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 30% and the share of top five items i.e. POL products, electrical machinery, vehicles and iron & steel is around 61% of total collection of sales tax imports.

Item-wise details indicate that the collection from POL products was Rs. 95.7 billion against Rs.89.2 billion in the July-December previous year. The collection increased by 7.3%.

Out of ten major items, five items have recorded a healthy substantial growth in the collection. The oil seeds were at the top with around 32.7%, followed by machinery 30.2% etc.

Table:10 Major Revenue Spinners Sales Tax(Imports) for H1: 2016-17*(Rs Million)*

Ch	Commodities	Collection			Share (%)	
		H1:2016-17	H1:2015-16	Growth (%)	H1:2016-17	H1:2015-16
27	POL Products	95,786	89,240	7.3	30.0	29.0
84	Machinery and Mechanical Appliances	28,482	21,879	30.2	8.9	7.1
85	Electrical Machinery	24,373	21,362	14.1	7.6	6.9
87	Vehicles (Non-Railway)	23,856	20,201	18.1	7.5	6.6
72	Iron and Steel	23,707	22,679	4.5	7.4	7.4
39	Plastic Resins etc.	16,294	16,219	0.5	5.1	5.3
31	Fertilizers	6,902	10,421	-33.8	2.2	3.4
12	Oil Seeds	6,105	4,601	32.7	1.9	1.5
9	Tea & Coffee	5,857	5,988	-2.2	1.8	1.9
29	Organic Chemicals	5,798	6,350	-8.7	1.8	2.1
	Sub Total	237,160	218,940	8.3	74.3	71.1
	Others	82,209	89,056	-7.7	25.7	28.9
	Gross	319,369	307,996	3.7	100.0	100.0
	Refund/Rebate	105	98	7.0		
	Net	319,264	307,898	3.7		

Customs Duty

Customs duty is a vital component of federal taxes collected by FBR. The collection of customs has increased considerably in the recent years. The major reasons for excellent performance by the customs duties include withdrawal of concessionary SROs/exemptions, tariff rationalization and administrative reforms in customs. Customs duty constitutes 24.8% and 14.8% of the indirect taxes and federal taxes respectively during first half of FY: 2016-17. The gross and net collection from customs duty during July-December, 2016-17 has been Rs. 224 billion and Rs. 218 billion exhibiting growths of 22.3% and 22.6% respectively. The base of customs duties is dutiable imports and it grew by 12.2% during the first 6 months of FY: 2016-17. The major reasons of this robust growth are tariff rationalization and growth in the dutiable imports. This performance of customs in term of revenue generation is commendable despite higher payments of rebates by 14.6% during H1 of CFY.

A healthy increase in collection of customs duty by around 23 percent during H1: 2016-17 is explained by: (i) increase in imports (especially related to construction, power and transport); (ii) simplification of tariff slabs, and: (iii) increase in custom duty, especially for higher tariff slabs, (iv) valuation rulings have been issued and implemented in case of import of those goods where under invoicing was prevalent.

Major Revenue Spinners

It is evident from Table 11 that 61.6% 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 edible oil (Ch: 15). The vehicles has contributed 14.8% in the customs duty during H1:16-17 and recorded growth of 17.3% during FY: 2016-17. This growth can be attributable to 22.5% growth in its dutiable imports. The petroleum product is the second major contributor of customs duty. The collection of customs from POL (Ch: 27) has exhibited a massive growth of 41% during H1:16-17. This growth is mainly driven by around 2.4% growth in the dutiable imports.

Mechanical machinery (Ch: 84) is the 3rd major revenue spinner of customs duty. The collection of customs grew substantially by 64.7% against massive growth of 112% in the dutiable imports. A growth of 21.2% was manifested by customs duty in iron & steel (Ch: 72) while 4.5% in dutiable imports. Similarly, the collection from article of iron and steel has also increased by 10.5%. The share of mechanical machinery has also gone up from 5.5% to 7.4%. Similarly, the collection from electrical machinery has also improved by 27.9% due to 41.7% growth in the dutiable imports.

The collection of customs from edible oil (Ch: 15) has recorded decline of 10%. Edible oil is mainly subject to specific rate of customs duty. The collection from plastic (Ch: 39) has also increased by 9% against 2.5% growth in the dutiable imports.

The collection of CD from paper & paper board increased by 13.8% due to 6.3% growth in the dutiable imports. Moreover, the collection from textile material (Ch: 54) has recorded a growth of 20.1% while its dutiable imports recorded negligible growth.

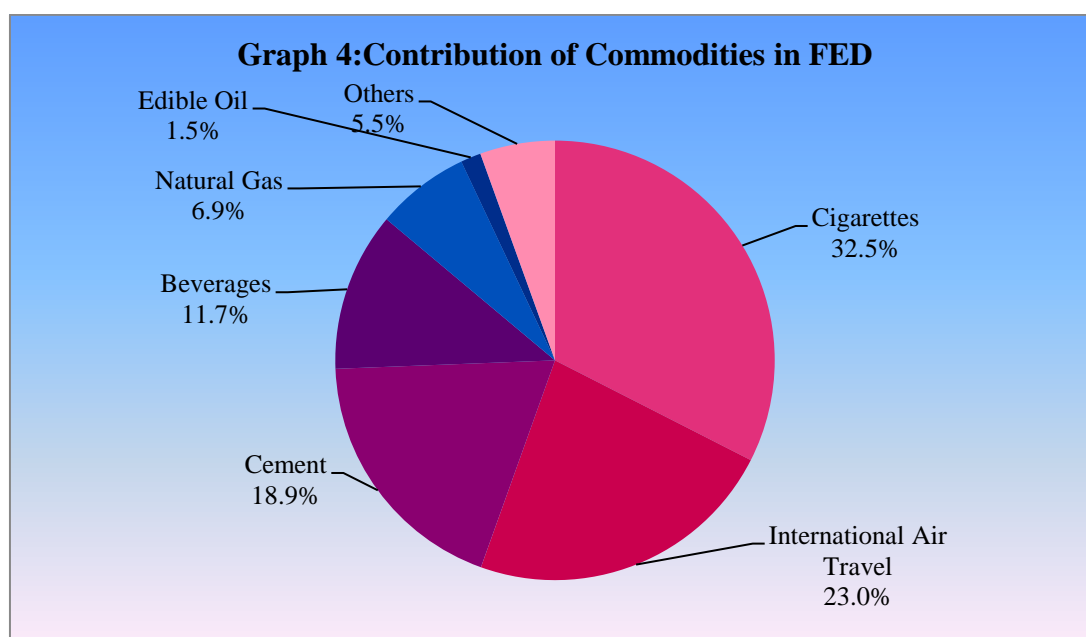
Table11: Major Revenue Spinners of Customs Duties for H1:2016-17*(Rs. in Million)*

Ch	Description	Collection of Customs Duties			Share (%)	
		H1:2016-17	H1:2015-16	Growth (%)	H1:2016-17	H1:2015-16
87	Vehicles	33,164	28,272	17.3	14.8	15.4
27	POL Products	26,852	19,039	41.0	12.0	10.4
84	Mechanical Machinery	16,610	10,086	64.7	7.4	5.5
72	Iron and Steel	14,139	11,662	21.2	6.3	6.4
85	Electrical Machinery	13,545	10,587	27.9	6.0	5.8
15	Edible oil	11,444	12,721	-10.0	5.1	6.9
39	Plastic	7,818	7,174	9.0	3.5	3.9
73	Articles of Iron and Steel	5,839	5,282	10.5	2.6	2.9
48	Paper and Paperboard	4,493	3,947	13.8	2.0	2.2
54	Textile Materials	4,019	3,347	20.1	1.8	1.8
	Sub-Total	137,923	112,117	23.0	61.6	61.2
	Others	86,028	70,956	21.2	38.4	38.8
	Gross	223,951	183,073	22.3	100.0	100.0
	Refund/Rebate	5,973	5,211	14.6		
	Net	217,978	177,862	22.6		

Federal Excise Duty (FED)

Federal excise duty is still an important federal tax and constitutes 9.7% of indirect taxes and 5.8% of the federal taxes collected by FBR. The collection from federal excise duties has reflected growth of 15.9% during H1: 2016-17 as compared to the corresponding period last year. The net revenue stood at Rs. 85.4 billion during July-December, 2016-17 against Rs.73.7 billion during the corresponding period last year. Bulk of the revenues from federal excise emanates from the domestic stage i.e. 94% while the remaining is realized from import stage. Moreover, tax base of the federal excise duty is extremely limited. In fact, around 95% of the collection of federal excise duty is contributed by only six major revenue spinners. An increase of 16 percent in FED during H1:2016-17 reflects improved production of manufactured goods (mainly cement and beverages) and increase in travel services, which together constituted more than half of FED collection.

The performance of the federal excise duty is mainly dependant on the revenues from cigarettes. Other major items have been services (international air travel), cement, beverages, natural gas and edible oils. The composition of FED during July-December, 2016-17 is depicted in Graph 4.



The collection from major revenue spinners during first 6 months of 2016-17 as compared to corresponding period last year has been presented in Table 12.

Table 12: FED Collection from Major Commodities for H1:2016-17

(Rs. in Million)

Commodities	Collection		Difference	
	H1: 2016-17	H1: 2015-16	Absolute	Percent
Cigarettes	27,763	32,064	-4,301	-13.4
International Air Travel	19,624	15,261	4,363	28.6
Cement	16,158	6,079	10,079	165.8
Beverages	10,002	7,084	2,918	41.2
Natural Gas	5,888	5,939	-51	-0.9
Edible Oil	1,276	2,294	-1,018	-44.4
Sub Total	80,711	68,721	11,990	17.4
Others	4,714	5,003	-289	-5.8
Grand Total	85,425	73,725	11,700	15.9

The collection from cigarettes recorded a decline of 13.4% during first half year 2016-17 mainly due to 31% reduction in the production of cigarettes. The share of collection of cigarettes in overall collection of FED has come down drastically from 43.5% to 32.5% during July-December, FY: 2016-17. However, collection from cigarettes fell substantially due to increase in the rate of excise duty and illicit trade.

On the other hand, it is encouraging that a massive growth of 28.6% has been recorded in the foreign air travel during the period under review which reflects the high trend of passengers going abroad. Similarly, the collection of cement recorded a sizable growth of 165.8% in the collection of cement. This exceptional performance is attributable to increase in FED rate and production of cement. In fact, the rate of FED was chargeable @5% of the retail price during 2015-16. This regime with fixed rate was replaced by charging enhanced rate of Rs.1/Kg. Moreover, the production of cement also grew by around 10% during first 6 months of CFY as compared to the corresponding period last. As far as collection from beverages is concerned, its collection increased significantly by 41.2%. This growth is driven by 18.8% growth in the production of soft drink and enhanced rate of aerated waters from 10.5% to 11.5% during Budget 2016-17.

II. Boosting Revenue, Driving Development—Why Taxes are Critical for Growth?¹

Introduction

Mobilizing tax revenues to promote sustainable development and improve people's lives depends on broader tax bases, stronger tax institutions, and concerted efforts to stem both cross-border and domestic tax evasion and avoidance. Sustainable development entails much more than development aid: developed countries, developing countries, civil society and the private sector- all need to work in close harmony to enable people and their governments to fight inequality and poverty. Tax justice is the key issue- companies must pay their fair share, and governments must be in a position to collect the taxes needed to finance essential services and promote economic development.

Inequality is at the heart of the problem of poverty, since global wealth is concentrated in the hands of a very small percentage. Taxes play a vital role in the struggle for a more equitable distribution of wealth. An efficient tax system allows for optimum allocation of available resources. The imposition of tax leads to diversion of resources from taxed to non taxed sector. The revenue is allocated on various productive sectors in the country with a view to increasing the overall growth of the country. Tax revenues may be used to encourage development activities in the less developed areas of the country where investors are not willing to invest.

In modern times, the aim of public finance is not merely to raise sufficient financial resources for meeting administrative expenses, maintenance of law and order and protection of the country from foreign aggression, but also to ensure social welfare.

Tax policy may be used to handle critical economic situation like depression and inflation. In depression, taxes are set to increase the consumption and reduce the savings to increase the aggregate demand and vice versa. Thus, tax policy may be used to strengthen incentives to savings and investment, leading to acceleration of economic growth.

An efficient and effective tax system renders developing countries less dependent on the ebb and flow of donor funding. They are also empowered to invest the funds where they are

¹ Prepared by SPR&S Research Team

needed most, rather than being confined by externally imposed programs. Since developing countries have mixed economies, care is to be taken to promote capital formation and investment both in the private and public sectors. Taxation policy serves as an effective tool that can be directed to raising the ratio of savings to national income.

While the single largest source of revenue for most countries is through the collection of taxes, many tax systems remain weak due to low institutional capacity. Additionally, tax legislation in developing countries is often complex, inviting evasion and corruption.

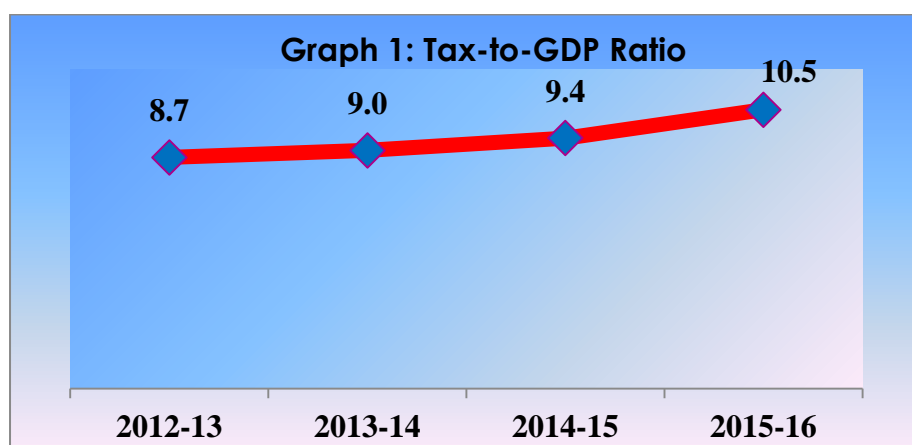
Reforming tax systems is a key to improving domestic resource mobilization, reducing the size of the informal economy, and enhancing domestic savings and investment. While this is not an easy task, tax reform is perhaps the most important initiative in laying the groundwork for sustainable development. Reforms that improve incentives, discourage windfall gains, reduce existing distortionary subsidies, and avoid deficit financing, are critical for driving development and boosting revenue.

The present government has brought new energy and enthusiasm to the field of domestic resource mobilization (DRM), through increased technical cooperation, strong fiscal governance, and the political will to enforce tax system reforms. Reforming the tax system is a key to improving domestic resource mobilization, leading to better health care, cleaner drinking water, reduced poverty and sustainable economic development.

III. Challenges of Pakistan's Tax System²

Taxes are one of the tools of fiscal policy applied for multifaceted objectives like revenue generation, equitable distribution of resources, regulatory trade and promote investment in the economy. There is an important link between taxation and growth of the economy. A well designed tax system plays crucial role in economic and social development of the country. The Pakistan's tax system is fraught with much rigidity. Tax-to-GDP ratio in Pakistan is only 10.5 % which is low as compared to the world's standards. This paper highlights the major challenges faced by the revenue organizations for which strategies and remedies are needed to resolve the issue.

i. **Low Tax-to-GDP Ratio:** Tax-to-GDP ratio in Pakistan is 10.5% which is low as compared to the world standard. It is however, worth mentioning that during the last few years the tax-GDP ratio has started to improve, as is evident from Graph 1 below. If this trend continues it is expected that the tax-to-GDP ratio would increase further over the next few years.



ii. **Narrow tax base:** A broad tax base is necessary for a good tax system to ensure generating sufficient revenues and equitable distribution of taxes. The tax base in Pakistan is narrow as only around 1% of the total population files tax returns. Services and Agriculture sectors are contributing significantly to the economy of the country but their contribution to tax revenue is extremely low. However, tax on agriculture income is not the domain of FBR and is nominally collected by the Provincial Governments. These sectors are either out of the

² Prepared by SPR&S Research Team

tax net or not paying taxes commensurate with their share in GDP. Thus, the onus of the taxes is mainly on the manufacturing sector.

iii. Tax Exemptions/Concessions: Historically, Pakistan's tax system provides exemptions and concessions which have not only affected tax revenues but also resulted in unfair taxation. Tax exemptions in the form of special procedures and presumptive modes of taxation distort the system, make it inequitable and difficult to administer. FBR has tackled this problem by withdrawing exemptions worth Rs. 290 billion in the last three years.

iv. Poor documentation and Large Informal Economy: A large informal economy is one of the major challenges faced by the country. Poor documentation and the black economy hurt the economic development of the country as a whole and adversely affect tax revenue. Without proper documentation, it is hard to tap the true tax potential of the economy. There is a dire need for proper documentation in the economy in order to plug the loopholes and to actualize potential tax revenues.

v. Lack of Automation: This is another important area in the taxation system undermining the tax revenues. Lack of automation is a hurdle in the fast delivery of taxation services; moreover, it also opens the door for malpractices. Without proper automation, it is difficult to keep track of the records of taxpayers, economic activities and transactions etc. In order to modernize the taxation system, all the business processes need to be re-engineered by using state-of-the-art information technology in line with international standards.

vi. Weak Audit: Audit is an important tool which safeguards tax revenues of the government and brings transparency and efficiency to the system. Audit is a highly effective tool to curb tax evasion and improve compliance. Historically, the system of audit was not properly put in place despite the fact that no system of universal self assessment can succeed without an effective audit. FBR in the past three years has made an attempt to re-establish audit system traveling from random to parametric risk-based selection for audit.

vii. Absence of Tax Culture: This is another serious issue faced by Pakistan's tax administration. Generally, people are reluctant to pay taxes and tax evasion is not treated as morally reprehensible. Absence of a robust tax culture promotes the non-compliance and consequently tax avoidance.

viii. High Tax Rates: High tariff and tax rates have also been one of the most important issues of the taxation system. Historically, higher rates of duty and taxes were applied for enhancing revenues, which has not only resulted in distortions, but also inefficiency, in the economy. There is an indirect relationship between tax rates and revenue collection. An increase in tax rates leads to evasion thus lowering tax revenues. On the other hand, reduced tax rates can lead to reduced evasion and thus higher tax collection. Experiences around the globe reflect that low tax rates have a positive impact on the economy as a whole.

ix. Under Reporting of Production: At the manufacturing stage, under reporting of production and suppression of sales constitutes a major threat to sales tax revenue. As the system works on self assessment basis, production processes cannot be supervised manually. Additionally, manual supervision is not an effective way of ensuring accurate production figures.

Given the aforementioned challenges and bottlenecks, tax revenues are insufficient to meet government expenditures; hence there is a wide gap between tax revenues and expenditures, which has resulted in huge debts for the country. Despite these challenges during the last few years, the present government has initiated important tax reforms and this has started yielding fruit in the shape of increased tax revenues. Government has made a comprehensive reforms program and strategy to address the said issues and challenges.

IV. STATISTICAL APPENDIX

Comparative Statements of

Month – to – Month and Progressive

Collection for the period H1: 2016-17 & H1: 2015-16

Collection of Federal Taxes 2016-17 Vs. 2015-16

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			COMPARISON			Growth (%)		
		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	170,380	11,982	158,398	168,640	19,997	148,643	1,740	-8,015	9,755	1.0	-40.1	6.6
AUGUST	M	217,347	10,344	207,003	190,925	8,900	182,025	26,422	1,444	24,978	13.8	16.2	13.7
	P	387,727	22,326	365,401	359,565	28,897	330,668	28,162	-6,571	34,733	7.8	-22.7	10.5
SEPTEMBER	M	265,253	3,533	261,720	270,978	11,441	259,537	-5,725	-7,908	2,183	-2.1	-69.1	0.8
1st Quarter		652,980	25,859	627,121	630,543	40,338	590,205	22,437	-14,479	36,916	3.6	-35.9	6.3
OCTOBER	M	243,096	1,853	241,243	226,140	2,358	223,782	16,956	-505	17,461	7.5	-21.4	7.8
	P	896,076	27,712	868,364	856,683	42,696	813,987	39,393	-14,984	54,377	4.6	-35.1	6.7
NOVEMBER	M	240,044	23,771	216,273	228,747	3,716	225,031	11,297	20,055	-8,758	4.9	539.7	-3.9
	P	1,136,120	51,483	1,084,637	1,085,430	46,412	1,039,018	50,690	5,071	45,619	4.7	10.9	4.4
DECEMBER	M	396,099	8,399	387,700	335,266	3,379	331,887	60,833	5,020	55,813	18.1	148.6	16.8
2nd Quarter		879,239	34,023	845,216	790,153	9,453	780,700	89,086	24,570	64,516	11.3	259.9	8.3
Upto 2nd Qtr		1,532,219	59,882	1,472,337	1,420,696	49,791	1,370,905	111,523	10,091	101,432	7.8	20.3	7.4
JANUARY	M				203,230	1,552	201,678						
	P				1,623,926	51,343	1,572,583						
FEBRUARY	M				219,199	3,697	215,502						
	P				1,843,125	55,040	1,788,085						
MARCH	M				306,231	5,316	300,915						
3rd Quarter					728,660	10,565	718,095						
Upto 3rd Qtr					2,149,356	60,356	2,089,000						
APRIL	M				247,720	4,660	243,060						
	P				2,397,076	65,016	2,332,060						
MAY	M				306,294	5,487	300,807						
	P				2,703,370	70,503	2,632,867						
JUNE	M				519,404	39,799	479,605						
4th Quarter					1,073,418	49,946	1,023,472						
Annual					3,222,774	110,302	3,112,472						

DIRECT TAXES

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			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	61,617	10,946	50,671	66,771	9,159	57,612	-5,154	1,787	-6,941	-7.7	19.5	-12.0
AUGUST	M	74,853	5,773	69,080	64,787	4,528	60,259	10,066	1,245	8,821	15.5	27.5	14.6
	P	136,470	16,719	119,751	131,558	13,687	117,871	4,912	3,032	1,880	3.7	22.2	1.6
SEPTEMBER	M	116,285	2,344	113,941	124,033	2,232	121,801	-7,748	112	-7,860	-6.2	5.0	-6.5
1st Quarter		252,755	19,063	233,692	255,591	15,919	239,672	-2,836	3,144	-5,980	-1.1	19.7	-2.5
OCTOBER	M	89,462	826	88,636	73,990	364	73,626	15,472	462	15,010	20.9	126.9	20.4
	P	342,217	19,889	322,328	329,581	16,283	313,298	12,636	3,606	9,030	3.8	22.1	2.9
NOVEMBER	M	82,684	1,564	81,120	74,045	575	73,470	8,639	989	7,650	11.7	172.0	10.4
	P	424,901	21,453	403,448	403,626	16,858	386,768	21,275	4,595	16,680	5.3	27.3	4.3
DECEMBER	M	195,672	7,625	188,047	156,633	2,626	154,007	39,039	4,999	34,040	24.9	190.4	22.1
2nd Quarter		367,818	10,015	357,803	304,668	3,565	301,103	63,150	6,450	56,700	20.7	180.9	18.8
Upto 2nd Qtr		620,573	29,078	591,495	560,259	19,484	540,775	60,314	9,594	50,720	10.8	49.2	9.4
JANUARY	M				65,526	887	64,639						
	P				625,785	20,371	605,414						
FEBRUARY	M				72,066	1,046	71,020						
	P				697,851	21,417	676,434						
MARCH	M				133,740	417	133,323						
3rd Quarter					271,332	2,350	268,982						
Upto 3rd Qtr					831,591	21,834	809,757						
APRIL	M				79,410	1,169	78,241						
	P				911,001	23,003	887,998						
MAY	M				110,697	3,644	107,053						
	P				1,021,698	26,647	995,051						
JUNE	M				243,299	20,876	222,423						
4th Quarter					433,406	25,689	407,717						
Annual					1,264,997	47,523	1,217,474						

INDIRECT TAXES

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			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	108,763	1,036	107,727	101,869	10,838	91,031	6,894	-9,802	16,696	6.8	-90.4	18.3
AUGUST	M	142,494	4,571	137,923	126,138	4,372	121,766	16,356	199	16,157	13.0	4.6	13.3
	P	251,257	5,607	245,650	228,007	15,210	212,797	23,250	-9,603	32,853	10.2	-63.1	15.4
SEPTEMBER	M	148,968	1,189	147,779	146,945	9,209	137,736	2,023	-8,020	10,043	1.4	-87.1	7.3
1st Quarter		400,225	6,796	393,429	374,952	24,419	350,533	25,273	-17,623	42,896	6.7	-72.2	12.2
OCTOBER	M	153,634	1,027	152,607	152,150	1,994	150,156	1,484	-967	2,451	1.0	-48.5	1.6
	P	553,859	7,823	546,036	527,102	26,413	500,689	26,757	-18,590	45,347	5.1	-70.4	9.1
NOVEMBER	M	157,360	22,207	135,153	154,702	3,141	151,561	2,658	19,066	-16,408	1.7	607.0	-10.8
	P	711,219	30,030	681,189	681,804	29,554	652,250	29,415	476	28,939	4.3	1.6	4.4
DECEMBER	M	200,427	774	199,653	178,633	753	177,880	21,794	21	21,773	12.2	2.8	12.2
2nd Quarter		511,421	24,008	487,413	485,485	5,888	479,597	25,936	18,120	7,816	5.3	307.7	1.6
Upto 2nd Qtr		911,646	30,804	880,842	860,437	30,307	830,130	51,209	497	50,712	6.0	1.6	6.1
JANUARY	M				137,704	665	137,039						
	P				998,141	30,972	967,169						
FEBRUARY	M				147,133	2,651	144,482						
	P				1,145,274	33,623	1,111,651						
MARCH	M				172,491	4,899	167,592						
3rd Quarter					457,328	8,215	449,113						
Upto 3rd Qtr					1,317,765	38,522	1,279,243						
APRIL	M				168,310	3,491	164,819						
	P				1,486,075	42,013	1,444,062						
MAY	M				195,597	1,843	193,754						
	P				1,681,672	43,856	1,637,816						
JUNE	M				276,105	18,923	257,182						
4th Quarter					640,012	24,257	615,755						
Annual					1,957,777	62,779	1,894,998						

SALES TAX (TOTAL)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			COMPARISON			Growth (%)		
		Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net	Gross	Reb/Ref	Net
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
JULY	M	73,080	20	73,060	74,524	9,853	64,671	-1,444	-9,833	8,389	-1.9	-99.8	13.0
AUGUST	M	94,244	3,531	90,713	90,035	3,202	86,833	4,209	329	3,880	4.7	10.3	4.5
	P	167,324	3,551	163,773	164,559	13,055	151,504	2,765	-9,504	12,269	1.7	-72.8	8.1
SEPTEMBER	M	97,739	14	97,725	100,355	8,433	91,922	-2,616	-8,419	5,803	-2.6	-99.8	6.3
1st Quarter		265,063	3,565	261,498	264,914	21,488	243,426	149	-17,923	18,072	0.1	-83.4	7.4
OCTOBER	M	103,021	28	102,993	105,858	1,218	104,640	-2,837	-1,190	-1,647	-2.7	-97.7	-1.6
	P	368,084	3,593	364,491	370,772	22,706	348,066	-2,688	-19,113	16,425	-0.7	-84.2	4.7
NOVEMBER	M	102,238	21,201	81,037	111,248	2,350	108,898	-9,010	18,851	-27,861	-8.1	802.2	-25.6
	P	470,322	24,794	445,528	482,020	25,056	456,964	-11,698	-262	-11,436	-2.4	-1.0	-2.5
DECEMBER	M	131,948	37	131,911	121,620	40	121,580	10,328	-3	10,331	8.5	-7.5	8.5
2nd Quarter		337,207	21,266	315,941	338,726	3,608	335,118	-1,519	17,658	-19,177	-0.4	489.4	-5.7
Upto 2nd Qtr		602,270	24,831	577,439	603,640	25,096	578,544	-1,370	-265	-1,105	-0.2	-1.1	-0.2
JANUARY	M				93,818	4	93,814						
	P				697,458	25,100	672,358						
FEBRUARY	M				102,207	1,464	100,743						
	P				799,665	26,564	773,101						
MARCH	M				116,707	3,766	112,941						
3rd Quarter					312,732	5,234	307,498						
Upto 3rd Qtr					916,372	30,330	886,042						
APRIL	M				117,624	2,519	115,105						
	P				1,033,996	32,849	1,001,147						
MAY	M				135,475	-35	135,510						
	P				1,169,471	32,814	1,136,657						
JUNE	M				183,274	17,560	165,714						
4th Quarter					436,373	20,044	416,329						
Annual					1,352,745	50,374	1,302,371						

SALES TAX (IMPORTS)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			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	45,464	3	45,461	43,246	1	43,245	2,218	2	2,216	5.1	200.0	5.1
AUGUST	M	54,122	29	54,093	50,818	0	50,818	3,304	29	3,275	6.5	-	6.4
	P	99,586	32	99,554	94,064	1	94,063	5,522	31	5,491	5.9	3,100.0	5.8
SEPTEMBER	M	48,883	7	48,876	48,100	0	48,100	783	7	776	1.6	-	1.6
1st Quarter		148,469	39	148,430	142,164	1	142,163	6,305	38	6,267	4.4	3,800.0	4.4
OCTOBER	M	51,085	11	51,074	56,847	0	56,847	-5,762	11	-5,773	-10.1	-	-10.2
	P	199,554	50	199,504	199,011	1	199,010	543	49	494	0.3	4,900.0	0.2
NOVEMBER	M	57,199	33	57,166	54,356	56	54,300	2,843	-23	2,866	5.2	-41.1	5.3
	P	256,753	83	256,670	253,367	57	253,310	3,386	26	3,360	1.3	45.6	1.3
DECEMBER	M	62,616	22	62,594	54,628	40	54,588	7,988	-18	8,006	14.6	-45.0	14.7
2nd Quarter		170,900	66	170,834	165,831	96	165,735	5,069	-30	5,099	3.1	-31.3	3.1
Upto 2nd Qtr		319,369	105	319,264	307,995	97	307,898	11,374	8	11,366	3.7	8.2	3.7
JANUARY	M				47,369	0	47,369						
	P				355,364	97	355,267						
FEBRUARY	M				52,519	1	52,518						
	P				407,883	98	407,785						
MARCH	M				60,077	2	60,075						
3rd Quarter					159,965	3	159,962						
Upto 3rd Qtr					467,960	100	467,860						
APRIL	M				65,148	4	65,144						
	P				533,108	104	533,004						
MAY	M				68,384	2	68,382						
	P				601,492	106	601,386						
JUNE	M				76,927	0	76,927						
4th Quarter					210,459	6	210,453						
Annual					678,419	106	678,313						

SALES TAX (DOMESTIC)

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			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	27,616	17	27,599	31,278	9,852	21,426	-3,662	-9,835	6,173	-11.7	-99.8	28.8
AUGUST	M	40,122	3,502	36,620	39,217	3,202	36,015	905	300	605	2.3	9.4	1.7
	P	67,738	3,519	64,219	70,495	13,054	57,441	-2,757	-9,535	6,778	-3.9	-73.0	11.8
SEPTEMBER	M	48,856	7	48,849	52,255	8,433	43,822	-3,399	-8,426	5,027	-6.5	-99.9	11.5
1st Quarter		116,594	3,526	113,068	122,750	21,487	101,263	-6,156	-17,961	11,805	-5.0	-83.6	11.7
OCTOBER	M	51,936	17	51,919	49,011	1,218	47,793	2,925	-1,201	4,126	6.0	-98.6	8.6
	P	168,530	3,543	164,987	171,761	22,705	149,056	-3,231	-19,162	15,931	-1.9	-84.4	10.7
NOVEMBER	M	45,039	21,168	23,871	56,892	2,294	54,598	-11,853	18,874	-30,727	-20.8	822.8	-56.3
	P	213,569	24,711	188,858	228,653	24,999	203,654	-15,084	-288	-14,796	-6.6	-1.2	-7.3
DECEMBER	M	69,332	15	69,317	66,992	0	66,992	2,340	15	2,325	3.5	-	3.5
2nd Quarter		166,307	21,200	145,107	172,895	3,512	169,383	-6,588	17,688	-24,276	-3.8	503.6	-14.3
Upto 2nd Qtr		282,901	24,726	258,175	295,645	24,999	270,646	-12,744	-273	-12,471	-4.3	-1.1	-4.6
JANUARY	M				46,449	4	46,445						
	P				342,094	25,003	317,091						
FEBRUARY	M				49,688	1,463	48,225						
	P				391,782	26,466	365,316						
MARCH	M				56,630	3,764	52,866						
3rd Quarter					152,767	5,231	147,536						
Upto 3rd Qtr					448,412	30,230	418,182						
APRIL	M				52,476	2,515	49,961						
	P				500,888	32,745	468,143						
MAY	M				67,091	-37	67,128						
	P				567,979	32,708	535,271						
JUNE	M				106,347	17,560	88,787						
4th Quarter					225,914	20,038	205,876						
Annual					674,326	50,268	624,058						

FEDERAL EXCISE

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			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	6,110	0	6,110	4,338	0	4,338	1,772	0	1,772	40.8	-	40.8
AUGUST	M	9,455	0	9,455	8,114	0	8,114	1,341	0	1,341	16.5	-	16.5
	P	15,565	0	15,565	12,452	0	12,452	3,113	0	3,113	25.0	-	25.0
SEPTEMBER	M	15,492	0	15,492	15,032	0	15,032	460	0	460	3.1	-	3.1
1st Quarter		31,057	0	31,057	27,484	0	27,484	3,573	0	3,573	13.0	-	13.0
OCTOBER	M	15,414	0	15,414	15,369	0	15,369	45	0	45	0.3	-	0.3
	P	46,471	0	46,471	42,853	0	42,853	3,618	0	3,618	8.4	-	8.4
NOVEMBER	M	16,680	0	16,680	12,455	0	12,455	4,225	0	4,225	33.9	-	33.9
	P	63,151	0	63,151	55,308	0	55,308	7,843	0	7,843	14.2	-	14.2
DECEMBER	M	22,274	0	22,274	18,416	0	18,416	3,858	0	3,858	20.9	-	20.9
2nd Quarter		54,368	0	54,368	46,240	0	46,240	8,128	0	8,128	17.6	-	17.6
Upto 2nd Qtr		85,425	0	85,425	73,724	0	73,724	11,701	0	11,701	15.9	-	15.9
JANUARY	M				11,151	0	11,151						
	P				84,875	0	84,875						
FEBRUARY	M				14,540	0	14,540						
	P				99,415	0	99,415						
MARCH	M				17,682	0	17,682						
3rd Quarter					43,373	0	43,373						
Upto 3rd Qtr					117,097	0	117,097						
APRIL	M				16,281	0	16,281						
	P				133,378	0	133,378						
MAY	M				23,958	0	23,958						
	P				157,336	0	157,336						
JUNE	M				31,130	411	30,719						
4th Quarter					71,369	411	70,958						
Annual					188,466	411	188,055						

CUSTOMS

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			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	29,573	1,016	28,557	23,007	985	22,022	6,566	31	6,535	28.5	3.1	29.7
AUGUST	M	38,795	1,040	37,755	27,989	1,170	26,819	10,806	-130	10,936	38.6	-11.1	40.8
	P	68,368	2,056	66,312	50,996	2,155	48,841	17,372	-99	17,471	34.1	-4.6	35.8
SEPTEMBER	M	35,737	1,175	34,562	31,558	776	30,782	4,179	399	3,780	13.2	51.4	12.3
1st Quarter		104,105	3,231	100,874	82,554	2,931	79,623	21,551	300	21,251	26.1	10.2	26.7
OCTOBER	M	35,199	999	34,200	30,923	776	30,147	4,276	223	4,053	13.8	28.7	13.4
	P	139,304	4,230	135,074	113,477	3,707	109,770	25,827	523	25,304	22.8	14.1	23.1
NOVEMBER	M	38,442	1,006	37,436	30,999	791	30,208	7,443	215	7,228	24.0	27.2	23.9
	P	177,746	5,236	172,510	144,476	4,498	139,978	33,270	738	32,532	23.0	16.4	23.2
DECEMBER	M	46,205	737	45,468	38,597	713	37,884	7,608	24	7,584	19.7	3.4	20.0
2nd Quarter		119,846	2,742	117,104	100,519	2,280	98,239	19,327	462	18,865	19.2	20.3	19.2
Upto 2nd Qtr		223,951	5,973	217,978	183,073	5,211	177,862	40,878	762	40,116	22.3	14.6	22.6
JANUARY	M				32,735	661	32,074						
	P				215,808	5,872	209,936						
FEBRUARY	M				30,386	1,187	29,199						
	P				246,194	7,059	239,135						
MARCH	M				38,102	1,133	36,969						
3rd Quarter					101,223	2,981	98,242						
Upto 3rd Qtr					284,296	8,192	276,104						
APRIL	M				34,405	972	33,433						
	P				318,701	9,164	309,537						
MAY	M				36,164	1,878	34,286						
	P				354,865	11,042	343,823						
JUNE	M				61,701	952	60,749						
4th Quarter					132,270	3,802	128,468						
Annual					416,566	11,994	404,572						

INLAND REVENUE

(Rs Million)

MONTHS	M/P	Collection											
		FY 2016-17			FY 2015-16			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	140,807	10,966	129,841	145,633	19,012	126,621	-4,826	-8,046	3,220	-3.3	-42.3	2.5
AUGUST	M	178,552	9,304	169,248	162,936	7,730	155,206	15,616	1,574	14,042	9.6	20.4	9.0
	P	319,359	20,270	299,089	308,569	26,742	281,827	10,790	-6,472	17,262	3.5	-24.2	6.1
SEPTEMBER	M	229,516	2,358	227,158	239,420	10,665	228,755	-9,904	-8,307	-1,597	-4.1	-77.9	-0.7
1st Quarter		548,875	22,628	526,247	547,989	37,407	510,582	886	-14,779	15,665	0.2	-39.5	3.1
OCTOBER	M	207,897	854	207,043	195,217	1,582	193,635	12,680	-728	13,408	6.5	-46.0	6.9
	P	756,772	23,482	733,290	743,206	38,989	704,217	13,566	-15,507	29,073	1.8	-39.8	4.1
NOVEMBER	M	201,602	22,765	178,837	197,748	2,925	194,823	3,854	19,840	-15,986	1.9	678.3	-8.2
	P	958,374	46,247	912,127	940,954	41,914	899,040	17,420	4,333	13,087	1.9	10.3	1.5
DECEMBER	M	349,894	7,662	342,232	296,669	2,666	294,003	53,225	4,996	48,229	17.9	187.4	16.4
2nd Quarter		759,393	31,281	728,112	689,634	7,173	682,461	69,759	24,108	45,651	10.1	336.1	6.7
Upto 2nd Qtr		1,308,268	53,909	1,254,359	1,237,623	44,580	1,193,043	70,645	9,329	61,316	5.7	20.9	5.1
JANUARY	M				170,495	891	169,604						
	P				1,408,118	45,471	1,362,647						
FEBRUARY	M				188,813	2,510	186,303						
	P				1,596,931	47,981	1,548,950						
MARCH	M				268,129	4,183	263,946						
3rd Quarter					627,437	7,584	619,853						
Upto 3rd Qtr					1,865,060	52,164	1,812,896						
APRIL	M				213,315	3,688	209,627						
	P				2,078,375	55,852	2,022,523						
MAY	M				270,130	3,609	266,521						
	P				2,348,505	59,461	2,289,044						
JUNE	M				457,703	38,847	418,856						
4th Quarter					941,148	46,144	895,004						
Annual					2,806,208	98,308	2,707,900						