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

***CENTRAL BOARD OF REVENUE***

*Government of Pakistan*

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**Islamabad - Pakistan**

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## *Foreword*

*It has always been surprising to see how many books and articles in professional journals deal with the topic of taxation. A good number of these publications concentrate on various aspects of tax policy and tax law. Some of them are theoretical in nature while others are applications. The surprising element is that practically very little space is allocated to the issue of tax administration. Probably it has much to do with the fact that intimate knowledge of how an administration operates is a pre-requisite for an elaborate analysis. This knowledge, which is acquired through years of practical experience, is generally lacking among the theoreticians.*

*CBR has recently developed in-house capability of conducting comprehensive research in core areas of fiscal policy including tax administration. This research has enabled CBR to closely monitor its diversified activities, especially revenue generation. For wider dissemination, these research articles are regularly published in various issues of the CBR Quarterly Review. The current issue elucidates the excellent performance of the revenue organization in meeting the goals and targets set forth for the fiscal year 2004-05. Besides an essay on impact and evaluation of budgetary measures of 2004-05, the issue also includes articles on Income Tax Regime in Pakistan and Trade Facilitation within the WTO guidelines.*

*On the tax administration front, the need and scope of recently initiated PACCS project has been discussed. Under this system the importers can 'on-line' file the 'Goods Declarations'. The processing has reduced the clearance time of goods to few hours from more days. This is a major step forward towards customer facilitation that has also reduced the up-front cost of doing business in Pakistan.*

*I am hopeful that the current issue will succeed in raising the quality of the discussions among various stakeholders to a much higher level than in the past.*

*M. Abdullah Yusuf*
*Chairman CBR*

# I

# CBR Tax Collection: An Analysis of FY 04-05 Outcome[1]

## The Economy

The economy has maintained it upsurge during the FY 04-05. The rate of growth of 8.4% in real terms has been two-percentage point higher than the previous year. This has been the fifth time in Pakistan's 57-year history that the growth has exceeded the 8% mark. Previously, in FY 53-54 the GDP growth was 10.2%, it was 9.4% in FY 64-65, 9.8% in FY 69-70 and 8.4% in 1984-85. The sharp increase in GDP during FY 04-05 was possible due to broad-based sectoral performance, particularly of the commodity producing sectors. After recording 14.1% growth during FY 03-04, the manufacturing sector maintained a healthy growth of 12.5% during FY 04-05. Similarly, riding on the success of cash and food crops, agricultural production registered one of highest growths of 7.5% after FY 95-96. Finally, the services sector also contributed significantly towards the overall growth in GDP with 7.9% increase in its value addition. It is worth emphasizing that at this rate Pakistan is now the third fastest growing economy in Asia.

Notwithstanding this performance, there is a growing realization that maintaining a high growth path of over 8% will be a difficult proposition. There are various reasons for this skepticism. The first relates to the agriculture sector where sustainability of high growth is generally difficult due to its dependence on natural factors. The highly volatile international energy prices are another area of concern. The acceleration in prices during FY 04-05 was partly due to 'imported' inflation associated with frequent domestic price adjustments to fulfill budgetary needs. The re-emergence of trade

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[1] The analysis is carried out by the Research Team of the Fiscal Research Wing of CBR in collaboration with the Budget Wings of Direct & Indirect Taxes, and DRS.

and fiscal imbalances are the additional sources of risk. Furthermore, the persistence of ‘bubble’ in the real estate market and the conflicting signals from certain ‘irresponsible’ quarters on shortage of essential food items is not a favorable indicator either.[2] On top of this, the erratic supply of sugar and cement by respective cartels is adding insult to injury by creating difficulties for the Government as well as the consumers.

Besides the immediate to medium term risks, the vulnerability of the economy is also evident in other areas that require long-term planning. Some of the concerns are highlighted in the following.

1. Notwithstanding the recent gains, the savings rates continue to be low and as a result sufficient resources are not available for productive investment. The absence of long-term profitable saving instruments is one of the primary causes for low saving rates. The existing instruments, namely the mutual and provident funds and insurance have not been able to generate adequate resources and divert household savings for the corporate sector. Similarly, public savings are almost not existent. The obvious outcome is that the excessive liquidity is being invested (or should we say wasted) in non-productive investments, especially in real estate, and as a result, the rent seekers are thriving.
2. Absence of back-up funds to support government borrowings can explode into an undesirable situation similar to the one when foreign currency accounts had to be frozen. There is an urgency to have back-up support for national savings as well as pension funds to ensure that the government sovereignty and credibility is not challenged.

[2] Despite having a good crop of wheat, ‘ghostly’ statements have routinely appeared in the newspapers about the shortage of wheat and the possibility of imports. Such statements simply add further uncertainty about the availability of essential food items and the overall strength of the economy. It is relevant to mention that the Government has already taken various initiatives to address supply-side constraints. Notwithstanding the anticipated hue and cry from certain quarters with vested interest, these initiatives have been helpful in stabilizing the prices of the daily-use commodities.

3. The investment in the country is narrowly concentrated in few sectors. Emerging fields have been ignored for a period far too long.[3] It has to be realized that without diversification of investment from the traditional textile sector, the dream of expansion in exports cannot materialize. The facilitation by the government to create conducive environment for productive investment (only in the traditional sectors) has not been fully responded to by the private sector. While it continues to reap benefits of wide-ranging incentives, it has generally failed to provide the necessary support to the government in achieving the high growth objectives. It is unfortunate that the government and the private sector continue to operate like two mutually exclusive entities.

4. In spite of continuous rationalization and reduction of tariff rates by the Government, protectionism is still prevalent with far reaching consequences for efficient utilization of resources and export promotion. The auto assembly units remain one of the highly protected entities of the economy. The anti-export bias generated by the industry needs to be carefully analyzed. Similarly, the much-trumpeted gains in the shape of the vendor industry also require careful evaluation.

5. Low factor productivity, especially of labor, is another gray area. Despite the availability of super fast mediums of information flows, the country is on the verge of becoming an ignorant society. The syllabi are antiquated and teaching standards are fast declining. In fact, the state education system is in shambles. The competency of the available workforce is not even good enough for domestic needs. On the other hand, due to their better education and training, young workers from neighboring countries are highly demanded by high-tech advance countries.

[3] The recently issued Medium Term Development Framework (2005-10) even though provides insight to new avenues of growth, yet the document lacks the required depth and consistency that was the hallmark of its predecessors.

For these countries the phenomenon of brain drain has dramatically changed into brain-gain. Contrary to this, the required groundwork to transform Pakistan into a knowledge-based economy has yet to take any shape.[4]

6. There is a growing concern about declining revenue and tax to GDP ratios. Howsoever unpleasant it may sound, it is a fact that many sectors of the economy are either lowly taxed or they are completely outside the tax net due to certain peculiar reasons. On the other hand, there are sectors that are heavily taxed. This has created serious lopsidedness in the taxation system. Within the same context, the resource mobilization effort by the provincial governments is simply appalling. In fact, the tax to GDP ratio of all the four provinces combined has been stagnant at 0.5% for the last many years. The fact that the growing economy needs resources cannot be over emphasized. However, additional resources could be generated only through widening of tax base to currently untaxed areas and sectors and by devolving part of the revenue generation requirement to provincial and local governments that, in turn, may require institutional strengthening.

7. Finally, the lingering issue of unemployment, shortage of skilled workforce, and high incidence of poverty offers classic dilemma for policy planners. Whereas the composition of unemployed persons into professional, technical, and skilled-unskilled worker categories sheds sufficient insight into the severity of the unemployment problem that could be tackled through skill development and technical education and matching skills with jobs; the high incidence of poverty in the country, portrayed as a doomsday scenario, should be treated as a consequential matter. Failure to convert growing population into an effective workforce has proven to be detrimental beyond any reckoning.

[4] Replicating the experience of emerging economies like Korea, Malaysia, and Taiwan, venture startups will have to be promoted in information, bio-, and nano-technologies.

Recently, many of the emerging economies have been able to identify core groups who were trained for future responsibilities (as was done by the Greeks and Romans in good old days). A similar workable strategy in the country is either missing or it is being pursued with less than enthusiastic fervor. It is high time for innovative ideas and imaginative human resource strategy for effective utilization of the workforce rather than continuing with antediluvian social sector programs that have failed to make any significant difference in addressing poverty and unemployment issues.

**CBR Revenue Collection vis-à-vis Target**

The provisional (net) collection of Rs. 591.1 billion of CBR for FY 04-05 has not only surpassed the start of the year target of Rs.580 billion, but it has also exceeded the enhanced revised target of Rs. 590 billion. This commendable achievement has been possible due to broad-based performance of all the four federal taxes, as there has been a double-digit growth in the collection of direct taxes, sales tax at import stage, federal excise duties (previously central excise duties) and customs duties.

Table 1 reflects that the provisional tax collection has exceeded the start of the year target of Rs. 580 billion by Rs. 11.1 billion and the enhanced revised target by Rs. 1.1 billion during FY 04-05. One of the striking features of this accomplishment is that all the individual federal taxes have surpassed their respective targets for the year. This achievement has been possible due to wide-ranging tax policy and administrative reforms initiated in the late 1980s and being pursued religiously ever since. The recent policy initiatives include: lowering the tax and tariff rates of capital goods to promote investment and boost economic activity in the country, reducing the up-front cost of doing business through automation of business processes – CARE project being the fore-runner in this respect – discouraging smuggling by reducing tax and duty rates of smuggling prone items, abolishing distortions in the sales tax regime through the adoption of uniform rate of 15%, continuous reductions in corporate tax rates to cultivate corporate culture, drastically reducing the litigation burden by withdrawing all frivolous cases and offering alternative dispute resolution mechanism to the taxpayers, and most importantly, offering a hassle-free environment to the taxpayers through dedicated tax units and efficient workforce.

With these changes, the tax structure has been re-engineered in accordance with the internal best practices where due recognition is paid to the taxpaying capacity of general population and sectors that are liable to pay taxes under the existing legal framework. These initiatives aside, it is not out of place to mention that the overall growth of federal tax receipts has been possible due to overwhelming performance of the economy and adherence of the Government to the overall macroeconomic policy framework announced as part of the Medium Term Development Framework.

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

| | Original Target | Revised Target | Collection | Difference from Revised Target | |
|---|---|---|---|---|---|
| | FY: 04-05 | FY: 04-05 | FY: 04-05 | Absolute | Percent |
| Direct Taxes | 181.7 | 182.7 | 183.1 | 0.4 | 0.2 |
| Sales Tax | 249.1 | 239.5 | 240.0 | 0.5 | 0.2 |
| Federal Excise | 46.9 | 52.8 | 52.9 | 0.1 | 0.1 |
| Customs Duties | 102.3 | 115.0 | 115.1 | 0.1 | 0.1 |
| All Taxes | 580.0 | 590.0 | 591.1 | 1.1 | 0.2 |

*Note: Collection in Rs. Billion*

### Collection in FY 2004-05 vis-à-vis Last Year

A comparison of net collection for FY 04-05 and FY 03-04 confirms a healthy growth of 13.5% in federal receipts (Table 2). In fact, an increase of Rs. 70.2 billion over last year has been the largest in a single year since FY 47-48. This increase (in absolute terms) exceeds the previously recorded highest collection of Rs. 61 billion of FY 03-04 by about 15%. An important aspect of this growth has been the performance of domestic taxes that is consistent with strong domestic demand and the overall strength of the economy. It is relevant to mention that while the growth of the federal tax receipts has been substantial in absolute terms, it has lagged behind the (nominal) growth of the GDP and thereby the CBR Revenue to GDP ratio has declined from 9.4 in FY 03-04 to 9 in FY 04-05. A number of factors have contributed towards this decline. The most significant among them are the performance of those sectors that are fairly lightly taxed, narrow tax base, administrative weaknesses despite some progress to overcome them, taxpayers' unsympathetic perception on how the public funds are being expended, and the inherent inefficiencies in the system.

**Table 2: A Comparison of Collection vis-à-vis Last Year's Collection**

| | Collection | | Difference | |
|---|---|---|---|---|
| | **FY: 04-05** | **FY: 03-04** | **Absolute** | **Percent** |
| Direct Taxes | 183.1 | 165.1 | 18.0 | 10.9 |
| Sales Tax | 240.0 | 219.2 | 20.8 | 9.5 |
| Central Excise | 52.9 | 45.6 | 7.3 | 16.0 |
| Customs Duties | 115.1 | 91.0 | 24.1 | 26.5 |
| All Taxes | 591.1 | 520.8 | 70.2 | 13.5 |

## Detailed Analysis of Individual Taxes

***Direct Taxes:*** The overall collection of direct taxes has been influenced by diversified changes introduced during FY 04-05 and earlier. Most significantly, the full impact of the system of universal self-assessment (USAS) announced during FY 02-03 and becoming applicable from FY 03-04 has been experienced in FY 04-05. It is encouraging that contrary to the general apprehension that USAS would result in significant reduction in revenue, the outcome has been quite rewarding so far. The taxpayers have reposed their confidence in the new system, which has substantially reduced their direct interface with the tax administrators. This change has also brought an anticipated reduction in 'current demand'. However, this reduction has been more than compensated by improvement in collection on account of voluntary compliance, withholding taxes, and 'other' direct taxes, especially the CVT from capital market.

Another significant development has been the (effective) broadening of the income tax base. A total number of 1.23 million returns were filed during FY 04-05 of which 12,526 were from the corporate sector. Compared to last year, there has been 19.4% growth in return filers. However, even the improved number of the returns filers continues to present a less than desirable picture when compared to the number of NTN holders or the number of 'live' cases. Whereas the share of return filers to NTN holders has been around 54%, the share of the same to live cases has been 72.4%. Segregating this information into individuals and corporate categories it has been observed that within the former category (salaried and business persons and AOPs) having NTN, nearly 50% had filed their returns and within the corporate sector, the compliance rate has been around 55%. However, the compliance rate of private companies was at least five times superior to that of the public (listed) companies where it was in the range of only 10%. Incidentally, the compliance rate of the foreign companies has been extremely low at around 3%.[5] Since this situation requires immediate correction through further research, CBR has already embarked upon an extensive effort to streamline the income tax base including the list of withholding agents.

Revenue Collection: A significant improvement in direct tax has been registered during FY 04-05. The gross collection has recorded a healthy growth of 14.2%, increasing from Rs. 185.8 billion in FY 03-04 to Rs. 212.2 billion in FY 04-05. However, payment of higher refunds of Rs. 29.1 billion or 40.4% more than last year has reduced the growth in net collection to 10.9%. The net collection has,

[5] Source: PRAL and Tax Policy Wing of Direct Taxes.

nonetheless, risen from Rs. 165.1 billion in FY 03-04 to Rs. 183.1 billion during the CFY. The increase has been possible despite a reduction in withholding tax rates on selected categories of taxpayers to promote economic activity, continuous reduction in corporate tax rates to encourage corporate culture, and change in the advance tax regime. Moreover, facilitation of the taxpayers has also encouraged voluntary compliance amply demonstrated by the fact that while 5.1% growth in VP is attributable to advance taxes, 43.9% is due to payment with returns.

*A Comparison of Corporate and Individual Categories*

To get further insight, the amount of tax paid by various categories of taxpayers has been disaggregated. It may be added that the analysis relies on tax collection on the basis of income and corporate taxes alone, as the amount collected through other direct taxes (CVT, CAT, and WWF) amounting Rs. 10.6 billion is not included. The comparative position presented in Table 3 highlights the following points:

a. The corporate sector is the major contributor of income and corporate taxes. The share of this sector in gross collection has been around 68%, which reduces to 64% in net terms;

b. Within the corporate sector, public companies, as defined in the Income Tax Ordinance, 2001, are the major contributors to tax receipts. The share of public companies in corporate collection has been stagnant around 58% in gross terms and 54% in net terms;

c. The contribution of salaried individuals has been far less than other individuals within the individual category. Salaried individuals had contributed 21% and 22% of gross and net receipts, respectively.

d. Corporate sector is the major refund seeker. Nearly 92% of total refunds were paid back to the corporate sector in FY

04-05. Incidentally, this share is 4 percentage points less than last year;

e. Within the corporate sector, public companies are the major refund claimants – 74% of corporate sector refunds were paid back to public companies in FY 04-05, compared to 73% in FY 03-04.

**Table 3: Comparative Position of Income & Corporate Taxes**

*(Revenue Figures are in Rs. Billion)*

| | FY 2004-05 | | | FY 2003-04 | | | Difference (%) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Gross | Refund | Net | Gross | Refund | Net | Gross | Refund | Net |
| **Companies** | | | | | | | | | |
| Public* | 79.8 | 19.8 | 60.1 | 70.6 | 14.5 | 56.0 | 13.1 | 36.1 | 7.2 |
| Private | 52.0 | 6.4 | 45.6 | 45.3 | 4.5 | 40.7 | 14.9 | 40.5 | 12.1 |
| Foreign** | 5.4 | 0.6 | 4.8 | 6.6 | 0.7 | 5.9 | -18.4 | -6.5 | -19.7 |
| *Sub-Total* | *137.2* | *26.8* | *110.4* | *122.4* | *19.8* | *102.6* | *12.1* | *35.6* | *7.6* |
| **Individuals** | | | | | | | | | |
| Salaried | 13.5 | 0.2 | 13.3 | 17.1 | 0.1 | 17.0 | -21.1 | 91.6 | -21.8 |
| Non-Salaried | 49.9 | 2.1 | 47.8 | 37.4 | 0.8 | 36.5 | 33.5 | 147.4 | 30.9 |
| *Sub-Total* | *63.4* | *2.3* | *61.1* | *54.4* | *0.9* | *53.5* | *16.5* | *140.6* | *14.2* |
| Other | 1.0 | 0.0 | 1.0 | 1.4 | 0.0 | 1.4 | -28.6 | 0.0 | -28.6 |
| **Total** | 201.6 | 29.1 | 172.5 | 178.2 | 20.7 | 157.5 | 13.1 | 40.6 | 9.5 |

** Include companies wholly owned or controlled by Federal/Provincial Governments and Listed Companies*
*** Also include Other entities taxed at company rate*
**** Include AOP/ URF/ HUF and Registered Firms*

*Components of Income Tax*

Voluntary Compliance by the Corporate Sector and Individuals: The assumption that the new income tax system that relies heavily on accurate and candid self-assessment by taxpayers will encourage taxpayers to comply voluntarily has been vindicated. The analysis of returns received and the tax paid shows that payments with returns have increased from Rs. 9.8 billion in FY 03-04 to Rs. 14.2 in FY 04-05. However, the share of voluntary payment in gross income tax collection has slightly decreased from 37.3% in FY 03-04 to 36.6% in FY 04-05, mainly due to change in the advance tax regime whereby advance tax is now payable on expected income rather than the past turnover ratio.

The information presented in Table 4 confirms that after a robust growth in VP by 283.4% in the 1st quarter of FY 04-05, the collection from this head fluctuated in the next three quarters due the fact that most of the corporate sector returns were filed in September 2005, as is reflected by nearly 300% growth in Q1. On the whole, in terms of absolute amount, the collection increased from Rs. 66.5 billion in FY 03-04 to Rs. 73.9 billion in FY 04-05, indicating an overall growth of 11%.

**Table 4: Quarterly Data on Voluntary Payments and Collection on Demand: A Comparison FY 04-05 & FY 03-04 Figures**

*(Rs. Million)*

| Collection Heads | FY: 04-05 | FY: 03-04 | Difference | |
|---|---|---|---|---|
| | | | Absolute | Percent |
| 1. Voluntary Payments | | | | |
| Q1 | 20,268.00 | 5,286.10 | 14,981.90 | 283.4 |
| Q2 | 15,656.70 | 21,252.90 | -5,596.20 | -26.3 |
| Q3 | 16,505.80 | 13,839.50 | 2,666.30 | 19.3 |
| Q4 | 21,458.80 | 26,164.90 | -4,706.10 | -18.0 |
| Total | 73,889.30 | 66,543.40 | 7,345.90 | 11.0 |
| 2. Collection on Demand | | | | |
| Q1 | 1,569.80 | 1,130.30 | 439.50 | 38.9 |
| Q2 | 2,246.40 | 4,480.70 | -2,234.30 | -49.9 |
| Q3 | 4,446.00 | 3,389.30 | 1,056.70 | 31.2 |
| Q4 | 9,248.90 | 10,883.10 | -1,634.20 | -15.0 |
| Total | 17,511.10 | 19,883.30 | -2,372.20 | -11.9 |

Collection on Demand: Contrary to the case of voluntary compliance, the collection on account of demand creation has declined during the FY 04-05 by 11.9%. The decline has been observed both in the creation of current as well as arrear demand, due to the implementation of the USAS wherein the declared income is treated as final liability. It is relevant to mention that growth in current demand is expected under the new system if there are 'Brought Forward' cases lying pending with the regions. Once these cases are exhausted, as has been the situation now, the possibility of further demand creation under the present system will exist only to the extent that fresh cases are selected for complete audit under the pre-announced criteria for audit selection. Thus, in the coming years, the collection under the head of CoD is expected to decline further. However, on a positive note, the loss in revenue from this source is expected to be compensated by other sources of direct taxes including the voluntary compliance.

Withholding Taxes: The income tax collection continues to rely heavily on Withholding Taxes (WHT) whose share in gross income tax collection has been 54.7% during FY 04-05. Despite this high share, frequent fluctuations in WHT receipts are a general characteristic due to their direct link with the economy and its different components. Nonetheless, the quarterly data for FY 04-05 has established that a stable growth was maintained throughout the year. While there are 25 major WHT heads (ignoring sub-sections), only few of them have major contribution. The six major withholding taxes constituting nearly 81% of total WHT collection in FY 04-05 were: contracts/ supplies, imports, salary, exports, electricity and telephones/mobiles. The share of contracts (30.3%) remained at the top, followed by imports (22.2%), salary (12.1%), exports (7.2%), electricity (4.3), and telephones/ mobiles (4.6%). The collection from telephones, contracts, exports, salary, imports and electricity, has increased by 33.6%, 28.4%, 22.4%, 11.9%, 7.2% and 6.6% respectively [Table 5].

The primary reason for this performance of WHT has been the improved economic activity in respective areas. For instance, the higher volume of trade transactions has led to additional withholding deductions on imports and exports. Similarly, higher government spending on infrastructure due to availability of fiscal space has contributed towards higher deductions on contracts and supplies. Finally, the spreading out of telephone/ mobile services in the country, higher pace of industrialization, respectable growth in the real sector of the economy have all contributed towards higher collection on account of various WHT heads.

**Table 5: Quarterly Data on WHT: A Comparison of FY 04-05 & FY 03-04 Collection**

*(Rs. Million)*

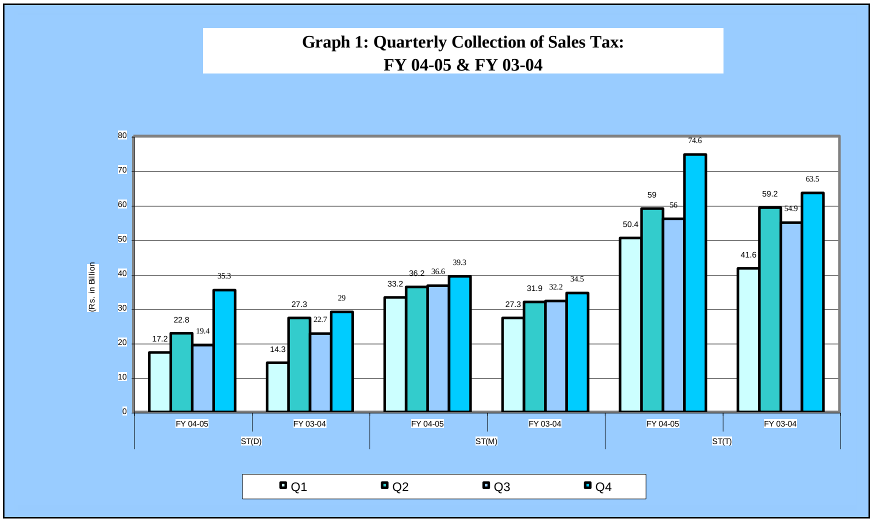
| Collection Heads | FY: 04-05 | FY: 03-04 | Difference | |
|---|---|---|---|---|
| | | | Absolute | Percent |
| Contracts | | | | |
| Q1 | 6,121.9 | 4,552.7 | 1569.2 | 34.5 |
| Q2 | 6,430.3 | 5,877.4 | 552.9 | 9.4 |
| Q3 | 7,805.6 | 5,792.2 | 2013.4 | 34.8 |
| Q4 | 13,058.2 | 9,793.1 | 3265.1 | 33.3 |
| Total | 33,416.0 | 26,015.5 | 7400.5 | 28.4 |
| Imports | | | | |
| Q1 | 6,293.0 | 5,808.2 | 484.8 | 8.3 |
| Q2 | 6,043.4 | 6,034.7 | 8.7 | 0.1 |
| Q3 | 5,845.5 | 5,205.9 | 639.6 | 12.3 |
| Q4 | 6,301.4 | 5,780.3 | 521.1 | 9.0 |
| Total | 24,483.3 | 22,829.0 | 1654.3 | 7.2 |
| Salary | | | | |
| Q1 | 2,840.3 | 1,986.3 | 854.0 | 43.0 |
| Q2 | 2,742.5 | 2,789.9 | -47.4 | -1.7 |
| Q3 | 3,021.8 | 2,934.6 | 87.2 | 3.0 |
| Q4 | 4,739.9 | 4,216.0 | 523.9 | 12.4 |
| Total | 13,342.5 | 11,926.7 | 1415.8 | 11.9 |
| Export | | | | |
| Q1 | 1,735.8 | 1,517.9 | 217.9 | 14.4 |
| Q2 | 1,900.0 | 1,645.9 | 254.1 | 15.4 |
| Q3 | 1,929.8 | 1,568.2 | 361.6 | 23.1 |
| Q4 | 2,420.1 | 1,794.2 | 625.9 | 34.9 |
| Total | 7,985.7 | 6,526.2 | 1459.5 | 22.4 |
| Electricity | | | | |
| Q1 | 1,047.5 | 962.8 | 84.7 | 8.8 |
| Q2 | 1,246.2 | 1219.2 | 27.0 | 2.2 |
| Q3 | 904.3 | 948.8 | -44.5 | -4.7 |
| Q4 | 1,618.9 | 1387.1 | 231.8 | 16.7 |
| Total | 4,816.9 | 4517.9 | 299.0 | 6.6 |
| Telephone/mobiles | | | | |
| Q1 | 1,022.0 | 632.8 | 389.2 | 61.5 |
| Q2 | 1,087.7 | 813.8 | 273.9 | 33.7 |
| Q3 | 1,410.3 | 835.4 | 574.9 | 68.8 |
| Q4 | 1,498.7 | 1475.2 | 23.5 | 1.6 |
| Total | 5,018.7 | 3757.2 | 1261.5 | 33.6 |
| a. Sub-Total (Six Major Items) | 89,063.1 | 75572.5 | 13490.6 | 17.9 |
| Percentage Share in Total WHT | 80.8 | 82.3 | | |
| b. Other WHT | 21,125.3 | 16209.5 | 4915.8 | 30.3 |
| c. Total WHT | 110,188.4 | 91782.0 | 18406.4 | 20.1 |
| Percentage Share in Gross Income Tax | 54.7 | 51.5 | | |

It is relevant to add that apart from six major WHT contributors, a substantial growth has also been recorded in three additional WHT heads. These are dividends where the growth has been about 69%, an indication of growing confidence of corporate sector, transport (26%), a reflection of increasing demand for imported vehicles also verified by other taxes, and Commissions (88%). As expected, the WHT collection from securities has gone down by around 21% due to declining bank rates at the time of deductions that have now started to rise again.

***Sales Tax:*** The General Sales Tax (GST) has been one of the major sources of federal revenue receipts. With the onset of the WTO regime and the consequent changes in customs duty rates, the reliance on GST has increased manifold. The value addition based assessment with the independence of self-assessment system, automated refund procedure, and risk-based audit have also contributed significantly to its widespread acceptability. This is evident from the fact that the share of GST has reached nearly 41% in the total federal tax collection during FY 04-05. The gross sales tax collection of Rs. 294.9 billion and net collection of Rs. 240 billion during July-June 2004-05 shows an increase of 8.7% and 9.5% over the corresponding period of PFY respectively. Despite zero-rating of ginned cotton, the refund payments have also increased by 5.2% during this period partly due to the increased volume of exports. The quarterly comparison indicates that the sales tax collection increased in the first quarter by 21% but dipped in the 2$^{nd}$ quarter by 0.2%. However, the growth momentum again picked up in 3$^{rd}$ quarter and increased by 2% and by 17.5% in the 4$^{th}$ quarter. The narrow base and heavy reliance of GST on limited commodities is one of the reasons for these wide fluctuations in quarterly growth.

Of the two components of sales tax, the gross and net ‘domestic’ sales tax collection increased by 2.9% and 1.5% respectively during

FY 04-05 over PFY. A number of factors have been responsible for this apparently low growth when compared to the overall surge in the industrial activity during the year. These include: abolishing of further tax @ 3% and higher tax @ 20%, zero-rating of ginned cotton, reduction of duty on capital machinery, higher input adjustments by taxpayers. On the other hand, ST collection at 'import stage' has increased by 15.3%, which is consistent with the international trade activities. In absolute terms, the net collection of sales tax at import stage has been Rs. 145.3 billion and the domestic component of sales tax contributed Rs 94.7 billion. As indicated, the overall growth in these components was 15.4% and 1.5%, respectively over FY 03-04. A comparison of quarterly collection of the two components is presented in Graph-1.




**Graph 1: Quarterly Collection of Sales Tax: FY 04-05 & FY 03-04**

*Domestic Sales Tax Collection and Major Revenue Spinners:* For further insight, the growth of ST (D) has been analyzed in the following on the basis of major revenue contributors. Nearly 72% of (gross) collection has been generated by ten major revenue spinners during FY 04-05. Incidentally, this share has increased from 62% observed during the PFY. The quarterly data presented in Table 6 confirms that the growth in collection of ten major spinners was highest in the first quarter, however, the tempo of growth dropped from 34% in 1st quarter to 16.7% and 9% in the 2nd and 3rd quarters, respectively. A rebound was, nonetheless, registered in the 4th quarter. This erratic behavior in growth has been analyzed in the following when the performance of individual commodities is discussed. A similar growth pattern has been observed when all commodities of ST are considered due to simple reason that the ten major spinners, as pointed out, carry larger weight.

**Table 6: Quarterly Comparison of Major Revenue Spinners of Sales Tax: FY 2003-04 & FY 2004-05**

*(Rs. Million)*

| | FY:04-05 | FY:03-04 | Difference | |
|---|---|---|---|---|
| | | | Absolute | Percent |
| **Ten Major Commodities** | | | | |
| Q1 | 22,738 | 16,951 | 5,787 | 34.1 |
| Q2 | 26,092 | 22,354 | 3,738 | 16.7 |
| Q3 | 24,974 | 22,906 | 2,068 | 9.0 |
| Q4 | 33,196 | 26,553 | 6,643 | 25.0 |
| Total | 107,000 | 88,765 | 18,235 | 20.5 |
| *Share in Total (%)* | *71.5* | *61.6* | | |
| **All Commodities** | | | | |
| Q1 | 33,019 | 27,330 | 5,689 | 20.8 |
| Q2 | 35,996 | 39,103 | -3,407 | -7.9 |
| Q3 | 34,437 | 37,220 | -2,784 | -7.5 |
| Q4 | 46,145 | 40,461 | 5,684 | 14.0 |
| Total | 149,597 | 144,115 | 5,482 | 3.8 |

A detailed analysis of the ten major goods and services indicates that the collection from six commodities has recorded a positive growth over the corresponding period of PFY (Table 7). The highest growth in collection of 247% was from cotton yarn as a result of the abolishing of sales tax on ginned cotton. Previously, the input claim generated at the stage of ginned cotton was chargeable at cotton yarn stage. While introducing the budgetary measure of zero-rating of ginned cotton it was perceived that the adverse revenue impact of this change would be compensated by reduction in refund claims and higher collection at the second stage of textile chain (i.e., cotton yarn). The additional benefit of this move would be in the shape of improvement in the cash-flow situation of the stakeholders (farmers and manufacturers). While the measure had not been revenue neutral during the FY 04-05, as there has been an estimated revenue loss of Rs. 6.5 billion, nonetheless, the purpose of generating economic activity has been accomplished to a large extent.[6] It is expected that the objective of 'revenue neutrality' will also be accomplished within the 1st quarter of CFY with the completion of cotton-cycle.

**Table 7: Quarterly Comparison of Sales Tax Domestic Collection by Major Commodity FY 04-05 & FY 03-04**

| | FY 04-05 | FY 03-04 | Growth (%) | | FY 04-05 | FY 03-04 | Growth (%) |
|---|---|---|---|---|---|---|---|
| *Services* | | | | *Sugar* | | | |
| Q1 | 5,078 | 2,223 | 128.4 | Q1 | 1,734 | 1,700 | 2.0 |
| Q2 | 5,521 | 4,125 | 33.8 | Q2 | 1,995 | 1,991 | 0.2 |
| Q3 | 5,884 | 4,288 | 37.2 | Q3 | 2,325 | 2,318 | 0.3 |
| Q4 | 7,468 | 4,818 | 55.0 | Q4 | 2,002 | 2,233 | -10.3 |
| Total | 23,951 | 15,454 | 55.0 | Total | 8,056 | 8,242 | -2.3 |
| *POL Products* | | | | *Cigarettes* | | | |
| Q1 | 5,677 | 4,841 | 17.3 | Q1 | 1,076 | 1,080 | -0.4 |
| Q2 | 5,488 | 4,974 | 10.3 | Q2 | 1,276 | 1,290 | -1.1 |
| Q3 | 5,099 | 5,373 | -5.1 | Q3 | 1,379 | 1,276 | 8.1 |
| Q4 | 6,438 | 6,567 | -2.0 | Q4 | 2,210 | 1,720 | 28.5 |
| Total | 22,702 | 21,755 | 4.4 | Total | 5,941 | 5,366 | 10.7 |
| *Electrical Energy* | | | | *Cement* | | | |
| Q1 | 2,590 | 1,342 | 93.0 | Q1 | 934 | 981 | -4.8 |
| Q2 | 4,467 | 4,227 | 5.7 | Q2 | 878 | 1,063 | -17.4 |
| Q3 | 3,021 | 3,861 | -21.8 | Q3 | 704 | 1,053 | -33.1 |
| Q4 | 5,561 | 4,314 | 28.9 | Q4 | 1,241 | 1,334 | -7.0 |
| Total | 15,639 | 13,744 | 13.8 | Total | 3,757 | 4,431 | -15.2 |
| *Natural Gas* | | | | *Iron & Steel Products* | | | |
| Q1 | 2,636 | 2,265 | 16.4 | Q1 | 844 | 534 | 58.1 |
| Q2 | 2,788 | 2,448 | 13.9 | Q2 | 969 | 790 | 22.7 |
| Q3 | 2,465 | 2,443 | 0.9 | Q3 | 741 | 1,018 | -27.2 |
| Q4 | 3,700 | 3,454 | 7.1 | Q4 | 897 | 1,198 | -25.1 |
| Total | 11,589 | 10,610 | 9.2 | Total | 3,451 | 3,540 | -2.5 |
| *Cotton Yarn* | | | | *Fertilizers/Urea* | | | |
| Q1 | 1,241 | 1,043 | 19.0 | Q1 | 929 | 943 | -1.5 |
| Q2 | 1,986 | 427 | 365.1 | Q2 | 724 | 1,019 | -28.9 |
| Q3 | 2,601 | 382 | 580.9 | Q3 | 756 | 894 | -15.4 |
| Q4 | 3,301 | 778 | 324.3 | Q4 | 377 | 138 | 173.2 |
| Total | 9,129 | 2,630 | 247.1 | Total | 2,786 | 2,994 | -6.9 |
| Major Ten Commodities | | | | *All Commodities* | | | |
| Q1 | 22,738 | 16,951 | 34.1 | Q1 | 33,019 | 27,330 | 20.8 |
| Q2 | 26,092 | 22,354 | 16.7 | Q2 | 35,996 | 39,103 | -7.9 |
| Q3 | 24,974 | 22,907 | 9.0 | Q3 | 34,437 | 37,221 | -7.5 |
| Q4 | 33,196 | 26,553 | 25.0 | Q4 | 46,145 | 40,461 | 14.0 |
| Total | 107,000 | 88,765 | 20.5 | Total | 149,597 | 144,115 | 3.8 |

[6] The bumper crop of cotton and the related activities have been instrumental in attainting 7.6% growth in agriculture and 8.4% growth of GDP.

The second highest growth in sales tax (domestic) gross collection was observed in services, especially the telecom services. Despite a reduction in connection charges from Rs. 2,000 to Rs. 1,000, the robust growth in collection from this source was possible due to such factors as: entry of new service providers, phenomenal increase in the number of connections and consequently activation charges, air time charges etc. The 4.4% growth in ST (D) from POL products has been rather low in view of the substantial increase in the international price of oil. However, since GoP had frozen the supply price of oil during the 1st half of FY 04-05, this resulted into higher amount of input claims by oil companies. According to CBR estimates, the revenue loss due to this policy measure had been around Rs. 5 billion. Another factor that adversely affected ST (D) collection was heavy carry forward claim by PSO in June 2004 on account of input. There was a recurring effect of this adjustment in subsequent tax collection, that otherwise went un-noticed.

The ST (D) collection from electrical energy although recorded a respectable overall growth of 13.8%, a mixed trend was witnessed during the four quarters. The remarkable growth of 93% during the 1st quarter was followed by a modest growth of 5.7% in the 2nd quarter. It turned negative in the 3rd quarter but recovered in the 4th quarter. Since WAPDA is the major contributor of revenue, it is easy to trace the variations in collection. Primarily the shortage in electricity generation experienced by WAPDA and reliance on IPP produced expensive electricity that in turn claimed higher input adjustment for higher cost of furnace oil resulted into a decline in net ST (D) receipts. A similar fluctuating pattern in quarterly collection has been observed in the case of natural gas. However, the reasons for variations are different. The Gas Companies had to rely on expensive sources due to disruptions in supply during the year. Moreover, these companies resorted to massive expansion in network and opted for galvanized pipes that increased the cost of inputs as compared to output.

Finally, within the commodities showing overall positive growth, the collection from cigarettes, after recording negative growth in first two quarters, recovered gradually in the 3rd and 4th quarter. The overall growth in collection was 10.7% that is consistent with the growth in production. The reason for decline in collection during the first two quarters has been the abolition of further tax and lower than anticipated deposits by the cigarette distributors. This problem was resolved during the 2nd half of FY 04-05.

Among the commodities with negative growth, cement has been the front-runner. Despite a healthy growth in production and substantial improvement in capacity utilization, the decline in ST (D) is not easily explainable. The outcome is also inconsistent with growth in collection on account of central excise duties. While the negative growth is attributed to abolition of further tax and increased level of exports to neighboring countries, the explanation remains unconvincing in the light of the fact that taxable sales have also risen significantly. There is no doubt that certain plants are going through BMR activities, but input adjustment for plant machinery and equipment may not be a valid argument due to zero-rating of these items introduced during FY 04-05. The performance of the industry therefore requires an in-depth analysis based on investigative and collaborative research.

The collection from fertilizer also declined by 7%. The main reason of this shortfall is said to be the high prices of fertilizer, caused by increase in input prices i.e., natural gas. Similarly, the collection from sugar also declined by 2% mainly due to substantial decrease in production of sugarcane in the Sindh Province by 37%. On its turn, the production of sugarcane declined for two basic reasons, i.e., shortage of water in the province during the peak season, and delayed and minimum payment of prices to the farmers by sugar mill owners. Finally, despite showing a strong growth in the first two quarters, the collection from iron and steel products declined in the subsequent two quarters thereby reducing the overall collection by 2.5% as compared to PFY. Once again, higher global prices of vital inputs like iron ore and coal were responsible for this decline.

***Customs Duties***: The phenomenon of constant decline in customs duties in response to tariff rationalization and reduction has been reversed during recent years, especially during FY 04-05. The share of customs in overall revenue collection has started to increase mainly due to upsurge in international trade activities. Better compliance has also been due to the diverse nature of administrative reforms that have created business friendly environment and reduced the up-front cost of doing business. The CD collection has not only surpassed the beginning of the year collection target of Rs. 89.9 billion by 28.1%, it has also exceeded the revised target of Rs. 115 billion by 0.1%. The gross and net collection of customs duty increased by a healthy margin of 24.5% and 26.5%, respectively during FY 04-05 as compared to PFY. In absolute terms, the gross and net collection has been Rs.130.9 billion and Rs. 115.1 billion, respectively (Table 8). The payment of refund/rebate also increased by 11.9% as compared to last year. The quarterly data also exhibits that the healthy growth in revenue collection continued throughout the FY 2004-05. The collection growth remained within the comfortable range of 24.3% and 28.7% during year, indicating consistency in trade related activities and revenue receipts.

Performance of Major Revenue Spinners: A comparison of growth in customs collection from each of the top 15 major revenue spinners along with the respective customs indicators during FY 04-05 is presented in Table 9. It is encouraging to observe that in majority of the cases the improved performance is in response to policy initiatives to maintain the high growth path of the economy. Whereas the import of top 15 major revenue spinners (in terms of value) has increased by more than 50%, this increase has also resulted into 31% higher collection of customs duty notwithstanding the continuous reduction in tariff rates. The maximum growth of above 70% was observed in import value of vehicles. The growth in customs duty was nearly 76%. In terms of value, the collection from this source alone has increased by Rs.10.3 billion as compared to last year. A slight improvement in the effective rate indicates an increase in imports of vehicles of higher slab.

**Table 8: Quarterly Comparison of Customs Duty Indicators: FY 2003-04 & FY 2004-05**

*(Rs. Million)*

| | FY:04-05 | FY:03-04 | Growth | | FY:04-05 | FY:03-04 | Growth |
|---|---|---|---|---|---|---|---|
| ***Total Imports*** | | | | ***Dutiable Imports*** | | | |
| Q1 | 275,003 | 188,561 | 45.8 | Q1 | 175,493 | 128,671 | 36.4 |
| Q2 | 331,623 | 223,496 | 48.4 | Q2 | 215,721 | 149,754 | 44.1 |
| Q3 | 333,194 | 251,366 | 32.6 | Q3 | 224,050 | 174,379 | 28.5 |
| April | 113,042 | 85,526 | 32.2 | April | 80,173 | 59,177 | 35.5 |
| May | 121,010 | 93,019 | 30.1 | May | 82,944 | 52,040 | 59.4 |
| June | 133,690 | 100,750 | 32.7 | June | 89,337 | 65,138 | 37.2 |
| Q4 | 367,743 | 279,295 | 31.7 | Q4 | 252,454 | 176,355 | 43.2 |
| Total | 1,308,122 | 942,718 | 38.8 | Total | 863,188 | 629,159 | 37.2 |
| ***Gross Customs Duty*** | | | | ***Net Customs Duty*** | | | |
| Q1 | 26,546 | 21,966 | 20.9 | Q1 | 22,395 | 17,888 | 25.2 |
| Q2 | 32,100 | 25,511 | 8.0 | Q2 | 28,799 | 22371 | 28.7 |
| Q3 | 33,221 | 25,747 | 29.0 | Q3 | 28,894 | 22586 | 27.9 |
| April | 11,028 | 8,771 | 25.7 | April | 9,661 | 7,377 | 31.0 |
| May | 10,999 | 7,897 | 39.3 | May | 9,580 | 6,603 | 45.1 |
| June | 17,007 | 15,230 | 11.7 | June | 15,816 | 14,220 | 11.2 |
| Q4 | 39,034 | 31,898 | 22.4 | Q4 | 35,057 | 28,200 | 24.3 |
| Total | 130,901 | 105,122 | 24.5 | Total | 115,145 | 91,045 | 26.5 |

The second major contributor to customs duty collection has been electrical machinery where it increased by more than 62% with additional collection of Rs. 3.3 billion during the year. Incidentally, the growth in dutiable imports of machinery was over 130% that indicates that duty reduction on machinery has not only induced more imports, this policy measure also generated additional revenues for the national exchequer. A similar phenomenon was also observed for mechanical machinery where the collection increased by 52.5% with additional collection of Rs. 3.9 billion as compared to last year's collection.[7] Within the same spirit, the performance of iron and steel industry has also been impressive in terms of revenue generation and imports. This also reflects that the demand for iron and steel products is on the rise.

Some of the other commodities where considerable growth has been observed are: POL products, Paper and Paperboard, edible oils, and chemical products. In the case of POL products the higher CD collection was mainly because of higher international prices of oil. Similarly, the double-digit growth in collection from paper and paperboard and chemical products was in response to higher domestic demand for these products.

**Table 9: Chapter-wise Growth in Major Revenue Spinners of Customs**

| PCT Ch. | Tariff Description | 2004-05 Growth (%) | | | Effective Rates (%) with Dutiable Imports | |
|---|---|---|---|---|---|---|
| | | Import Value | Dutiable Imports | Customs Duties | 04-05 | 03-04 |
| 87 | Vehicles | 70.5 | 69.0 | 75.6 | 36.4 | 35.1 |
| 15 | Animal or vegetable fats | 9.7 | 12.4 | 14.0 | 31.1 | 30.7 |
| 84 | Mechanical Machinery | 69.9 | 90.1 | 52.5 | 8.1 | 10.2 |
| 85 | Electrical Machinery | 117.5 | 134.4 | 62.1 | 9.5 | 13.7 |
| 27 | POL Products | 16.3 | 9.0 | 10.2 | 10.2 | 10.1 |
| 72 | Iron & Steel | 102.4 | 109.5 | 41.5 | 10.0 | 14.7 |
| 39 | Plastics & Articles thereof | 41.6 | 45.3 | -2.1 | 11.9 | 17.7 |
| 29 | Organic Chemicals | 23.6 | 9.4 | 2.2 | 9.1 | 9.7 |
| 48 | Paper & Paperboard | 21.3 | 21.0 | 20.4 | 18.6 | 18.6 |
| 38 | Misc. Chemical Products | 27.5 | 32.2 | 18.3 | 10.5 | 11.7 |
| 9 | Coffee, Tea, Mate and Spices | 16.9 | 18.8 | -31.3 | 10.8 | 18.6 |
| 40 | Rubber products | 33.5 | 24.6 | 5.4 | 11.7 | 13.9 |
| 32 | Dyes, Paints etc. | 18.7 | 17.0 | -7.9 | 14.1 | 17.9 |
| 54 | Man made filaments | 16.6 | 10.6 | 20.5 | 17.5 | 16.0 |
| 73 | Articles of Iron & Steel | 33.0 | 74.1 | 38.8 | 14.5 | 18.2 |
| | Sub-total | 50.6 | 51.4 | 31.2 | 14.1 | 16.3 |
| | Others | 24.4 | 5.1 | 10.7 | 18.7 | 17.7 |
| | Grand total | 38.8 | 37.2 | 24.5 | 15.2 | 16.7 |

[7] It may be remembered that the duty on plant, machinery and equipment was reduced significantly during PFY to reduce cost of investment.

***Central (Now Federal) Excise Duties (FED):*** Contrary to past few years the collection on account of FED has increased by 16% during the CFY despite the fact that its base is continuously shrinking. The reason for this turn around has been the overwhelming performance of the large-scale manufacturing sector during 2004-05. In the process the share of FED in overall revenue collection increased slightly from 8.7% in FY 03-04 to 8.9% in FY 04-05. The collection from this source has been Rs. 52.9 billion in FY 04-05 as compared to Rs. 45.5 billion during PFY, showing an increase of 7.3 billion. The quarterly comparison presented in Table 10 confirms that barring seasonal factors the major revenue spinners have generally maintained a healthy growth all through the four quarters.

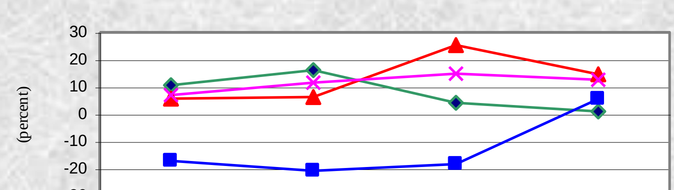
**Table 10: Quarterly Performance of FED Major Revenue Spinners**

| | FY 04-05 | FY 03-04 | Difference | | | FY 04-05 | FY 03-04 | Difference | |
|---|---|---|---|---|---|---|---|---|---|
| | | | Absolute | (%) | | | | Absolute | (%) |
| *Cigarettes* | | | | | *Natural Gas* | | | | |
| Q1 | 3,949 | 2,974 | 975 | 32.8 | Q1 | 1,339 | 1,162 | 177 | 15.2 |
| Q2 | 5,119 | 4,552 | 567 | 12.5 | Q2 | 1,325 | 1,158 | 167 | 14.4 |
| Q3 | 5,623 | 4,604 | 1,019 | 22.1 | Q3 | 1,436 | 1,319 | 117 | 8.9 |
| Q4 | 7,242 | 6,307 | 935 | 14.8 | Q4 | 1,559 | 1,890 | -331 | -17.5 |
| Sub-total | 21,933 | 18,437 | 3,496 | 19.0 | Sub-total | 5,659 | 5,529 | 130 | 2.4 |
| *Cement* | | | | | *Beverages & Beverages Concentrate* | | | | |
| Q1 | 2,643 | 2,169 | 474 | 21.9 | Q1 | 1,129 | 957 | 172 | 18.0 |
| Q2 | 2,553 | 2,158 | 395 | 18.3 | Q2 | 965 | 615 | 350 | 56.9 |
| Q3 | 2,710 | 2,408 | 302 | 12.5 | Q3 | 744 | 861 | -117 | -13.6 |
| Q4 | 3,155 | 2,664 | 491 | 18.4 | Q4 | 1,697 | 1,590 | 107 | 6.7 |
| Sub-total | 11,061 | 9,399 | 1,662 | 17.7 | Sub-total | 4,535 | 4,023 | 512 | 12.7 |
| *Total (Major Commodities)* | | | | | *POL Products* | | | | |
| Q1 | 10,195 | 8,148 | 2,047 | 25.1 | Q1 | 1,135 | 886 | 249 | 28.1 |
| Q2 | 11,074 | 9,457 | 1,617 | 17.1 | Q2 | 1,112 | 974 | 138 | 14.2 |
| Q3 | 11,493 | 10,154 | 1,339 | 13.2 | Q3 | 980 | 962 | 18 | 1.9 |
| Q4 | 14,739 | 13,664 | 1,075 | 7.9 | Q4 | 1,086 | 1,213 | -127 | -10.5 |
| Sub-total | 47,501 | 41,423 | 6,078 | 14.7 | Sub-total | 4,313 | 4,035 | 278 | 6.9 |
| Share of Five Major in Gross Excise Collection | | | | | | 89.8 | 90.8 | | |

*Analysis of Major Commodities of CED*

The collection from the five major revenue spinners including cigarettes, cement, beverages & beverages concentrate, natural gas and POL products contributed about 90% of the FED collection during FY 04-05. The collection from cigarettes increased by 19% due to increased clearance and production by 19% and 10%, respectively. In particular, the growth from cigarettes remained strong in all the four quarters i.e., the collection was higher by a margin of 12.5% to 32.8% than the last year. The collection from cement also exhibited a healthy growth of 17.7% during FY 04-05, which was mainly attributed to increased construction activities as a result of government initiative to promote construction sector. However, as indicated above, the strong performance of cement industry from FED standpoint has been inconsistent with GST collection from this source. The collection from Natural Gas after showing more than 14% growth in first two quarters, and 9% growth in the 3rd quarter, declined gradually by 17.5% in the 4th quarters thus leaving the overall growth at 2.4% only. The FED receipts from POL products increased by 6.8% during FY 04-05 as compared with PFY. However, the collection this source was similar to that of Natural Gas. Finally, the collection from beverages and beverages concentrate showed a mix trend during the four quarters. Varying between 56.9% and –13.6% growth in collection, its end of the year growth was 12.7%. The wide variations were essentially due to seasonal factors. The growth trend in collection of four major items is presented in (Graph 2).

Graph 2: Quarterly Growth of CED




| | Q1 | Q2 | Q3 | Q4 |
|---|---|---|---|---|
| Cigarettes | 10.6 | 16.1 | 4.1 | 1 |
| Cement | -17.2 | -20.8 | -18.3 | 5.5 |
| Beverages | 5.7 | 6.2 | 25.3 | 14.6 |
| Natural Gas | 7 | 11.5 | 14.8 | 12.6 |

**Tax/GDP Ratio: The logic of Growing Concern!**

Recently there has been a growing concern about stagnation (rather decline) in tax to GDP ratio. Due to sensitivity of this concern, a brief analysis on the issue is presented in the following.

To recapitulate, total revenue receipts of GoP include tax revenues (including surcharges) and non-tax revenues. The tax revenues, in turn, include federal receipts and there is a relatively small contribution by provinces. Since more than 90% of tax receipts are collected by CBR, the organization plays a leading role in the formulation and execution of taxation policy. A cursory look at Table 12 indicates that with the exception of provincial non-tax revenue to GDP ratio, there is a peculiar pattern in the remaining cases. The peaks and troughs of other series are almost identical. While the peak in these ratios was attained in FY 02-03, the latest year recorded the trough. The real concern is why the decline has taken place in FY 03-04.

**Table 12: Revenue, Tax, and Non-tax to GDP Ratios**

(Percent)

| FY | Total Revenue | Total Taxes | Federal Taxes | CBR Revenue | Non Tax Revenues | | |
|---|---|---|---|---|---|---|---|
| | | | | | Federal | Provincial | Total |
| 1999-00 | 13.5 | 10.7 | 10.2 | 9.2 | 2.4 | 0.4 | 2.8 |
| 2000-01 | 13.4 | 10.7 | 10.2 | 9.4 | 2.2 | 0.5 | 2.7 |
| 2001-02 | 14.2 | 10.9 | 10.5 | 9.2 | 2.8 | 0.5 | 3.3 |
| 2002-03 | 14.9 | 11.5 | 11.0 | 9.6 | 2.9 | 0.5 | 3.4 |
| 2003-04 | 14.9 | 11.6 | 10.6 | 9.4 | 2.9 | 0.4 | 3.3 |
| 2004-05 | 13.5 | 10.6 | 9.6 | 9.0 | 2.3 | 0.6 | 2.9 |

To gain further insight the tax receipts are decomposed into different components (Table 13). These components include: CBR revenues, Surcharges on POL products and natural gas, provincial tax receipts and a nominal amount collected through taxation on foreign travel. It is evident that even though the collection by CBR (in relative terms) has fallen from 9.6% to 9% (of re-based GDP at market prices), but the significant source of decline in tax/GDP ratio has been the reduction in surcharges. Specifically, the surcharges on POL products had declined by about 60% or one percentage point of tax/GDP ratio in comparison to last year [Economic Survey 2004-05]. In response to extreme volatility in the international price of oil, the Government opted for a 'shock-absorbing' strategy and did not pass on the full burden onto consumers for quite some time. In fact, the domestic prices of POL were kept frozen for most of the first half of FY 04-05. In the process, while the Government succeeded in ensuring (partial) stability in domestic POL prices, its revenue generation was badly affected. There was a substantial decline in Petroleum Development Levy (PDL). The ratio of surcharges/GDP declined from 1.4% in FY 02-04 to only 0.5% in FY 04-05.

**Table 13: Decomposition of Tax/GDP Ratio**

(Percent)

| FY | Total Taxes | Federal Taxes | CBR Revenues | Surcharges | Total Provincial Tax | Foreign Travel Tax |
|---|---|---|---|---|---|---|
| 1999-00 | 10.7 | 10.2 | 9.2 | 1.0 | 0.5 | 0.0 |
| 2000-01 | 10.7 | 10.2 | 9.4 | 0.7 | 0.5 | 0.0 |
| 2001-02 | 10.9 | 10.5 | 9.2 | 1.2 | 0.4 | 0.0 |
| 2002-03 | 11.5 | 11.0 | 9.6 | 1.4 | 0.5 | 0.1 |
| 2003-04 | 11.6 | 10.6 | 9.4 | 1.1 | 0.5 | 0.0 |
| 2004-05 | 10.6 | 9.6 | 9.0 | 0.5 | 0.5 | 0.1 |

The second source of decline in tax/GDP ratio has been the collection by CBR. Even though the collection in absolute terms has increased by 13.5% over past fiscal year (as indicated earlier), it has declined in relation to GDP. There are at least three reasons to rationalize this outcome. Firstly, there has been scaling-up of GDP when provisional figures were revised for FY 04-05. On the other hand, CBR revenue figures cannot be changed once the three-way reconciliation is completed between CBR, AGPR and SBP.[8] Secondly, the recent fall in CBR Revenue to GDP ratio has been

[8] This is evident from the fact the GDP at market prices for FY 03-04 has been revised upward from Rs. 5458 billion to Rs. 5533 billion, showing an increase of 1.4%, the CBR revenue collection remained stationary at Rs. 521 billion. In the process, the CBR Revenue to GDP ratio declined from 9.55% to 9.42%.

partly influenced by the oil-price phenomenon. Due to the nature of GST (operating in VAT mode), the oil companies had claimed huge input adjustments and refunds, as they were facing higher input prices at the import stage and low output prices in the domestic market. Thirdly, there was an adverse (unanticipated) revenue impact of some of the budgetary and post-budgetary measure that reduced the CBR revenue. Actual CBR collection would have been higher by about Rs. 10 to 15 billion in the absence of these changes.[9] Incorporating these factors in the analysis, the fall in various ratios presented in Table 14 does not remain a mystery.

**Table 14: Tax/GDP Components of CBR Revenue**

(Percent)

| FY | CBR Taxes | Direct Taxes | Indirect Taxes | | | |
|---|---|---|---|---|---|---|
| | | | Sales Tax | Customs | Excise | Total |
| 1999-00 | 9.2 | 3.0 | 3.1 | 1.6 | 1.5 | 6.2 |
| 2000-01 | 9.4 | 3.0 | 3.7 | 1.6 | 1.2 | 6.4 |
| 2001-02 | 9.2 | 3.2 | 3.8 | 1.1 | 1.1 | 5.9 |
| 2002-03 | 9.6 | 3.1 | 4.0 | 1.4 | 0.9 | 6.4 |
| 2003-04 | 9.4 | 3.0 | 4.0 | 1.6 | 0.8 | 6.4 |
| 2004-05 | 9.0 | 2.8 | 3.7 | 1.8 | 0.8 | 6.2 |

### Explaining the Apparent Stagnation

Further analysis on the relative strength of different components of GDP and their contribution to revenue is quite revealing. It is rather startling to observe that the high growth of GDP has been accomplished on the performance of those sectors whose tax compliance is low traditionally.[10]

[9] The significant among these measures are: change in the advance tax regime of income tax, zero-rating of ginned cotton who effect has been spilled over, introduction of deemed price for fertilizer, removal of distortions in the GST rate, and payment of higher than anticipated amount of refunds in the case of direct taxes.

[10] It may be added that the estimates presented in Table 15 are indicative in nature and should be interpreted with caution. The reason for issuing this caution is that the tax contribution of various GDP components has been estimated on the basis of (a) nature of good, and (b) the *initial* tax incidence. It is important to mention that the final burden of taxation (especially of indirect taxes) is on consumers rather than the sectors, which appear to be paying taxes at the initial stage.

It is patently clear that growth in a number of sub-sectors does not correspond on one-to-one basis with growth in CBR revenue. For instance, while the contribution of bumper crop of cotton has been immense as far as value added in agriculture is concerned, but the revenue contribution of this source of GDP has been insignificant. The same has been true of transport, wholesale and retail trade, and many other sub-components of GDP. Thus, to have any meaningful increase in tax/GDP ratio there is a need for widening of tax base to sectors that are either outside the tax net or they are lightly taxed.

**Table 15: Sectoral Share in GDP and Taxes: FY 04-05**

(Value in Rs. Million; Share in Percent)

| Description | GDP-MP | Share in GDP | CBR Revenues | Share in Taxes |
|---|---|---|---|---|
| Agriculture | 1,322,641 | 20.2 | 7,308 | 1.2 |
| Mining & Quarrying | 121,836 | 1.9 | 23,573 | 4.0 |
| Manufacturing | 1,118,391 | 17.1 | 367,648 | 62.2 |
| Construction | 143,916 | 2.2 | 17,033 | 2.9 |
| Electricity & Gas Distribution | 156,301 | 2.4 | 31,479 | 5.3 |
| Transport, Storage & Communication | 902,247 | 13.8 | 26,606 | 4.5 |
| Wholesales & Retail Trade | 1,107,296 | 16.9 | 16,383 | 2.8 |
| Finance & Insurance | 210,683 | 3.2 | 23,150 | 3.9 |
| Ownership of dwelling | 165,456 | 2.5 | 1,688 | 0.3 |
| Public Administration & Defense | 337,560 | 5.2 | 29,831 | 5.0 |
| Services | 543,349 | 8.3 | 46,376 | 7.8 |
| T-S (Correction for GDP at FC & MP) | 417,914 | 6.4 | 0 | 0.0 |
| Grand Total | 6,547,590 | 100.0 | 591,085 | 100.0 |

*Source: Economic Survey (2004-05) and CBR Estimates*

## Projections for FY 2005-06

Anticipating that the economy will maintain the high growth trajectory, the budgetary target for FY 05-06 has been set at Rs. 690 billion, showing an increase of 16.7% over the realized collection of Rs. 591.1 billion of FY 04-05 (Table 16). The projections for FY 05-06 are based on the baseline collection for FY 04-05, assumed high growth for various components of GDP, the elasticity/ buoyancy estimates, and the expected impact of budgetary and relief measures.

Given that the outturn of individual taxes and growth trajectories are materialized, the CBR projections anticipate that the share of direct taxes in total CBR collection will be around 31% and within indirect taxes the shares of sales tax, excise, and CD will be 58.1%, 12.5%, and 29.4%, respectively.

**Table 16: A Comparison of Baseline Collection and Projections**

| | Provisional Collection FY 04-05 | Projections FY 05-06 | Growth (%) |
|---|---|---|---|
| Direct Taxes | 183.1 | 214.0 | 16.9 |
| Sales Tax | 240.0 | 276.5 | 15.2 |
| Customs Duties | 115.1 | 140.0 | 21.6 |
| Federal Excise | 52.9 | 59.5 | 12.5 |
| All Taxes | 591.1 | 690.0 | 16.7 |

*Note: Values in Billion Rupees.*

**Concluding Observations**

CBR has achieved its start of the year target for the third year running. The hallmark of this achievement is the performance of individual federal taxes that have surpassed their respective targets. Against all expectations, the underdog labeled as excise duties has performed exceptionally well. FY 04-05 had been a special year for Income and Corporate Taxes as well, as the system of self-assessment has started to take roots. Despite the change in advance tax regime the voluntary compliance has improved. It is encouraging to note that fundamental changes introduced in the Federal Budget 04-05 in the shape of rationalization of tariff structure, reduction of duty on plant, machinery and equipment etc. have encouraged capital formation leading to high GDP growth of 8.4%. Even though there was a loss of revenue on account of abolition of further tax and higher tax, but this correction was necessary to remove distortions in the system. Incidentally, the loss has been compensated by buoyant economy. Finally, backed by intensive international trade activities, the collection from customs duties also increased significantly.

However, notwithstanding the gains in absolute terms, the tax/GDP ratio has fallen to 9%, which is the lowest level recorded so far. More serious is the concern about the decline in the ratio of the two leading taxes, i.e., income and corporate taxes, and sales tax. While there are valid reasons to justify low level of tax/GDP ratio, it is rather difficult to rationalize the fall. This situation highlights the need for widening of tax base as well as turning the existing base to an effective base. It is now well established through the analysis of income tax returns that the compliance level of the corporate sector is awfully low. Similarly, the collection of sales tax (domestic) was inconsistent with the overall growth in the economy. Realizing this precarious state of affairs, bold budgetary measures have been introduced at the time of Federal Budget 2005-06. The most significant among them is the zero-rating of the entire chains of five export-oriented industries. It is anticipated that this move will enable the authorities to effectively tackle the refund/ rebate problem that gobbled-up around 15% of gross and 17% of net revenue receipts during FY 04-05.

Within the context of low tax/GDP ratio, the continuity of tax policy and administrative reforms cannot be over emphasized to ensure that the reshaping of the taxation system on modern lines is completed within the stipulated time. As a result, the efficiency gains are materialized sooner than later. The projected gain in the shape of increase in tax/GDP ratio by 0.2 percentage points each year is not small enough to be ignored. While the ‘reformed’ model units are performing better than their predecessors in terms of facilitation and service delivery, it is relevant to ask why their resource mobilization has not been as effective as originally perceived.

# II

# Aiming for a Modern Taxation System: An *Ex Post* Analysis of Budgetary Measures of Fiscal Year 2004-05[11]

## Background

Pakistan, despite its potential, has not even acquired the status of newly industrialized developing countries (NICs) while many of her competitors in the East Asian region have achieved this unique position quite comfortably. Among other factors, the skewed and inefficient taxation structure prevalent in the country until recently was one of the most crucial causes of the failure. Historically, in the absence of sizeable revenue contribution by the domestic sector, Pakistan had relied rather heavily on customs duties to finance its budgetary needs. Saddled with huge stock of unbearable debt, higher rates of customs duties were applied on imports under the 'infant industry' argument. However, this 'inward looking protectionist' policy has not only raised the cost of production, but also introduced inefficiencies with a distorted price structure. The excessive protectionism ultimately led to anti-export bias and eroded our international competitiveness. Furthermore, the process of industrialization was slowed and the inflow of investment hampered. Additional distortions in the system crept in through taxation on industrial activities. While the manufacturing sector continued to bear the heaviest burden of taxation, ultimately passing it onto final consumers, other sectors like agriculture and services were either out of the tax net or slightly taxed. No wonder that the tax/GDP ratio is one of the lowest in the world.

In order to get rid of primitive tax system, broad based tax policy and administration reforms have been initiated to revamp tax administration and facilitate the taxpayers. Sales tax and income tax

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[11] *Author:* Mr. Mir Ahmad Khan, Second Secretary (Fiscal Research), CBR.

are being promoted as the future taxes in the country. Both these taxes have been overhauled and molded within the mode of self-assessment. The objective is to minimize unnecessary interface between the taxpayers and tax administrators. Extensive effort is going on to rationalize tariff structure. After reducing the number of slabs and bringing down the maximum rate of duty to 25%, reshuffling is being done within the slabs. In a major move, more than half of the commodities in the Pakistan Customs Tariff have been brought down to a maximum CD rate of 10%. Similarly, Federal Excise duties are gradually withdrawn.

The objective of this paper is to re-visit various policy initiatives of Federal Budget 2004-05 and to have an *ex post* assessment of budgetary measures. This will enable us to determine the accuracy of *ex anti* projections for future understanding and improvement.

**Impact Evaluation of Budgetary Measures**

A host of budgetary measures were announced in the Federal Budget 2004-05. Among other objectives, these budgetary measures were undertaken to reduce the cost of doing business, promote private investment, and accelerate economic activity. Secondly, the aim of policy changes was to remove distortions in the taxation system by reintroducing uniformity in the GST rates. Finally, the simplification of laws and procedures was undertaken for the benefit of taxpayers. In certain cases, these wide-ranging measures resulted into huge loss in revenue. In other instances there were revenue gains. On the whole, these measures were beneficial for the economy and the business. The overall impact inclusive of growth had been Rs.31.2 billion. However, after adjusting for the natural growth factor, the net impact of the measures in terms of additional revenue was Rs. 19.3 billion (Table 1). Of this significant revenue impact, the largest contribution was on account of customs duties that in turn were due to rationalization of customs duty rates on automobile-sector. Since the revenue impact of measures related to the remaining three taxes was fairly small, the entire increase in revenue could be attributed to the natural growth in respective bases. A detailed *ex post* analysis of important budgetary measures is presented in the following.

**Table 1: Overall Impact of Budgetary Measures: FY 04-05**

(Rs. Billion)

| Measure Related to | 2004-05 | 2003-04 | 2003-04* | Impact* |
|---|---|---|---|---|
| Income Tax | 64.9 | 57.3 | 63.5 | 1.4 |
| Sales Tax | 4.5 | 2.4 | 2.7 | 1.8 |
| Customs | 42.9 | 24.1 | 27.7 | 15.3 |
| Excise Duties | 21.7 | 19.0 | 20.9 | 0.8 |
| All Taxes | 134.0 | 102.8 | 114.7 | 19.3 |

** Adjusted for Growth Factor*

## Measures Related to Income Tax

Even though five changes had revenue implications for direct taxes, the most significant impact was on account of change in the advance tax regime. The other measures included: collection of advance income tax on share of Stock Exchange @ 0.005% and on purchase/ sale value of shares and *Badla* @ 10%, CVT @ 0.01% on purchase of shares, WHT on supplies of POL products, increase in WHT rate on indenting commission agents, advertising agents, yarn dealers, travel and insurance agents. The detailed working on these measures is presented in the following.

### *Change in the Advance Tax Regime*

Advance tax is an important component of voluntary compliance of income and corporate taxes. Two changes were introduced to simplify the advance tax regime in the Federal Budget FY: 04-05. The first measure required advance tax to be calculated on the basis of estimated income rather than the tax/turnover ratio previously used. The purpose of this move was to reduce the incidence of refund claims. Secondly, the due dates of advance tax payments were changed from 15$^{th}$ of the following month of quarter in PFY to 15$^{th}$ of the last month of the quarter.

The provisional collection of advance tax during FY: 04-05 indicated a nominal growth of 5.3% in these payments. The collection increased to Rs. 59.7 billion against Rs.56.7 billion in FY: 03-04. However, this gain has been substantially less than what was originally projected. Based on natural growth, it was projected that at least the collection would be Rs. 64.4 billion. Thus, there has been an adverse impact of around Rs. 5 billion. It is anticipated that the compliance will improve as the new system takes firm roots. The quarterly comparison of advance tax collection for FY: 04-05 and FY: 03-04 is highlighted in Table 2.

**Table 2: Impact on Collection of Change in Advance Tax Regime**

| Description | 2004-05 | 2003-04 | Difference | Growth (%) |
|---|---|---|---|---|
| Q1 | 13698.0 | 1841.1 | 11857.6 | 644.0 |
| Q2 | 9251.4 | 16102.3 | -6850.9 | -42.5 |
| Q3 | 13380.7 | 12668.9 | 711.8 | 5.6 |
| Q4 | 23337.9 | 26077.9 | -2740.0 | -10.5 |
| Total | 59668.7 | 56690.2 | 2978.5 | 5.3 |

Figures are in million

***Collection of Income Tax by Stock Exchanges in Pakistan***

Through a budgetary measure the registered stock exchanges in Pakistan were entrusted the responsibility to collect advance tax on the following transactions with specified rates:

a. Advance tax on purchase value of shares @ 0.005%
b. Advance tax on sale value of shares @ 0.005%
c. Advance tax on sale trading value of shares @ 0.005%
d. Advance tax on COT mark-up (Badla) @ 10%

An amount of Rs. 2.2 billion was collected during 2004-05.

***Levy of Capital Value Tax (CVT) on Purchase of Shares***

In view of extensive tax-free income generated on purchase of share in stock exchanges, it was decided to levy CVT. The CVT was levied at the rate of 0.01% on the purchase of *modaraba* certificates or any instrument of redeemable capital as defined in the Companies Ordinance, 1984 or shares of a public company listed with a registered stock exchange in Pakistan. The measure provided a revenue gain of Rs.1.07 billion during FY: 04-05.

***Withholding Tax (WHT) on Supplies of Petroleum Products***

There was no WHT on commission income of petroleum dealers in 2003-04. In view of the mushroom growth of gasoline stations and increased commission, WHT on supplies of petroleum products was levied in the Federal Budget 2004-05. WHT was levied @ 10% on the commission income or a discount was allowed at the time of making sales of the petroleum products to petrol pumps operators. Income Tax paid in this way has been made full and final discharge of the Petrol Pump Operators' tax liability. As a result of this measure, Rs 934 million were generated during FY: 04-05.

***Increase in the Rate of WHT on Agents***

Under section 233 of Income Ordinance, 2001, the income from brokerage and commission was liable to 5% but adjustable against final tax liability during PFY. The deduction of on commission income was made as final discharge of tax liability in FY: 04-05 with the following rates:

a) 5% rate of collection of tax under sub-section (1) of section 233 for indenting commission agents, advertising agents and yarn dealers;

b) 10% rate of collection tax under sub-section (1) of section 233 for commission income other than mentioned in (a); and

c) 10% rate of collection of tax for sub section (3) of section 233.

The collection from commission went up substantially from Rs. 581.3 million in FY: 03-04 to Rs. 1088.5 million during FY: 04-05, entailing an increase of Rs. 507.2 million or 87.3%.

## Measures Related to Sales Tax and Federal Excise

The major policy changes in the sales tax regime were related to ginned cotton and machinery where the concept of zero-rating was introduced to promote economic activity, and abolition of further tax and higher tax at import stage to re-introduce uniformity in GST rate. The details on these and other measures are provided below.

### *Zero-rating of Ginned Cotton*

The textile has been one of the leading sectors of economy. It is also the major claimants of refunds and rebates. Keeping in view the fact that bulk of textile sector production is exported and huge refund payments become due, the ginned cotton was zero-rated in the Budget FY: 04-05. The objective of the policy was to improve the cash-flow situation of the producers so that the available liquidity is re-injected in the economy thereby accelerating economic activity. As a consequence, the governance problem will also improve.

It is evident from Table 3 that the total loss due to zero-rating of ginned cotton, both at domestic and import stage had been Rs. 17.1 billion. A visible gain of Rs.10.6 billion, nonetheless, also occurred in the form of requirement of less amount refunds and growth in revenue at the cotton yarn stage. After adjusting for these factors, the overall net loss due to this measure has been estimated to be Rs.6.5 billion during FY: 04-05.

**Table 3: Impact of zero-Rating of Ginned Cotton**

| Description | 2004-05 | 2003-04 | Impact |
|---|---|---|---|
| Loss Due to Zero-rating of Ginning | | | |
| Domestic (D) | 693.0 | 14423.7 | -13730.7 |
| Import (I) | 592.0 | 3977.4 | -3385.4 |
| Total (D + I) | 1285.0 | 18401.1 | -17116.1 |
| Gain at Cotton Yarn Stage (D + I) | 9146.7 | 2663.4 | 6483.3 |
| Gain Due to Less Refunds | | | 4162.9 |
| Total Gain (Cotton Yarn + Less Refunds) | | | 10646.2 |
| **Overall Loss (Net Effect)** | | | **-6469.9** |

Figures are in Rs. Million

### *Zero-rating of Sales Tax on Machinery*

In order to accelerate the speed of investment flows and accelerate the growth in the industrial sector, specific plant, machinery, and equipment was also made zero-rated during Federal Budget FY: 04-05. Some of the major items included in the zero-rate environment were aircraft engines, mist eliminators, cleaning machinery, furnaces, graders and levelers, printing, dying and coating machinery, knitting machines, surgical & medical equipment, sound recorder, molding machine etc. As a consequence, the import of these items increased by 64%. However, despite increase in volume of machinery, there was a revenue loss in the form of sales tax collection of nearly Rs. 1240 million. The chapter-wise loss of sales tax collection is reflected in Table 4.

**Table 4: Impact of Zero-rating of Sales Tax on Plant, Machinery, and Equipment**

| | Chapters | 2004-05 | 2003-04 | Loss | (%) |
|---|---|---|---|---|---|
| Mechanical | 84 | 265.5 | 1383.1 | -1117.6 | -80.8 |
| Electrical | 85 | 17.9 | 30.2 | -12.3 | -40.7 |
| Instrument & Apparatus | 90 | 94.2 | 204.7 | -110.5 | -54.0 |
| | Total | 377.6 | 1618.0 | -1240.4 | -76.7 |

Figures in Rs. Million

### Introducing Uniformity in Sales Tax Rates

To reintroduce uniformity in the sales tax rate, further tax @ 20% was abolished in FY: 04-05. Further tax was levied with varying rates between 1-3% since June 1998 to increase compliance and augment the base of sales tax. The rationale behind introduction of further tax was to raise the cost of business for the informal sector that is generally tax non-compliant and to protect the genuine taxpayers in the organized sector. There was also a general concern that further tax encouraged flying and fake invoices resulting in refund payments that were not due. The presence of multiple rates also created complexities and retarded valid businesses. For greater transparency and growth in the sales, further tax was abolished in the Federal Budget 2004-05. It was perceived that the loss in revenue emanating from this measure would be neutralized by reduction in refund payments. There are pointers to believe that there is conformity between *ex post* assessment and the *ex anti* perception. The same is true of withdrawal of higher rate of sales tax on imports and domestic supplies of specified raw materials introduced in FY: 02-03.

### Raising Threshold for Retailers and Manufacturers

There was no protection granted to the growth of SMEs in the formative years due to an exemption threshold of Rs. 0.5 million in the past. The threshold for both retailers and manufacturers was increased from Rs. 1 million and Rs. 0.5 million respectively to Rs. 5 million in the Budget FY: 04-05. The total loss due to this measure had been Rs. 204 million. The collection of both the categories, i.e., retailers and manufacturers is given in Table 5.

**Table 5: Impact of Raising Threshold for Retailers and Manufacturers in Sales Tax**

| Category | 2004-05 | 2003-04 | Difference | Growth (%) |
|---|---|---|---|---|
| Retailers | 152.5 | 284.2 | -131.7 | -46% |
| Manufacturers | 19.4 | 92.6 | -73.2 | -79% |
| Total | | | -204.9 | |

Figures in Rs. Million

### Levy of ST on VA of Commercial Importers

The share of commercial importers in total imports has been around 30% in Pakistan. Notwithstanding this huge volume, their declaration often carried nominal value addition. The tax being collected from them was fairly low as compared to the volume being transacted. In order to improve upon this situation, an upfront payment of sales tax on minimum of 10% of value addition was levied. As a concession, those who made the upfront payment are not subjected to routine audit of sales tax even though they are responsible for keeping records and file return. Their cases are, however, liable to audit in case there is any evidence of tax refund.

Due to this measure, an additional amount of Rs. 2.8 billion was collected during FY: 04-05.

**Policy of Withdrawal of CED and Relief to the Taxpayers**

In order to boost the construction industry and phase out CED on consumable items, the CED on Paints & Varnishes has withdrawn during FY:04-05. Similarly, providing relief to the fruit juice industry, CED on Fruit juices was also withdrawn. The combined effect of withdrawal of CED from both items was around Rs. 848 million FY: 04-05.

**Adjustment of Excise Duty on Cigarettes and Tobacco**

To ensure normal growth in price and collection from cigarettes, the price and the excise duty structure were revised upward in the Budget FY: 04-05. Resultantly, the excise duty collection registered a consistent growth pattern throughout the year. The end of the year growth in collection was Rs. 3.5 billion or 19.5% over PFY (Table 6). On the other hand, as part of government policy of providing relief, Federal Excise duty on un-manufactured tobacco was made adjustable against CED payable on the cigarettes. The loss in collection on this account was Rs. 43 million during 2004-05.

**Table 6: Impact of Revision in Price & CED on Cigarettes**

| Period | 04-05 | 03-04 | Increase | Growth (%) |
|---|---|---|---|---|
| Q1 | 3895.3 | 2902.8 | 992.6 | 34.2 |
| Q2 | 5050.3 | 4478.7 | 571.6 | 12.8 |
| Q3 | 5552.0 | 4521.7 | 1030.3 | 22.8 |
| Q4 | 7167.1 | 6222.0 | 945.1 | 15.2 |
| Total | 21664.6 | 18125.1 | 3539.5 | 19.5 |

Figures Rs. Million

**Measures Related to Customs**

Broadly stating, the budgetary measures related to customs were directed towards (a) further rationalization of the tariff structure, (b) providing incentives for capital formation leading to growth, and (c) tackling the smuggling problem through adjustment of duty. The impact analysis of these measures is presented in the following.

***Overall Tariff Rationalization***

Large-scale tariff rationalization was undertaken during Budget FY 2004-05. This measure has been instrumental in achieving phenomenal growth of 109.2% in imports. Moreover, around Rs.19.9 billion has been generated additionally.

*Tariff Rationalization of Auto Sector*

Tariff was also rationalized on vehicles and parts during FY 04-05. A significant increase of Rs. 19 billion (or 432%) was recorded in collection of customs duties from the imports of commodities pertaining to Chapter 87 of PCT. Within the Chapter, the substantial increase of 476% was registered in Motor Cars (PCT 8703) and Vehicles for transportation (PCT 8704). It is evident that the downward revision in duty rates has resulted into higher imports that in turn yielded higher amount of revenues (Table 7). Thus, a further rationalization in rates remains an open option that would have no impact either on economic activity or government revenue receipts.

**Table 7: Impacts of Tariff Rationalization on Vehicles**

(Rs. in Million)

| HS Code | Description | Customs Duty | | |
|---|---|---|---|---|
| | | 2004-05 | 2003-04 | Impact |
| 8701 | Tractors | 366.8 | 1.0 | 365.8 |
| 8702 | Motor vehicles ten or more person | 443.5 | 20.1 | 423.4 |
| 8703 | Motor Cars | 16902.6 | 2934.0 | 13968.6 |
| 8704 | Motor vehicles for Transportation | 2632.4 | 196.7 | 2435.7 |
| 8705 | Crane/ Lorries | 114.2 | 23.8 | 90.4 |
| 8708, 8709 | Parts of Motor Vehicles | 890.2 | 846.9 | 43.3 |
| 8711 | Motor Cycles | 1604.4 | 51.4 | 1553.0 |
| 8714 | Parts of Motor Cycles etc. | 461.1 | 335.6 | 125.5 |
| 8716 | Trailers | 3.9 | 4.7 | -0.8 |
| Total | | 23419.1 | 4414.2 | 19004.9 |

*Rationalization of Tariff on Raw Materials*

To provide fresh impetus to the industrial growth, tariff was rationalized on a large number of raw materials. These raw materials were related to edible oils, dairy, petroleum, chemicals, tanning or dying, plastic, rubber, paper and paperboard, iron and steel, metals and machinery parts etc. Consequently, the import of these items increased substantially by around 42%. This higher growth, in turn, neutralized the adverse impact of tariff reduction to a great extent. In fact, despite the sizeable reduction in rates, the collection of customs duties declined by Rs. 709 million only during FY: 04-05 (Table 8).

**Table 8: Impact of Tariff Rationalization on Raw Materials**

| | 2004-05 | 2003-04 | Growth (%) |
|---|---|---|---|
| Value of Imports | 153960 | 108524 | 41.9 |
| Customs Duty | 13039 | 13748 | -5.2 |
| Impact | | -709 | |

Figures are in million

### *Relief Measures to Promote Capital Formation*

*Reduction of Duty on Capital Goods*

In an effort to reduce the up-front cost of doing business and to promote investment, the tariff rates are being reduced and rationalized regularly since 1988. An extensive effort of further tariff rationalization was undertaken during FY: 04-05 when the customs duty rates were reduced for goods categorized as plant, machinery and equipment grouped in the PCT Chapters 84, 85 and 90. As a result, the import demand for mechanical and electrical machinery including parts rose sharply. Specifically, the import of mechanical machinery and parts (Ch: 84) increased by 87.6% during FY: 04-05 as compared to the corresponding period of FY: 03-04, and of electrical machinery and parts (Ch: 85) increased by 77.5%. Similarly, the import of instruments and apparatus had also increased by 43.6% during this period. In fact, this phenomenal increase in the import volume of machinery and equipment more than compensated the adverse impact of reduction in duty rates, indicating that canon of law of demand were fully operational. This is evident from the fact that the customs duty of machinery (Ch: 84) increased by Rs 875.1 million or by 39% and electrical machinery and appliances (Ch: 85) increased by Rs. 472.7 million or 46.6% (Table 9).

**Table 9: Impact on CD due to Tariff Rationalization on Plant, Machinery, and Equipment**

| | Chapters | 2004-05 | 20 03-04 | Difference | (%) |
|---|---|---|---|---|---|
| Mechanical | 84 | 3121.8 | 2246.7 | 875.1 | 39.0 |
| Electrical | 85 | 1486.7 | 1014.0 | 472.7 | 46.6 |
| Instrument & Apparatus | 90 | 237.0 | 219.1 | 17.4 | 8.2 |
| | Total | 4845.5 | 3479.8 | 1365.7 | 39.2 |

Figures are in million

***Discouraging Smuggling through Policy Measures***

In order to discourage smuggling, the rates of customs duty were reduced from 10%, 20%, and 25% to 5% on major smuggling-prone items. The idea was to make items imported through legal channels become competitive vis-à-vis the cost of smuggling. This policy has been generally rewarding, as the imports of smuggling-prone items have grown by 41% during FY: 04-05 compared to PFY. However, due to the substantial reduction in tariff rates, the revenue on account of customs duty had declined by Rs. 798 million. The major hit in terms of loss of revenue was on account of import of tea. While the import of tea increased by 16% during FY 04-05 over FY 03-04, the collection of customs duty declined by Rs. 807 million. The details of collection from smuggling prone items are depicted in Table 10. It is interesting to note that the overall impact of tariff reduction on these items has been favorable. Increased growth in imports has also helped in enhanced collection of sales tax, and income tax from these items. Resultantly, an overall gain of Rs. 201 million has been realized during FY: 04-05.

**Table 10: Impact of Duty Reduction on Smuggling Prone Items 2004-05**

*(Rs. Million)*

| HS Code | Description | Collection | | |
|---|---|---|---|---|
| | | 04-05 | 03-04 | Diff |
| 08.01 | Coconuts, Brazil nuts, etc. | 15.7 | 45.8 | -30.1 |
| 08.2 | Other nuts | 103.7 | 8.3 | 95.4 |
| 09.02 | Tea | 1212.4 | 2019.3 | -806.9 |
| 09.04 | Pepper etc | 19.6 | 52.6 | -33.0 |
| 09.07 | Cloves | 5.0 | 23.0 | -18.0 |
| 09.08 | Nutmeg, mace and cardamoms | 2.2 | 3.6 | -1.4 |
| 37.02 | Photographic films & similar items | 1.0 | 10.5 | -9.5 |
| 37.05 | Photographic plates etc. | 0.8 | 0.0 | 0.8 |
| 37.07 | Chemical preps. for photographic uses | 11.5 | 24.0 | -12.5 |
| 40.11 | New pneumatic tyres of rubber | 217.0 | 208.9 | 8.1 |
| 50.04 | Silk yarn | 3.3 | 2.4 | 0.9 |
| 50.05 | Yarn spun from silk waste | 32.9 | 16.8 | 16.1 |
| 50.06 | Silk yarn and yarn spun from silk waste etc. | 0.9 | 0.0 | 0.9 |
| 63.01 | Blankets and traveling rugs | 0 | 0 | 0 |
| 83.01 | Padlocks and locks | 6.3 | 6.1 | 0.2 |
| 85.11 | Electrical ignition Equipment etc. | 6.9 | 10.2 | -3.3 |
| 85.25 | Transmission apparatus | 3.4 | 0.0 | 3.4 |
| 85.29 | Parts suitable for headings 85.25 to 85.28. | 1.7 | 11.8 | -10.1 |
| 90.04 | Spectacles | 1.0 | 1.0 | 0.0 |
| | **Total** | **1645.3** | **2443.4** | **-798.1** |

*Note: The Description of HS Codes is abbreviated to save space. Only 4-digit classification has* been adopted instead of 8 digits HS Codes.

## Concluding Observations

The preceding analysis confirms that the strategy of reduction and rationalization of tax and tariff structure on the one hand and facilitation of taxpayers has been fairly rewarding. The bold initiatives were instrumental not only in raising revenues, but the economic activity in the country has also spurred in the process. There is clear evidence that incentives in the shape of zero-rating of sales tax on plant, machinery, and equipment has motivated importers thereby raising the level of investment. It is expected that these measures would continue to have favorable impact on the overall economic climate of the country, both in medium as well as long run.

# III

# The Income Tax Regime in Pakistan[12]

## Background

The basic function of income tax is to generate significant amounts of revenue in a way that is broadly equitable and does not unduly distort economic decision-making. Therefore, in order to avoid concealment of the factual position, the extracting of information from taxpayers should be in such a way as to minimize the chances of alteration of their commercial behavior. The modern income tax system attempts to do this with the help of withholding on a few main revenue sources of income – removing most people from any direct involvement in tax collection – with a culture of voluntary compliance. This in turn rests on the proper keeping of records by the taxpayer combined with heavy reliance on self-assessment. The taxpayers generally have their own statement of taxable income accepted by the income tax department, but subject to the possibility of subsequent audit.

The best practice in tax collection process is to utilize a few key pieces of information enabling more precise estimation of the taxpayer's ability to pay. This may involve, for instance, combining information on various sources of income so as to aggregate them for applying the tax schedule, or crosschecking the information available with other related department. This could be possible with the help of an effective and efficient tax administration and having an accurate and comprehensive data base system in the revenue collecting department, with a strong established linkages with other related agencies.

[12] Author: Mr. Umar Wahid Secretary (Fiscal Research). He is indebted to Mr. Habib Fakhruddin for sharing the data and analysis of returns filed during FY 2004-05.

Notwithstanding various innovative attempts to modernize the income tax structure in Pakistan, continues to suffer from several weaknesses. In particular, at least four major problems could easily be identified that have hampered the realization of potential revenue. Firstly, the tax base remains extremely narrow. Secondly the tax compliance of the existing taxpayers is well below the desired level. Thirdly, the magnitude of errors/ deficiencies in the returns filed by the taxpayers amply confirms that there is an element of either deliberate or inadvertent concealment of income and lastly, the database remains highly defective. Thus, the purpose of this article is to analyze these deficiencies in an objective manner and recommend various steps to improve upon the existing situation. We begin with issues related to income and corporate tax base.

**The Narrowness of Income Tax Base**

There are, 2.28 million taxpayers in the country of 150 million people, which is only 1.5 % of the population. The share of taxpayers to population is low when compared with few selected developing and developed countries, where the share ranges between 2.7% and 86.4%.[11] For example, in India the share of taxpayers to population is 2.7%, in Argentina 14.5%, France 58% and the same is 86.4% in Canada. Despite this low share in comparison to population, the share of taxpayers belonging to non-corporate sector is close to 99%. On the other hand, the corporate sector that contributes around 66% in the total income tax collection has a share of only 1% in income tax base (Table 1).

At present there are 45,373 companies registered with the Securities Exchange Commission of Pakistan (SECP), while the registered number with the CBR is only 23,090 (NTN holders). With such a low compliance rate, the obvious outcome is the unsatisfactory level

[11] Information down loaded from the official web sites of the respective countries.

of the revenue realization. The tax-to-GDP ratio of income and corporate taxes has remained stagnant at 3%, which is in no way aligned with the resource mobilization effort of the government. In fact, the ratio has started to decline in recent years, which is even worse. The gravity of the situation becomes even more pronounced, when an international comparison is drawn. Within the economies of the region, Pakistan is slightly well placed ahead of India and Bangladesh where the income tax to GDP ratio is 3.7% and 1.7% respectively. However, Pakistan is far behind from the emerging economies of East Asia like Malaysia, Indonesia, Thailand and Philippines where the ratio of income tax to GDP is 7%, 6.8%, 6.3% and 5.7% respectively.[12] Therefore, there is serious need to expand tax base to bring currently untaxed areas into tax net.

**Table 1: Analysis Of Income Tax Base**

| | NTN | Share | Live Cases | Share | Filers | Share |
|---|---|---|---|---|---|---|
| Corporate | 23,090 | 1.0 | 22,930 | 1.3 | 12,526 | 1.0 |
| AOPs | 1,287,716 | 56.6 | 787,716 | 45.6 | 647,770 | 52.7 |
| Individuals | 965,589 | 42.4 | 917,162 | 53.1 | 569,656 | 46.3 |
| Total | 2,276,395 | 100.0 | 1,727,808 | 100.0 | 1,229,952 | 100.0 |

*Source: PRAL. Figures are as on 30$^{th}$ June 2005.*

## Low Tax Compliance

The level of compliance by the existing taxpayers is directly linked with effective tax administration. While it is not the only determinant of the level of voluntary compliance, it is one of the key factors, especially in countries where noncompliance is a norm rather than exception. Many reasons contribute to evasive behavior, including the degree to which the community supports the government and its economic policies. Similarly, taxpayers will have better compliance if they believe that failure to do so will mean assuming a substantial risk of being penalized in a relatively severe fashion. On the other hand, tax compliance appears to have limited

[12] Ahmed, Ather, M and U. Wahid (2005) 'Structure of Direct Taxes in Pakistan.' *CBR Quarterly Review*, 4(3): January-March.

link with the type of the government. For example, in Chile, in the late 1970s with a military government that had limited popular support, there was a marked rise in tax compliance. In Argentina, lowest level of tax compliance was observed in country's history during late 1980s and 1990s even though the government had the fullest support of the community. Contrary to this, in Bolivia the tax administration improved with the advent of democratic government [Silvia (2003)].[13] In Pakistan we have the experienced both types of governments since independence – i.e., those having popular support and those having marginal public supports – but the compliance remains low since then. In other words, the level of tax compliance seems relatively independent of taxpayers' degree of acceptance of their government and its policies.

The effectiveness of the tax administration is another attribute to be relevant while discussing tax compliance. Quite often the fairness of the system, simplicity of its laws and procedures, and the services that the tax administration provides to taxpayers are considered important factors in expediting and stimulating voluntary compliance. However, despite these provisions, the ability of the tax administration to impose effective penalties is perhaps the key factor in shaping the behavior of taxpayers.

Wide-ranging tax administration reforms have been introduced in Pakistan over the past few years to provide better facilities to the taxpayers to encourage voluntary compliance. There is already evidence of some progress in this respect within the existing return filers and further progress is expected once the process is fully completed in the next few years. Nonetheless, the compliance level relative to the base, i.e., the NTN holders has been declining steadily mainly due to the presence of a large number of 'in fructuous' cases. The presence of nearly half a million cases that have remained

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[13] Silvia, C. A. (2003) 'Improving Tax Compliance' www.google.com/tax publications.

inactive for the past many years has created distortions in the system and the analysis has also suffered in the process. Thus, the cleaning of database has become an absolutely essential task.

**Table 2: Compliance Level of Income Taxpayers**

| Years | NTN holders | Returns filers | Compliance (%) |
|---|---|---|---|
| 1999-2000 | 1,142,373 | 972,873 | 85.2 |
| 2000-2001 | 1,230,199 | 1,050,602 | 85.4 |
| 2001-2002 | 1,359,778 | 973,638 | 71.6 |
| 2002-2003 | 1,521,939 | 1,019,108 | 67.0 |
| 2003-2004 | 2,099,638 | 1,029,279 | 49.0 |
| 2004-2005 | 2,276,395 | 1,229,952 | 54.0 |

## Deficient Returns Filing

It is rather disturbing to observe that majority of the taxpayers within the 'live' database are also not serious in filing their income tax returns. A cursory look at the returns data provided in Table 3 confirms noticeable omissions/ mistakes in the filed returns. Out of 1.23 million returns filed during tax year 2004, around 30 thousand returns had no information on income, as the entries had numeric zero. This means that the effective number of return filers has reduced from 1.23 million to 1.20 million. Relatively stating, the problem is far too serious for the corporate sector where out of 12,526 filed returns, 2702 (or 21.6%) had all numeric zero entries, leaving the balance of 9,824 returns for further analysis.

**Table 3: Classification of Returns-Tax Year 2004**

| | **Number of Returns filed** | **Number of Returns with All Numeric Zero** | **Actual Taxpayers** | **Share of Zero Numeric Returns (%)** |
|---|---|---|---|---|
| Corporate | 12,526 | 2,702 | 9,824 | 21.6 |
| Non Corporate | 1,217,426 | 27,089 | 1,190,337 | 2.2 |
| Total | 1,229,952 | 29,791 | 1,200,161 | 2.6 |

The returns of the corporate sector have further been investigated with respect to those tax filers who have declared business income or losses or they of lodged nil claims. Interestingly 3,888 (39%) of the return filers of this sector have declared business income in their returns, while 2,994 (30%) have shown business losses and an equal number have submitted nil statement. This number also includes 2702 returns where the income entry is zero. Thus, it is safe to assert that out of 12,526 return filers only 3,888 or 31% of them have paid income tax and the rest 69% taxpayers have either declared business losses or there is nil income to declare!

Beside the deficiency in return filing, the detailed particulars of taxpayers are also not available to ascertain their financial strength. While probing the returns from another angle – whether the computation of gross tax paid by the corporate sector is according to the normal tax rates fixed for the public, private and banking companies or deviated from it – there had been strange outcome. To recapitulate, the rate of taxation for public companies has been 35%, private companies 41%, and banking companies 44%. The data indicates that out of 841 returns of the baking companies, the gross tax of only 24 cases was tallied with the normal tax rate. Similarly, the total numbers of return of public companies were 1907, but the tax rate of only 236 cases was matched with the normal tax rate. Likewise for 6942 returns of private companies, the gross tax of 2518 cases was matched with the normal tax rate. This confirms that there is a need for detailed component-wise investigation of the corporate sector so as to reach any meaningful conclusion.

The returns are fretfully deficient in terms of completeness of information. The information presented in Table 4 indicates that around 0.7 million or 56.9% returns are deficient. This number would have been much higher (close to around 90%) had the salary statements, statements U/S 115(4) and statements of retailers been included. Invariably, the relevant cells are either incomplete or have been left blank. It is evident that 8.4% of submitted returns are deficient, as NTN is either incomplete or not stated, in 3.3% of cases the information on National Identification Card is missing, in 3.7% of cases the Name has not been revealed and so on. Surprisingly, the problem is serious with respect to the corporate sector, which supposedly is relatively well documented.

**Table 4: Category Wise Deficient Income Tax Returns**

| Classification | Corporate | Non-Corp. | Total | Percentage in Total | | |
|---|---|---|---|---|---|---|
| | | | | Corporate | Non-corp. | Total |
| **NTN deficient (a+b)** | **491** | **97,779** | **98,270** | **4.9** | **8.4** | 8.4 |
| a) Incomplete | 217 | 35,317 | 35,534 | 2.2 | 3.0 | 3.0 |
| b) Blank | 274 | 62,462 | 62,736 | 2.8 | 5.4 | 5.3 |
| **Reg./CNIC/NIC deficient (a+b)** | **1,850** | **37,509** | **39,359** | **18.6** | **3.2** | 3.3 |
| a) Incomplete | 800 | 13,437 | 14,237 | 8.0 | 1.2 | 1.2 |
| b) Blank | 1,050 | 24,072 | 25,122 | 10.5 | 2.1 | 2.1 |
| **Name deficient (a+b)** | **31** | **43,953** | **43,984** | **0.3** | **3.8** | 3.7 |
| a) Incomplete | 16 | 38,729 | 38,745 | 0.2 | 3.3 | 3.3 |
| b) Blank | 15 | 5,224 | 5,239 | 0.2 | 0.4 | 0.4 |
| **Address deficient (a+b)** | **153** | **28,123** | **28,276** | **1.5** | **2.4** | 2.4 |
| a) Incomplete | 61 | 13,661 | 13,722 | 0.6 | 1.2 | 1.2 |
| b) Blank | 92 | 14,462 | 14,554 | 0.9 | 1.2 | 1.2 |
| **Telephone contact Deficient (a+b)** | **3,079** | **471,641** | **474,720** | **30.9** | **40.5** | 40.4 |
| a) Incomplete | 898 | 59,905 | 60,803 | 9.0 | 5.1 | 5.2 |
| b) Blank | 2,181 | 411,736 | 413,917 | 21.9 | 35.3 | 35.2 |
| **Total (a+b)** | **5,604** | **679,005** | **684,609** | **56.3** | **58.3** | **58.3** |
| a) Incomplete | 1,992 | 161,049 | 163,041 | 20.0 | 13.8 | 13.9 |
| b) Blank | 3,612 | 517,956 | 521,568 | 36.3 | 44.5 | 44.4 |
| **Total Returns filed.** | **12,526** | **1,217,426** | **1,229,952** | **100.0** | **100.0** | **100.0** |

### *Master Index*

A Master Index has been maintained for identification and cross matching of the income taxpayers and the returns filed by them. The Master Index verifies the returns on the basis of NTN and NIC. The available information reveals that there is also a problem of matching of returns. Table 5 indicates the category-wise position of NTN holders, returns received and matched with master index. It is quite revealing that of 1.23 million returns received during the tax year 2004, only 0.82 million or 66.8% have matched with Master Index. Strangely, despite the relative small number of the corporate sector returns, only 66.2% of its returns could match with the Master Index. The same is true for other categories.

**Table 5: NTN, Number of Returns Filed and Matched with the Master Index**

| | Total NTN Issued | Total Number of Return Received | Matched with Master Index | Matched with Master Index (%) |
|---|---|---|---|---|
| Corporate | 23,090 | 12,526 | 8,290 | 66.2 |
| AOP | 1,287,716 | 577,770 | 402,893 | 69.7 |
| Salary | 965,589 | 535,642 | 326,540 | 61.0 |
| Statement | - | 104,014 | 83,913 | 80.7 |
| Total | 2,276,395 | 1,229,952 | 821,636 | 66.8 |
| In fructuous cases | 548,587 | - | - | - |
| Live cases | 1,727,808 | - | - | - |

The corporate sector has been further analyzed to ascertain the depth of the argument because this sector is largely documented, as stated above. The tax base of this sector consists of only 23,090 NTN holders. Out of this, 10,685 have been listed as public sector companies, 11,921 as private sector companies, and 494 NTN holders as foreign companies (Table 6).

The analysis reveals that only 2116 (or 19.8%) public sector companies have filed their returns. On the other hand, private sector companies have performed slightly better than the public sector companies as the compliance ratio moves up to 63.4%. However, in 67.4% of these cases the NTN has matched with the Master Index. The situation is fairly disturbing for the foreign companies operating in Pakistan. Out of a total number 494 foreign companies, only 17 have filed their returns and only 9 of the cases the NTN has matched with Master Index (Table 6). Incidentally, 2836 returns are still to be categorized within one of the three types of the companies.

**Table 6: Company's wise analysis**

| Heads | NTN Holder | Returns Received | Matched with Master Index | Compliance (%) | Matched with Master Index (%) |
|---|---|---|---|---|---|
| Public Companies | 10,684 | 2,116 | 931 | 19.8 | 44.0 |
| Private Companies | 11,921 | 7,557 | 5,092 | 63.4 | 67.4 |
| Foreign Companies | 494 | 17 | 9 | 3.4 | 52.9 |
| Unidentified cases | - | 2,836 | - | - | - |
| Total | 23,090 | 12,526 | 6,032 | 54.2 | 48.2 |

While analyzing the corporate sectors, emphasis has been redirected towards the banking companies on account of their significance as financial agents. Unfortunately, since the data of NTN holders in the banking sector is not available, it is not possible to work out the compliance level. However, the information given in Table 7 does confirm that in majority of the cases (82% to 90%), the NTN has matched with the Master Index.

**Table 7: Public and Private Banking & Non Banking Companies**

| | Total Number of Return Received | Matched with Master Index | Matched with Master Index (%) |
|---|---|---|---|
| **Public companies (a+b)** | **529** | **464** | **87.7** |
| a Banking | 458 | 400 | 87.3 |
| b Non banking | 71 | 64 | 90.1 |
| **Private companies (a+b)** | **524** | **435** | **83.0** |
| a Banking | 366 | 300 | 82.0 |
| b Non banking | 158 | 135 | 85.4 |
| Total | 1,053 | 899 | 85.4 |

## Deficiency in Database

The final concern is about deficiency in the income tax database. While examining the return filers record, misclassification was noted at all stages of record keeping. There is misclassification of banking companies, as many non-banking companies are registered as banks and so on. Similarly, few banks of the pre-partition era are included in the database even though the transaction amount is negligible. While there could be legal reasons for their presence, but their inclusion has distorted the database. A meaningful analysis therefore warrants effectiveness of database after a through cleaning and updating.

**Conclusions and Recommendations**

The foregoing analysis has highlighted areas of concern as far as the structure of income and corporate tax is concerned. The narrowness of the base, low compliance, and the non-serious attitude of taxpayers in filing their returns and fulfilling their tax obligations are serious considerations. The problem is compounded by defective database.

Regarding narrowness of base, there is a need of fresh assessment of all the concessions and exemptions, which have been granted over the years. Even though sufficient effort has been put in to withdraw a large chunk of these exemptions, there are areas where a lot more could be done. For instance, tax on capital gains should be the primary target in this endeavor. This apparent distortion needs to be corrected at the earliest without which the tax-GDP ratio would continue to remain low and stagnant.

We believe that key to tax revenue generation lies not in raising tax rates, but to bring more and more potential taxpayers into the tax net. There are sectors whose activities are completely outside the income tax net. Still there are other sectors that are lightly taxed. Probably, it is about time to have a fresh review of the situation to have an even-handed treatment for every sector according to its tax paying capacity. It is important that equity and efficiency considerations continue to be the driving forces behind modernization of the taxation system.

While a lot of effort is progressing to broaden the tax net by utilizing information available at alternative sources, there is an urgent requirement to streamline and strengthen the corporate sector database. Superimposing the information available with the SECP and CBR could be helpful to have a clearer picture. It is quite possible that the SECP data is not healthy enough for comparison purposes as is the NTN database. Whatever is the case, the corporate sector is too vital to be ignored. Within the same context, the discrepancy between information available at PRAL and that supplied by field offices through the Monthly Performance Reports (MPRs) has to be resolved. There is no denying that the tasks of proper data coding, cleaning, checking and verification would lead to a substantial improvement in the database. In the process the Master Index would also become a reliable source of information for comparison purposes.

Finally, in order to ensure voluntary compliance, strict punitive action may have to be introduced. The existing legal penalty provisions and their implementation appear to be insufficient to force delinquent taxpayers to discharge their tax obligations in a forthright manner. Similarly, the possibility of backfiring of a system of self-assessment in the future without adequate safeguards cannot be ruled out.

# IV

# WTO, Trade Facilitation And Pakistan Customs[13]

## Introduction

There is no consensus definition of the term 'Trade Facilitation'. However, it is often defined as 'the simplification and harmonization of international trade procedures' with trade procedures being the 'activities, practices and formalities involved in collecting, presenting, communicating and processing data required for the movement of goods in international trade'. This definition relates to a wide range of activities such as import and export procedures (e.g., customs or licensing procedures); transport formalities; and payments, insurance, and other financial requirements. The international organizations like UNCTAD, UNECE and the WCO have worked for several decades in this area.

The main constituents of Trade Facilitation are briefly summarized as under:

- Customs Laws and Procedures
- Port logistics
- Trade Information and electronic transactions facilities
- Harmonization of standards
- Business mobility
- Professionalism
- Administrative transparency
- High integrity standards
- Minimum transaction costs

Steadily growing volumes of trade, the fall in tariff levels to an all-time low after the conclusion of the Uruguay Round and the

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[13] *Author:* Mohammad Javed Ghani, Additional Collector, Collectorate of Customs, Rawalpindi.

Author's Note: The reader can access the author at mjavedghani@gmail.com availability of modern technology to significantly improve the management of cross-border trade and distribution of goods, have created a strong interest in trade facilitation. The loss that business suffers through delays at ports and borders, complicated and unnecessary documentation requirements, and lack of automation of trade procedures are estimated to exceed in many cases the costs of tariffs. The volume of international trade has expanded relative to the size of many national economies, making it more difficult for administrations to cope on the basis of unchanged resources, as illustrated below in Figures 1, 2 and 3.

Figure 1: World Exports (US $ billion)

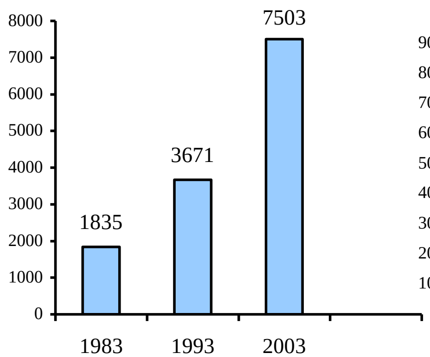
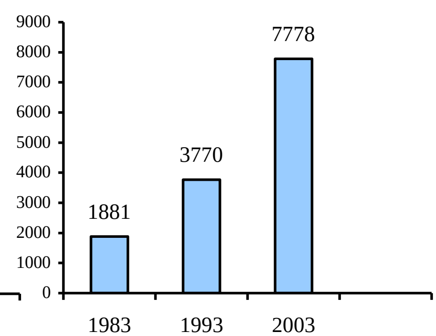
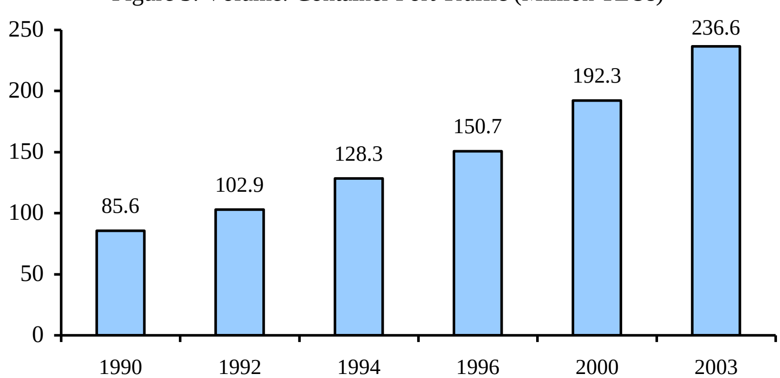



Figure 2: World Imports (US $ Billion)




Source: WTO International Trade Statistics 2003

Figure 3: Volume: Container Port Traffic (Million TEUs)




Source: UNCTAD/RMT/201

**Global Perspective**

Trade facilitation came to the foreground of WTO issues as the international business community increasingly expressed quest for greater transparency, efficiency, and procedural uniformity of cross-border transportation of goods. The APEC, World Bank and UNCTAD, after some important studies concluded that: clearing the red tape at country borders would generate approximately twice as much gain to GDP than through tariff liberalization. Trade facilitation measures would particularly benefit developing countries, where the inefficiencies are sometimes more costly to industries than tariff barriers.

Under the existing WTO legal framework, specific elements connected with the simplification and harmonization of trade procedures are contained in Articles V, VII, VIII, and X of the GATT 1947 as well as in the Agreements on Customs Valuation, Import Licensing, Pre-shipment Inspection, Rules of Origin, Technical Barriers to Trade, and the Agreement on the Application of Sanitary and Phytosanitary Measures. The Singapore Ministerial Conference gave the WTO the mandate to take a more comprehensive look at trade facilitation.

Trade Facilitation is the only Singapore issue, which survived in the WTO July 2004 Framework Agreement though initially opposed by the developing countries. For Trade Facilitation to be effective in the multilateral context, developed countries need to provide adequate Technical Assistance and Capacity Building and Special & Differential treatment. Pakistan should benefit from trade facilitation in WTO given its high transaction costs and its unilateral reform in the same direction. It would also help to counter opposition to reform.

A large group of developing countries including India, China, Malaysia, Philippines, Bangladesh, etc. had earlier expressed their apprehensions in written communications to the WTO in September and December, 2003 regarding anticipated WTO bindings on the subject and had raised as many as 12 general questions in this regard.[14]

The WTO General Council decided in August 2004 through explicit consensus to commence negotiations on trade facilitation on the basis of the modalities set out in Annex D of the July Package. Annex D stated, in part, that ‘Negotiations shall aim to clarify and improve relevant aspects of Articles V, VIII and X of the GATT 1994 with a view to further expediting the movement, release and clearance of goods, including goods in transit. Negotiations shall also aim at enhancing technical assistance and support for capacity building in this area. The negotiations shall further aim at provisions for effective cooperation between customs or any other appropriate authorities on trade facilitation and customs compliance issues.’

At the first meeting of the WTO, Negotiating Group on Trade Facilitation held on 15 November 2004, Members agreed on a Work Plan and a schedule of meetings. The Plan provided for work to proceed on the basis of Members' contributions and other input that the Negotiating Group might request.

The approved agenda of the Negotiating Group is as follows:

- Clarification and improvement of relevant aspects of Articles V, VIII and X of the GATT 1994;
- Enhancement of technical assistance and support for capacity building; effective cooperation between Customs or any other appropriate authorities on trade facilitation and Customs compliance issues;
- Special and differential treatment for developing and least-developed countries;

[14] The questions on trade facilitation raised by developing countries at the WTO are given as Appendix-A at the end of the paper.

Least-developed country members;

- Identification of trade facilitation needs and priorities; concerns related to cost implications of proposed measures;
- Technical assistance and support for capacity building;
- Working with and work of relevant international organizations.

The Group also agreed to invite the IMF, OECD, UNCTAD, WCO, and the World Bank to attend next meetings on ad hoc basis.

**WCO and Trade Facilitation**

The revised Kyoto Convention, which Pakistan acceded to in October 2004, focuses significantly on the trade facilitation issues. Besides, the WCO has embarked upon a number of important initiatives in recent years with the aim of facilitating trade. These include: Risk Management Guide, Application of Information and Communication Technology, WCO Data Model, Unique Consignment Reference Number, Time Release Study, Immediate Release Guidelines, Advance Passenger Information Guidelines, ATA Carnet System, Export Controls, Benchmarking Manual and a number of Recommendations. In June 2004, WCO Council passed an important Resolution on Global Security and Facilitation Measures concerning the International Supply Chain requesting the Member Customs Administrations to inter alia, develop action plans to implement supply chain security and facilitation measures.

**Issues and Solutions**

As identified by the experts, in the area of Customs, the key problems include:

1. Lack of transparency of customs procedures and other import and export requirements;
2. Over-reliance on transaction based customs clearance; lack of coordination between different agencies at import and export resulting in unnecessary delays;

3. Excessive clearance times at customs; insufficient use of modern customs techniques based on risk assessment, pre-arrival processing, company audit; insufficient use of information technology by customs;
4. Lack of rapid legal redress; corruption and integrity issues rooted in inadequate resources, training, etc.

The solutions proposed within a WTO Framework Agreement are:

1. Introduction by WTO members of electronic IT-based systems across Customs and ultimately all other agencies involved in import and export administration;
2. Application of modern customs techniques of pre-arrival processing, post release controls, audit methods, and green channel facilities for authorized traders, based on the WCO revised Kyoto Convention.
3. One-stop clearance/ release facilities through interagency coordination, plus remote filing and local clearance facilities.
4. Establishment of an absolute time limit for Customs release. Provisions for cooperation between traders and Customs and other agencies. WTO provisions for rapid judicial or administrative redress in case of erroneous customs determinations, and proportionality in penalties for minor omissions or infringements.
5. Creation of transparent and easily accessible databases of WTO members with import and export requirements. Coordinated long term technical assistance, training and other support measures to improve import and export administration in developing countries.
6. Application to the above of the WTO principles of non-discrimination, national treatment and «least trade restrictiveness» to ensure a level playing field, plus measures to ensure that small and medium sized enterprises can maximize the benefits of simplified procedures. Progressive phase out of PSI systems, to be replaced by efficient customs.

In the area of documentation and data for Import, Export and Transit, etc. key problems include: unnecessary and excessive data and documentation requirements; multiple submission of data to different agencies with no coordination; lack of harmonization of import and export data, both of content and format.

Solutions proposed within a WTO Framework Agreement are:

1. A basic WTO requirement for the avoidance of unnecessary procedural obstacles to trade: Members must reduce to an absolute minimum their import and export procedures consistent with the need to apply legitimate controls.
2. Wider adoption of international standards used in the trade transaction process, based on UN and other standards, e.g. the UN layout key, ICC documents.
3. Reduction and harmonization of data sets, that could be based on the work carried out at the G7 level to create a reduced data set, plus simplified, standardized documentation.
4. Single window and one-time only submission of information to importing and exporting administrations.
5. Encouragement of the «Seamless Integrated Transaction» whereby datasets for export forms the basis for, or even replace the dataset presented at import.
6. Global introduction of automated and EDI based systems to replace paper-based procedures.

**National Perspective**

Until fairly recently, Pakistan had several problem areas in Trade Facilitation and there were substantive Transaction Costs involved in trading with Pakistan. Some of the major issues concerning trade facilitation in Pakistan are summarized as under:

- Cumbersome and complex documentation and procedures related to cargo clearances
- High compliance costs

- High charges for trade related services e.g., trade insurance, port management
- Procedural delays
- Lack of predictability
- Outdated transport legislation
- Increased transport costs
- Lack of proper use of information technology
- Complex banking and insurance practices

In the year 2001, the Government of Pakistan in collaboration with the World Bank and the Pakistan Shippers Council had started the National Trade and Transport Facilitation Project (NTTFC). Ministry of Commerce was the executing agency of this project and it also had representation from CBR. The objective of the project was to simplify trade procedures, modernize transport legislation, improve freight forwarding procedures, and develop a team of experts related to trade facilitation and other concerned areas.

**Trade Facilitation and Pakistan Customs**

While some impressive gains have been made over the last decade in terms of transaction costs but a lot of work still needs to be done to bring Pakistan at par with the global standards. Some of the key steps taken to facilitate trade are briefly enumerated as under:

- Customs Tariff rationalization and simplification as a result number of anomalies and litigations has reduced considerably;
- Simplification of procedures, Customs Rules, 2001 and DTRE rules;
- Introduction of Single Goods Declaration document
- Increased use of automated and speedy clearances, express lane facilities;

- Setting up of facilitation centers;
- Introduction of Alternate Dispute Resolution Mechanism;
- Round the clock export clearance facility at Karachi Port;
- Accession/ ratification of international Customs Conventions, e.g., Revised Kyoto Convention, 1999 and Istanbul Convention (Temporary Admission Convention);
- Simplified appeal procedures;
- Intake of expertise from the Private Sector, policy of decentralization;
- Increased contacts with trade/ business community;
- Setting up of permanent trade facilitation committees;
- Expedited duty drawback sanctions and payments; and
- User-friendly CBR/ Customs web site.

**Customs Administrative Reforms in Pakistan**

As a major development, from 18 April 2005, Pakistan Customs has introduced an automated clearance system under the Customs Administrative Reforms Program (CARE). The pilot project has started from the Karachi International Container Terminal (KICT). The Pakistan Customs Computerized System (PACCS) is gradually replacing the current manual and personalized system. Once completed, the procedure will not only bring speed and transparency but will also meet current and future challenges facing Pakistan's trade. It was also supposed to transform logistic supply chain into an efficient system.

**Future Plans of Pakistan Customs**

Pakistan Customs, under the current pro active, consistent and trader friendly strategy is all geared up to move forward. The quick, transparent and rational decision-making has already shown positive results. After careful deliberations, important short, medium and long-term goals have been set. A few may be described as under:

- Business process re-engineering
- Rewriting the Customs Act, 1969 and rules there-under
- Online linkage of all Customs ports, stations, border posts and airports
- Fully automated and paperless regime
- Incentive/ disincentive structure for filing documents
- Electronic money transfer and deferred payments
- Disincentive for longer storage of cargo to ensure quick payment of duty
- Round the clock and Sundays/Public Holidays Customs clearance facility
- Dissemination of information
- Online linkage with relevant sections in the Ministry of Commerce, Foreign Affairs, Communications, Economic Affairs Division, Health, Environment, Agriculture and Interior for expedited clearances
- Significant reduction in the number of requirement documents, copies there of, and signatures
- No face to face contact between Customs officials and importers/ exporters
- Transparent procedures with minimum number of signatures
- Preparation of annual and five year strategic plans
- Establishment of Expert Groups and active participation in all national and international Customs/ trade related happenings especially at the WCO and WTO forums
- Adoption of international best practices.

**Expected Favorable Results**

The benefits of trade facilitation are typically seen as equivalent to trade transaction costs that can be saved. No doubt, efficient procedures and lower transaction costs provide significant benefits to the economy. These may be listed as under:

*Benefits to Government:* Reduced staff costs, reduced paper and printing costs, reduced storage costs, more efficient use of resources, releasing resources to be used for inspections and other key customs activities. This will increase efficiency of customs procedures and reduced management and administration costs.

*Benefits to Traders:* The expected benefits to traders include: reduced time required for obtaining and completing customs documentation, greater certainty in customs procedures, faster delivery of goods, reduced handling and storage costs, increased efficiency due to the reduced need to prepare and deliver customs documentation and greater transparency and access to information.

**Conclusions and Recommendations**

Trade Facilitation has become an area of great importance in the new global scenario. Almost every country of the world as well as all important international and regional organizations/ forums including WTO, WCO, the World Bank, UNECE, ADB, G8 and UNCTAD are giving due consideration to this concept. Thus, it is imperative that effective and efficient procedures are adopted in Pakistan besides taking appropriate steps towards trade facilitation. This is the sure way to compete in the fast 'shrinking' world. Countries that have ensured minimum cost and speedy clearance to legitimate cargo at their national frontiers have been able to attract direct foreign investment to establish importing, production and distribution facilitates. Within this context, Pakistan Customs has been at the forefront but a lot more is desired. A serious involvement in the WTO negotiations on Trade Facilitation appears to be high on agenda, as any future obligations on this account may have far reaching consequences for the economy of Pakistan.

## **Appendix A:** Questions on Trade Facilitation Raised by Developing Countries at the WTO

- *What are the problems that members have encountered in implementation of GATT Articles V, VIII and X?*

- *What would be the estimated cost for developing and least developed members of undertaking commitments under GATT Articles V, VIII and X of GATT 1994 as suggested during the clarificatory process undertaken so far?*

- *What would be an appropriate and effective mechanism for compensating developing and least developed members for the additional expenditure that they have to incur, to implement the new rules and procedures?*

- *What are the possible ways and means of ensuring that the development policy space of developing and least developed members is preserved?*

- *Given that some trade facilitation measures like authorized trader status can be discriminatory towards SMEs on account of comparatively lower volume of their trade and limited financial resources, what are the possible ways and means that could be adopted for fuller integration of SMEs in international trade through any possible agreement on trade facilitation?*

- *What would be the mechanisms adopted for handling situations where the infrastructural facilities available in a member country at different entry points vary widely?*

- *Given that 'implementation capacities' are an important factor in this area, would developing and least developed members be exempt from taking certain commitments due to lack of adequate implementation capacity? If so, what are the parameters to determine the implementation capacity of members?*

- *What is the nature of special and differential treatment? Will it be limited only to extension of time frames or different levels of commitments?*

- *How can the concept of 'enhanced technical assistance and capacity building' be operationalized?*

- *In the light of security concerns, what responses can be crafted in possible new rules on trade facilitation to counteract such adverse effects on trade? How far can principles like proportionality and necessity test operate for trade procedures adopted specifically to meet security concerns?*

- *Given that all the proposed new rules and procedures can only be in the nature of best endeavor principles what is the justification for binding rules?*

Source: WTO Document No WT/MIN (03) /W/4, dated September 4, 2003.

## V

# CBR Reform Program:
## PACCS initiative within CARE[27]

The software developed under CARE is named PACCS — Pakistan Customs Computerized System. It is an end-to-end integrated system covering all Customs functions so that importers and exporters can clear their goods within a short span of time without any hassle. PACCS is designed for a paperless environment. There is no concept of assigning or executing a task outside the computer system The System contains Carrier declaration Module, Goods Declaration Module, Assessment Module, Examination Module, Clearance Management Module, Payment Management Module, securities Management Module, Refund and Drawback Management System, Adjudication system and Management Information system. Keeping in view the modern technique of risk management selectivity criteria, a comprehensive dual phase Risk Management System has also been designed which is based on dozens of risk parameters and their combinations to select risky consignments for detailed examination and assessment check.

PACCS is a modern decision support system based on latest Information Technology tools. It is a secured web-based solution to modernize Customs operations. It facilitates electronic processing of imports and exports to provide higher compliance level at the lowest possible cost. Transformation from a manual and semi-automated system to fully automated system was an uphill task, especially from the angle of resistance to change, mind set and human resource development. This reality has been engrained in the mind of CARE Team right from its inception. Therefore, since the development of concept papers all the major stakeholders were taken on board. It

[27] The Note has been prepared by Mr. Azher Majeed Khalid, Collector Model Customs Collectorate, Karachi.

was also endeavored to take all the stakeholders along at all the stages.

> ***Inauguration of Model Customs Collectorate by Prime Minister of Pakistan Mr. Shaukat Aziz***
>
> The Honourable Prime Minister of Pakistan, Mr. Shaukat Aziz, inaugurated model Collectorate of Customs, Custom House, Karachi, the pilot project under Customs Administrative Reforms (CARE) on 18th April 2005. The inauguration ceremony was attended by Federal Minister of State for Finance, Mr. Omar Ayub Khan and Federal Minister for Ports and Shipping, Mr. Babar Khan Ghouri and other Federal and Provincial Ministers, leading businessmen, bankers, foreign delegates and senior government officials. In the inauguration speech, the Prime Minister highlighted the importance of reforms and revamping the tax machinery in order to provide a conducive and enabling atmosphere to businesses. The Prime Minister emphasised that unless the government machinery, which deals with the business community is made more efficient it will continue to be an impediment to the growth of national economy. It was further added by him that with this realization Pakistan Customs is concentrating its energies and resources on modernizing itself. The first concrete step in this direction was the reform in Customs, known as 'Customs Administrative Reforms.' The launching of CARE has thus indeed laid the foundation of an integrated, automated and facilitative tax system.

PACCS involve a paperless environment where all data with regular stakeholders is in electronic form. The data is formatted and is accessible only through specified input output points. Each user is identifiable through his unique user name and pin code. PACCS covers the entire spectrum of customs activities. There is no concept of assigning or executing a task outside the computer system; resultantly any person performing any function with Model Customs Collectorate has to be an authorized user of the PACCS.

Information Technology is the air for CARE, this signifies that CARE is completely engulfed by Information Technology; no part is outside the realm of computerization. Except in external communications with certain institutions like the courts, a completely paperless environment is envisaged. All documents are system generated without the need for manual signatures by the department. All business processes are integrated; as such a change in one automatically updates the related fields in the entire system. PACCS has inbuilt performance evaluation since all tasks are logged with time of receipt and disposal and all this is generated as performance evaluation reports for groups as well as individuals.

Realizing the fact that for the successful operation of any system the end user should be as aware of its working as its executor is, the training of staff for this entirely different operational work environment was carried out in the Directorate of Training & Research (Customs, Central Excise & Sales Tax) and Model Collectorate of Customs, Karachi, as a result the staff and officers already working in old system for many years were enabled to run the new system successfully. For efficient management and in time guidance the concept of management by walking around was introduced. Under this system, the senior officers guide and counsel the subordinates approaching them on their workstations.

For the awareness and training of the external users of the system seminars, workshops and meetings were held in association with Federation of Chamber of Commerce, Karachi Chamber of Commerce and Trade Associations. Around 1500 Clearing Agents, 100 top traders, 75 shipping agents got formal training at Directorate of Training and at Model Collectorate of Customs, Karachi. Additionally, an advertisement campaign in print and electronic media was extensively done for the PACCS I project. With the successful launch of the Project, the training needs of the users were further identified. Training Need Analysis (TNA) has been carried out to identify problem areas and remedial steps. Further more the INTRA Users who have been allocated User IDs have all been trained.

The website of PACCS was also launched during the same period which contained vital information about the new system and also contained the FAQs. The TARIP was also launched simultaneously. TARIP (Tariff & Integrated Policy) is the users' right to know. TARIP is the complete picture for import or export of cargo to & from Pakistan. It provides the following basic information, viz, Import Tariff rates, export drawback rate, complete details of Import & Export restrictions, complete details of exemptions, complete list of documentary requirements, complete list of declaration requirements. TARIP is online and always update because the information is captured at source. Resultantly with TARIP there are no surprises.

Being web-based application, the prerequisite of new system is that all stakeholders must obtain User ID and password to interact with the system. The implementation plan envisaged phased out launch of the Project. Therefore in the first phase, Model Collectorate of Customs started giving User ID and passwords from 23-03-2005. So far more than 6500 importers, and exporters, 1415 Clearing agents, 61 Shipping Agents, 48 Warehousing Agents, 160 Remote Internal Users, 15 Foreign Embassies, 06 Government Departments, 33 banks have been issued user IDs.

In the second phase Shipping Lines/agents started filing Carrier Declarations electronically to PACCS. Now all the Manifest Information for vessels calling at KICTL are being received by PACCS and are being disseminated to PRAL/upcountry dry ports.

In the third phase PACCS accepted limited number of Goods Declaration for imports over the web. Gradually and systematically the scope of work was expanded and now all the Goods Declarations are filed over the Web in cases where the vessels berth at KICT. On an average, 150 Goods Declarations are filed. In the next phase the efforts are under way to cover exports for which EDI is being developed with the Terminal Operator. To cope with other dependencies like purchase of drug detection equipment, printers for

Cheques, compatibility of laws and procedures with the automated system etc are in the offing.

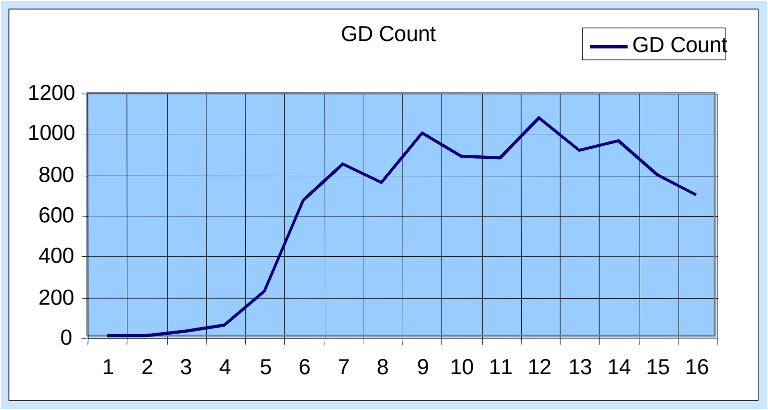
It is premature to look into the results being achieved as the system is in stabilization stage. However, a look into statistics is very encouraging. PACCS has achieved significant reduction in Customs Processing time, succeeded in elimination of contact between Customs staff and external stakeholder and enhanced efficiency of Customs staff. With the processing of Goods Declaration through an automated environment, at Model Collectorate of Customs, Customs Processing time, which used to be for many days, has been reduced to a few hours. The analysis confirms that the Model Collectorate of Customs clears approximately 12.7% consignments in less than one hour, 26% are cleared within one to two hours, 9.5% are cleared within two to four hours, and thus 48.1% consignments are cleared in less than 4 hours. The growth of Goods Declaration (GD) filing is also satisfactory. The number of Goods Declaration filed per month is given below:

| **Month** | **No of GDs Filed** |
|---|---|
| May | 83 |
| June | 2823 |
| July | 4474 |
| August | 4789 |

PACCS can be tailored to change the system workflow. New services may be added or removed from the system with ease. The flexible architecture facilitates incorporating any business rule changes easily. The workflow of the system can be revised for any future developments. PACCS is compliant with WTO, WCO, and GATT standards. This makes easy the interface to external systems, ease trade facilitation and enhance customs revenue.

PACCS maintains security and access control from any device, any time, anywhere. PACCS provides user authentication and identification to secure the Web sites. The most modern Firewalls and anti-virus software are used to bounce back unauthorized users and ward off hacking attacks. Intrusion Detection System has been installed to fail the attacks.

***GD Growth***




The CARE Team has adopted the staggered approach in launching different functionalities of the system. Now almost all areas relating to import Goods Declaration are operative to the entire satisfaction of Pakistan Customs. Export related function would be launched in September 2005. When the licensing arrangements are finalized with the software vendors, the system would be rolled out to other ports and customs stations. Tentatively the system will be rolled out to PICT in the next quarter. In the last quarter of the current year it will be replicated to Port Qasim and AFU Karachi. In a year and half's time entire Pakistan Customs administration will be working on a state of the art, automated, paperless, and web-enabled system.

# STATISTICAL APPENDIX

## Comparative Statements of

## Month-to-Month and Progressive

## Provision Collection of

## Federal Taxes 2004-05

## A L L   T A X E S

## TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 31,042 | 7,685 | 23,357 | 38,431 | 7,756 | 30,675 | 7,389 | 71 | 7,318 | 23.8% | 0.9% | 31.3% |
| AUGUST | M | 36,115 | 5,987 | 30,128 | 41,415 | 7,227 | 34,188 | 5,300 | 1,240 | 4,060 | 14.7% | 20.7% | 13.5% |
| | **P** | **67,157** | **13,672** | **53,485** | **79,846** | **14,983** | **64,863** | **12,689** | **1,311** | **11,378** | **18.9%** | **9.6%** | **21.3%** |
| SEPTEMBER | M | 45,814 | 5,237 | 40,577 | 68,460 | 7,614 | 60,846 | 22,646 | 2,377 | 20,269 | 49.4% | 45.4% | 50.0% |
| **1st Quarter** | | **112,971** | **18,909** | **94,062** | **148,306** | **22,597** | **125,709** | **35,335** | **3,688** | **31,647** | **31.3%** | **19.5%** | **33.6%** |
| OCTOBER | M | 47,856 | 5,868 | 41,988 | 48,025 | 7,103 | 40,922 | 169 | 1,235 | -1,066 | 0.4% | 21.0% | -2.5% |
| | **P** | **160,827** | **24,777** | **136,050** | **196,331** | **29,700** | **166,631** | **35,504** | **4,923** | **30,581** | **22.1%** | **19.9%** | **22.5%** |
| NOVEMBER | M | 39,751 | 5,996 | 33,755 | 46,436 | 7,946 | 38,490 | 6,685 | 1,950 | 4,735 | 16.8% | 32.5% | 14.0% |
| | **P** | **200,578** | **30,773** | **169,805** | **242,767** | **37,646** | **205,121** | **42,189** | **6,873** | **35,316** | **21.0%** | **22.3%** | **20.8%** |
| DECEMBER | M | 66,916 | 6,293 | 60,623 | 66,543 | 9,174 | 57,369 | -373 | 2,881 | -3,254 | -0.6% | 45.8% | -5.4% |
| **2nd Quarter** | | **154,523** | **18,157** | **136,366** | **161,004** | **24,223** | **136,781** | **6,481** | **6,066** | **415** | **4.2%** | **33.4%** | **0.3%** |
| **Upto 2nd Qtr** | | **267,494** | **37,066** | **230,428** | **309,310** | **46,820** | **262,490** | **41,816** | **9,754** | **32,062** | **15.6%** | **26.3%** | **13.9%** |
| JANUARY | M | 52,041 | 8,295 | 43,746 | 50,424 | 9,172 | 41,252 | -1,617 | 877 | -2,494 | -3.1% | 10.6% | -5.7% |
| | **P** | **319,535** | **45,361** | **274,174** | **359,734** | **55,992** | **303,742** | **40,199** | **10,631** | **29,568** | **12.6%** | **23.4%** | **10.8%** |
| FEBRUARY | M | 46,660 | 7,397 | 39,263 | 45,529 | 8,288 | 37,241 | -1,131 | 891 | -2,022 | -2.4% | 12.0% | -5.1% |
| | **P** | **366,195** | **52,758** | **313,437** | **405,263** | **64,280** | **340,983** | **39,068** | **11,522** | **27,546** | **10.7%** | **21.8%** | **8.8%** |
| MARCH | M | 48,658 | 8,700 | 39,958 | 71,572 | 11,284 | 60,288 | 22,914 | 2,584 | 20,330 | 47.1% | 29.7% | 50.9% |
| **3rd Quarter** | | **147,359** | **24,392** | **122,967** | **167,525** | **28,744** | **138,781** | **20,166** | **4,352** | **15,814** | **13.7%** | **17.8%** | **12.9%** |
| **Upto 3rd Qtr** | | **414,853** | **61,458** | **353,395** | **476,835** | **75,564** | **401,271** | **61,982** | **14,106** | **47,876** | **14.9%** | **23.0%** | **13.5%** |
| APRIL | M | 51,682 | 7,828 | 43,854 | 57,388 | 7,547 | 49,841 | 5,706 | -281 | 5,987 | 11.0% | -3.6% | 13.7% |
| | **P** | **466,535** | **69,286** | **397,249** | **534,223** | **83,111** | **451,112** | **67,688** | **13,825** | **53,863** | **14.5%** | **20.0%** | **13.6%** |
| MAY | M | 53,348 | 10,066 | 43,282 | 58,771 | 9,339 | 49,432 | 5,423 | -727 | 6,150 | 10.2% | -7.2% | 14.2% |
| | **P** | **519,883** | **79,352** | **440,531** | **592,994** | **92,450** | **500,544** | **73,111** | **13,098** | **60,013** | **14.1%** | **16.5%** | **13.6%** |
| JUNE | M | 88,072 | 7,760 | 80,312 | 97,938 | 7,397 | 90,541 | 9,866 | -363 | 10,229 | 11.2% | -4.7% | 12.7% |
| **4th Quarter** | | **193,102** | **25,654** | **167,448** | **214,097** | **24,283** | **189,814** | **20,995** | **-1,371** | **22,366** | **10.9%** | **-5.3%** | **13.4%** |
| **Upto 4th Qtr** | | **607,955** | **87,112** | **520,843** | **690,932** | **99,847** | **591,085** | **82,977** | **12,735** | **70,242** | **13.6%** | **14.6%** | **13.5%** |

Ref:WORK\Spl 2003-04

# DIRECT TAXES
## TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

- -

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 7,074 | 900 | 6,174 | 7,040 | 825 | 6,215 | -34 | -75 | 41 | -0.5% | -8.3% | 0.7% |
| AUGUST | M | 7,379 | 602 | 6,777 | 7,605 | 949 | 6,656 | 226 | 347 | -121 | 3.1% | 57.6% | -1.8% |
| | **P** | **14,453** | **1,502** | **12,951** | **14,645** | **1,774** | **12,871** | **192** | **272** | **-80** | **1.3%** | **18.1%** | **-0.6%** |
| SEPTEMBER | M | 12,927 | 300 | 12,627 | 30,362 | 1,499 | 28,863 | 17,435 | 1,199 | 16,236 | 134.9% | 399.7% | 128.6% |
| **1st Quarter** | | **27,380** | **1,802** | **25,578** | **45,007** | **3,273** | **41,734** | **17,627** | **1,471** | **16,156** | **64.4%** | **81.6%** | **63.2%** |
| OCTOBER | M | 13,458 | 1,158 | 12,300 | 8,575 | 1,821 | 6,754 | -4,883 | 663 | -5,546 | -36.3% | 57.3% | -45.1% |
| | **P** | **40,838** | **2,960** | **37,878** | **53,582** | **5,094** | **48,488** | **12,744** | **2,134** | **10,610** | **31.2%** | **72.1%** | **28.0%** |
| NOVEMBER | M | 9,850 | 1,350 | 8,500 | 9,672 | 2,296 | 7,376 | -178 | 946 | -1,124 | -1.8% | 70.1% | -13.2% |
| | **P** | **50,688** | **4,310** | **46,378** | **63,254** | **7,390** | **55,864** | **12,566** | **3,080** | **9,486** | **24.8%** | **71.5%** | **20.5%** |
| DECEMBER | M | 24,218 | 600 | 23,618 | 25,611 | 3,088 | 22,523 | 1,393 | 2,488 | -1,095 | 5.8% | 414.7% | -4.6% |
| **2nd Quarter** | | **47,526** | **3,108** | **44,418** | **43,858** | **7,205** | **36,653** | **-3,668** | **4,097** | **-7,765** | **-7.7%** | **131.8%** | **-17.5%** |
| **Upto 2nd Qtr** | | **74,906** | **4,910** | **69,996** | **88,865** | **10,478** | **78,387** | **13,959** | **5,568** | **8,391** | **18.6%** | **113.4%** | **12.0%** |
| JANUARY | M | 13,900 | 1,700 | 12,200 | 12,052 | 2,985 | 9,067 | -1,848 | 1,285 | -3,133 | -13.3% | 75.6% | -25.7% |
| | **P** | **88,806** | **6,610** | **82,196** | **100,917** | **13,463** | **87,454** | **12,111** | **6,853** | **5,258** | **13.6%** | **103.7%** | **6.4%** |
| FEBRUARY | M | 13,894 | 3,714 | 10,180 | 10,721 | 1,851 | 8,870 | -3,173 | -1,863 | -1,310 | -22.8% | -50.2% | -12.9% |
| | **P** | **102,700** | **10,324** | **92,376** | **111,638** | **15,314** | **96,324** | **8,938** | **4,990** | **3,948** | **8.7%** | **48.3%** | **4.3%** |
| MARCH | M | 13,291 | 1,248 | 12,043 | 27,630 | 4,481 | 23,149 | 14,339 | 3,233 | 11,106 | 107.9% | 259.1% | 92.2% |
| **3rd Quarter** | | **41,085** | **6,662** | **34,423** | **50,403** | **9,317** | **41,086** | **9,318** | **2,655** | **6,663** | **22.7%** | **39.9%** | **19.4%** |
| **Upto 3rd Qtr** | | **115,991** | **11,572** | **104,419** | **139,268** | **19,795** | **119,473** | **23,277** | **8,223** | **15,054** | **20.1%** | **71.1%** | **14.4%** |
| APRIL | M | 15,300 | 1,000 | 14,300 | 15,742 | 2,270 | 13,472 | 442 | 1,270 | -828 | 2.9% | 127.0% | -5.8% |
| | **P** | **131,291** | **12,572** | **118,719** | **155,010** | **22,065** | **132,945** | **23,719** | **9,493** | **14,226** | **18.1%** | **75.5%** | **12.0%** |
| MAY | M | 18,651 | 4,011 | 14,640 | 16,126 | 2,662 | 13,464 | -2,525 | -1,349 | -1,176 | -13.5% | -33.6% | -8.0% |
| | **P** | **149,942** | **16,583** | **133,359** | **171,136** | **24,727** | **146,409** | **21,194** | **8,144** | **13,050** | **14.1%** | **49.1%** | **9.8%** |
| JUNE | M | 35,879 | 4,159 | 31,720 | 41,085 | 4,395 | 36,690 | 5,206 | 236 | 4,970 | 14.5% | 5.7% | 15.7% |
| **4th Quarter** | | **69,830** | **9,170** | **60,660** | **72,953** | **9,327** | **63,626** | **3,123** | **157** | **2,966** | **4.5%** | **1.7%** | **4.9%** |
| **Upto 4th Qtr** | | **185,821** | **20,742** | **165,079** | **212,221** | **29,122** | **183,099** | **26,400** | **8,380** | **18,020** | **14.2%** | **40.4%** | **10.9%** |

Ref:WORK\Spl 2003-04

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

- -

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 23,968 | 6,785 | 17,183 | 31,391 | 6,931 | 24,460 | 7,423 | 146 | 7,277 | 31.0% | 2.2% | 42.3% |
| AUGUST | M | 28,736 | 5,385 | 23,351 | 33,810 | 6,278 | 27,532 | 5,074 | 893 | 4,181 | 17.7% | 16.6% | 17.9% |
| | **P** | **52,704** | **12,170** | **40,534** | **65,201** | **13,209** | **51,992** | **12,497** | **1,039** | **11,458** | **23.7%** | **8.5%** | **28.3%** |
| SEPTEMBER | M | 32,887 | 4,937 | 27,950 | 38,098 | 6,115 | 31,983 | 5,211 | 1,178 | 4,033 | 15.8% | 23.9% | 14.4% |
| **1st Quarter** | | **85,591** | **17,107** | **68,484** | **103,299** | **19,324** | **83,975** | **17,708** | **2,217** | **15,491** | **20.7%** | **13.0%** | **22.6%** |
| OCTOBER | M | 34,398 | 4,710 | 29,688 | 39,450 | 5,282 | 34,168 | 5,052 | 572 | 4,480 | 14.7% | 12.1% | 15.1% |
| | **P** | **119,989** | **21,817** | **98,172** | **142,749** | **24,606** | **118,143** | **22,760** | **2,789** | **19,971** | **19.0%** | **12.8%** | **20.3%** |
| NOVEMBER | M | 29,901 | 4,646 | 25,255 | 36,764 | 5,650 | 31,114 | 6,863 | 1,004 | 5,859 | 23.0% | 21.6% | 23.2% |
| | **P** | **149,890** | **26,463** | **123,427** | **179,513** | **30,256** | **149,257** | **29,623** | **3,793** | **25,830** | **19.8%** | **14.3%** | **20.9%** |
| DECEMBER | M | 42,698 | 5,693 | 37,005 | 40,932 | 6,086 | 34,846 | -1,766 | 393 | -2,159 | -4.1% | 6.9% | -5.8% |
| **2nd Quarter** | | **106,997** | **15,049** | **91,948** | **117,146** | **17,018** | **100,128** | **10,149** | **1,969** | **8,180** | **9.5%** | **13.1%** | **8.9%** |
| **Upto 2nd Qtr** | | **192,588** | **32,156** | **160,432** | **220,445** | **36,342** | **184,103** | **27,857** | **4,186** | **23,671** | **14.5%** | **13.0%** | **14.8%** |
| JANUARY | M | 38,141 | 6,595 | 31,546 | 38,372 | 6,187 | 32,185 | 231 | -408 | 639 | 0.6% | -6.2% | 2.0% |
| | **P** | **230,729** | **38,751** | **191,978** | **258,817** | **42,529** | **216,288** | **28,088** | **3,778** | **24,310** | **12.2%** | **9.7%** | **12.7%** |
| FEBRUARY | M | 32,766 | 3,683 | 29,083 | 34,808 | 6,437 | 28,371 | 2,042 | 2,754 | -712 | 6.2% | 74.8% | -2.4% |
| | **P** | **263,495** | **42,434** | **221,061** | **293,625** | **48,966** | **244,659** | **30,130** | **6,532** | **23,598** | **11.4%** | **15.4%** | **10.7%** |
| MARCH | M | 35,367 | 7,452 | 27,915 | 43,942 | 6,803 | 37,139 | 8,575 | -649 | 9,224 | 24.2% | -8.7% | 33.0% |
| **3rd Quarter** | | **106,274** | **17,730** | **88,544** | **117,122** | **19,427** | **97,695** | **10,848** | **1,697** | **9,151** | **10.2%** | **9.6%** | **10.3%** |
| **Upto 3rd Qtr** | | **298,862** | **49,886** | **248,976** | **337,567** | **55,769** | **281,798** | **38,705** | **5,883** | **32,822** | **13.0%** | **11.8%** | **13.2%** |
| APRIL | M | 36,382 | 6,828 | 29,554 | 41,646 | 5,277 | 36,369 | 5,264 | -1,551 | 6,815 | 14.5% | -22.7% | 23.1% |
| | **P** | **335,244** | **56,714** | **278,530** | **379,213** | **61,046** | **318,167** | **43,969** | **4,332** | **39,637** | **13.1%** | **7.6%** | **14.2%** |
| MAY | M | 34,697 | 6,055 | 28,642 | 42,645 | 6,677 | 35,968 | 7,948 | 622 | 7,326 | 22.9% | 10.3% | 25.6% |
| | **P** | **369,941** | **62,769** | **307,172** | **421,858** | **67,723** | **354,135** | **51,917** | **4,954** | **46,963** | **14.0%** | **7.9%** | **15.3%** |
| JUNE | M | 52,193 | 3,601 | 48,592 | 56,853 | 3,002 | 53,851 | 4,660 | -599 | 5,259 | 8.9% | -16.6% | 10.8% |
| **4th Quarter** | | **123,272** | **16,484** | **106,788** | **141,144** | **14,956** | **126,188** | **17,872** | **-1,528** | **19,400** | **14.5%** | **-9.3%** | **18.2%** |
| **Upto 4th Qtr** | | **422,134** | **66,370** | **355,764** | **478,711** | **70,725** | **407,986** | **56,577** | **4,355** | **52,222** | **13.4%** | **6.6%** | **14.7%** |

Ref:WORK\Spl 2003-04

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

- -

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 15,538 | 5,285 | 10,253 | 20,261 | 5,474 | 14,787 | 4,723 | 189 | 4,534 | 30.4% | 3.6% | 44.2% |
| AUGUST | M | 18,672 | 3,901 | 14,771 | 20,997 | 4,896 | 16,101 | 2,325 | 995 | 1,330 | 12.5% | 25.5% | 9.0% |
| | **P** | **34,210** | **9,186** | **25,024** | **41,258** | **10,370** | **30,888** | **7,048** | **1,184** | **5,864** | **20.6%** | **12.9%** | **23.4%** |
| SEPTEMBER | M | 20,412 | 3,839 | 16,573 | 24,255 | 4,793 | 19,462 | 3,843 | 954 | 2,889 | 18.8% | 24.9% | 17.4% |
| **1st Quarter** | | **54,622** | **13,025** | **41,597** | **65,513** | **15,163** | **50,350** | **10,891** | **2,138** | **8,753** | **19.9%** | **16.4%** | **21.0%** |
| OCTOBER | M | 22,390 | 3,497 | 18,893 | 23,842 | 4,127 | 19,715 | 1,452 | 630 | 822 | 6.5% | 18.0% | 4.4% |
| | **P** | **77,012** | **16,522** | **60,490** | **89,355** | **19,290** | **70,065** | **12,343** | **2,768** | **9,575** | **16.0%** | **16.8%** | **15.8%** |
| NOVEMBER | M | 20,240 | 3,584 | 16,656 | 23,855 | 4,536 | 19,319 | 3,615 | 952 | 2,663 | 17.9% | 26.6% | 16.0% |
| | **P** | **97,252** | **20,106** | **77,146** | **113,210** | **23,826** | **89,384** | **15,958** | **3,720** | **12,238** | **16.4%** | **18.5%** | **15.9%** |
| DECEMBER | M | 28,364 | 4,768 | 23,596 | 25,017 | 5,050 | 19,967 | -3,347 | 282 | -3,629 | -11.8% | 5.9% | -15.4% |
| **2nd Quarter** | | **70,994** | **11,849** | **59,145** | **72,714** | **13,713** | **59,001** | **1,720** | **1,864** | **-144** | **2.4%** | **15.7%** | **-0.2%** |
| **Upto 2nd Qtr** | | **125,616** | **24,874** | **100,742** | **138,227** | **28,876** | **109,351** | **12,611** | **4,002** | **8,609** | **10.0%** | **16.1%** | **8.5%** |
| JANUARY | M | 25,039 | 5,349 | 19,690 | 23,918 | 4,668 | 19,250 | -1,121 | -681 | -440 | -4.5% | -12.7% | -2.2% |
| | **P** | **150,655** | **30,223** | **120,432** | **162,145** | **33,544** | **128,601** | **11,490** | **3,321** | **8,169** | **7.6%** | **11.0%** | **6.8%** |
| FEBRUARY | M | 22,529 | 2,938 | 19,591 | 21,671 | 5,100 | 16,571 | -858 | 2,162 | -3,020 | -3.8% | 73.6% | -15.4% |
| | **P** | **173,184** | **33,161** | **140,023** | **183,816** | **38,644** | **145,172** | **10,632** | **5,483** | **5,149** | **6.1%** | **16.5%** | **3.7%** |
| MARCH | M | 21,942 | 6,277 | 15,665 | 25,513 | 5,306 | 20,207 | 3,571 | -971 | 4,542 | 16.3% | -15.5% | 29.0% |
| **3rd Quarter** | | **69,510** | **14,564** | **54,946** | **71,102** | **15,074** | **56,028** | **1,592** | **510** | **1,082** | **2.3%** | **3.5%** | **2.0%** |
| **Upto 3rd Qtr** | | **195,126** | **39,438** | **155,688** | **209,329** | **43,950** | **165,379** | **14,203** | **4,512** | **9,691** | **7.3%** | **11.4%** | **6.2%** |
| APRIL | M | 22,758 | 5,434 | 17,324 | 25,342 | 3,910 | 21,432 | 2,584 | -1,524 | 4,108 | 11.4% | -28.0% | 23.7% |
| | **P** | **217,884** | **44,872** | **173,012** | **234,671** | **47,860** | **186,811** | **16,787** | **2,988** | **13,799** | **7.7%** | **6.7%** | **8.0%** |
| MAY | M | 22,465 | 4,760 | 17,705 | 26,196 | 5,253 | 20,943 | 3,731 | 493 | 3,238 | 16.6% | 10.4% | 18.3% |
| | **P** | **240,349** | **49,632** | **190,717** | **260,867** | **53,113** | **207,754** | **20,518** | **3,481** | **17,037** | **8.5%** | **7.0%** | **8.9%** |
| JUNE | M | 31,040 | 2,590 | 28,450 | 34,038 | 1,808 | 32,230 | 2,998 | -782 | 3,780 | 9.7% | -30.2% | 13.3% |
| **4th Quarter** | | **76,263** | **12,784** | **63,479** | **85,576** | **10,971** | **74,605** | **9,313** | **-1,813** | **11,126** | **12.2%** | **-14.2%** | **17.5%** |
| **Upto 4th Qtr** | | **271,389** | **52,222** | **219,167** | **294,905** | **54,921** | **239,984** | **23,516** | **2,699** | **20,817** | **8.7%** | **5.2%** | **9.5%** |

Ref:WORK\Spl 2003-04

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

- -

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 8,226 | 34 | 8,192 | 10,617 | 3 | 10,614 | 2,391 | -31 | 2,422 | 29.1% | -91.2% | 29.6% |
| AUGUST | M | 9,604 | 7 | 9,597 | 11,273 | 1 | 11,272 | 1,669 | -6 | 1,675 | 17.4% | -85.7% | 17.5% |
| | **P** | **17,830** | **41** | **17,789** | **21,890** | **4** | **21,886** | **4,060** | **-37** | **4,097** | **22.8%** | **-90.2%** | **23.0%** |
| SEPTEMBER | M | 9,496 | 25 | 9,471 | 11,288 | 1 | 11,287 | 1,792 | -24 | 1,816 | 18.9% | -96.0% | 19.2% |
| **1st Quarter** | | **27,326** | **66** | **27,260** | **33,178** | **5** | **33,173** | **5,852** | **-61** | **5,913** | **21.4%** | **-92.4%** | **21.7%** |
| OCTOBER | M | 10,919 | 1 | 10,918 | 11,354 | 5 | 11,349 | 435 | 4 | 431 | 4.0% | 400.0% | 3.9% |
| | **P** | **38,245** | **67** | **38,178** | **44,532** | **10** | **44,522** | **6,287** | **-57** | **6,344** | **16.4%** | **-85.1%** | **16.6%** |
| NOVEMBER | M | 8,553 | 1 | 8,552 | 11,814 | 2 | 11,812 | 3,261 | 1 | 3,260 | 38.1% | 100.0% | 38.1% |
| | **P** | **46,798** | **68** | **46,730** | **56,346** | **12** | **56,334** | **9,548** | **-56** | **9,604** | **20.4%** | **-82.4%** | **20.6%** |
| DECEMBER | M | 12,412 | 15 | 12,397 | 13,007 | 2 | 13,005 | 595 | -13 | 608 | 4.8% | -86.7% | 4.9% |
| **2nd Quarter** | | **31,884** | **17** | **31,867** | **36,175** | **9** | **36,166** | **4,291** | **-8** | **4,299** | **13.5%** | **-47.1%** | **13.5%** |
| **Upto 2nd Qtr** | | **59,210** | **83** | **59,127** | **69,353** | **14** | **69,339** | **10,143** | **-69** | **10,212** | **17.1%** | **-83.1%** | **17.3%** |
| JANUARY | M | 11,762 | 3 | 11,759 | 11,574 | 1 | 11,573 | -188 | -2 | -186 | -1.6% | -66.7% | -1.6% |
| | **P** | **70,972** | **86** | **70,886** | **80,927** | **15** | **80,912** | **9,955** | **-71** | **10,026** | **14.0%** | **-82.6%** | **14.1%** |
| FEBRUARY | M | 9,263 | 1 | 9,262 | 11,080 | 25 | 11,055 | 1,817 | 24 | 1,793 | 19.6% | 2400.0% | 19.4% |
| | **P** | **80,235** | **87** | **80,148** | **92,007** | **40** | **91,967** | **11,772** | **-47** | **11,819** | **14.7%** | **-54.0%** | **14.7%** |
| MARCH | M | 11,242 | 8 | 11,234 | 14,028 | 2 | 14,026 | 2,786 | -6 | 2,792 | 24.8% | -75.0% | 24.9% |
| **3rd Quarter** | | **32,267** | **12** | **32,255** | **36,682** | **28** | **36,654** | **4,415** | **16** | **4,399** | **13.7%** | **133.3%** | **13.6%** |
| **Upto 3rd Qtr** | | **91,477** | **95** | **91,382** | **106,035** | **42** | **105,993** | **14,558** | **-53** | **14,611** | **15.9%** | **-55.8%** | **16.0%** |
| APRIL | M | 11,688 | 2 | 11,686 | 12,551 | 4 | 12,547 | 863 | 2 | 861 | 7.4% | 100.0% | 7.4% |
| | **P** | **103,165** | **97** | **103,068** | **118,586** | **46** | **118,540** | **15,421** | **-51** | **15,472** | **14.9%** | **-52.6%** | **15.0%** |
| MAY | M | 10,393 | 6 | 10,387 | 12,947 | 4 | 12,943 | 2,554 | -2 | 2,556 | 24.6% | -33.3% | 24.6% |
| | **P** | **113,558** | **103** | **113,455** | **131,533** | **50** | **131,483** | **17,975** | **-53** | **18,028** | **15.8%** | **-51.5%** | **15.9%** |
| JUNE | M | 12,444 | 24 | 12,420 | 13,775 | 5 | 13,770 | 1,331 | -19 | 1,350 | 10.7% | -79.2% | 10.9% |
| **4th Quarter** | | **34,525** | **32** | **34,493** | **39,273** | **13** | **39,260** | **4,748** | **-19** | **4,767** | **13.8%** | **-59.4%** | **13.8%** |
| **Upto 4th Qtr** | | **126,002** | **127** | **125,875** | **145,308** | **55** | **145,253** | **19,306** | **-72** | **19,378** | **15.3%** | **-56.7%** | **15.4%** |

Ref:WORK\Spl 2003-04

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

- -

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 7,312 | 5,251 | 2,061 | 9,644 | 5,471 | 4,173 | 2,332 | 220 | 2,112 | 31.9% | 4.2% | 102.5% |
| AUGUST | M | 9,068 | 3,894 | 5,174 | 9,724 | 4,895 | 4,829 | 656 | 1,001 | -345 | 7.2% | 25.7% | -6.7% |
| | **P** | **16,380** | **9,145** | **7,235** | **19,368** | **10,366** | **9,002** | **2,988** | **1,221** | **1,767** | **18.2%** | **13.4%** | **24.4%** |
| SEPTEMBER | M | 10,916 | 3,814 | 7,102 | 12,967 | 4,792 | 8,175 | 2,051 | 978 | 1,073 | 18.8% | 25.6% | 15.1% |
| **1st Quarter** | | **27,296** | **12,959** | **14,337** | **32,335** | **15,158** | **17,177** | **5,039** | **2,199** | **2,840** | **18.5%** | **17.0%** | **19.8%** |
| OCTOBER | M | 11,471 | 3,496 | 7,975 | 12,488 | 4,122 | 8,366 | 1,017 | 626 | 391 | 8.9% | 17.9% | 4.9% |
| | **P** | **38,767** | **16,455** | **22,312** | **44,823** | **19,280** | **25,543** | **6,056** | **2,825** | **3,231** | **15.6%** | **17.2%** | **14.5%** |
| NOVEMBER | M | 11,687 | 3,583 | 8,104 | 12,041 | 4,534 | 7,507 | 354 | 951 | -597 | 3.0% | 26.5% | -7.4% |
| | **P** | **50,454** | **20,038** | **30,416** | **56,864** | **23,814** | **33,050** | **6,410** | **3,776** | **2,634** | **12.7%** | **18.8%** | **8.7%** |
| DECEMBER | M | 15,952 | 4,753 | 11,199 | 12,010 | 5,048 | 6,962 | -3,942 | 295 | -4,237 | -24.7% | 6.2% | -37.8% |
| **2nd Quarter** | | **39,110** | **11,832** | **27,278** | **36,539** | **13,704** | **22,835** | **-2,571** | **1,872** | **-4,443** | **-6.6%** | **15.8%** | **-16.3%** |
| **Upto 2nd Qtr** | | **66,406** | **24,791** | **41,615** | **68,874** | **28,862** | **40,012** | **2,468** | **4,071** | **-1,603** | **3.7%** | **16.4%** | **-3.9%** |
| JANUARY | M | 13,277 | 5,346 | 7,931 | 12,344 | 4,667 | 7,677 | -933 | -679 | -254 | -7.0% | -12.7% | -3.2% |
| | **P** | **79,683** | **30,137** | **49,546** | **81,218** | **33,529** | **47,689** | **1,535** | **3,392** | **-1,857** | **1.9%** | **11.3%** | **-3.7%** |
| FEBRUARY | M | 13,266 | 2,937 | 10,329 | 10,591 | 5,075 | 5,516 | -2,675 | 2,138 | -4,813 | -20.2% | 72.8% | -46.6% |
| | **P** | **92,949** | **33,074** | **59,875** | **91,809** | **38,604** | **53,205** | **-1,140** | **5,530** | **-6,670** | **-1.2%** | **16.7%** | **-11.1%** |
| MARCH | M | 10,700 | 6,269 | 4,431 | 11,485 | 5,304 | 6,181 | 785 | -965 | 1,750 | 7.3% | -15.4% | 39.5% |
| **3rd Quarter** | | **37,243** | **14,552** | **22,691** | **34,420** | **15,046** | **19,374** | **-2,823** | **494** | **-3,317** | **-7.6%** | **3.4%** | **-14.6%** |
| **Upto 3rd Qtr** | | **103,649** | **39,343** | **64,306** | **103,294** | **43,908** | **59,386** | **-355** | **4,565** | **-4,920** | **-0.3%** | **11.6%** | **-7.7%** |
| APRIL | M | 11,070 | 5,432 | 5,638 | 12,791 | 3,906 | 8,885 | 1,721 | -1,526 | 3,247 | 15.5% | -28.1% | 57.6% |
| | **P** | **114,719** | **44,775** | **69,944** | **116,085** | **47,814** | **68,271** | **1,366** | **3,039** | **-1,673** | **1.2%** | **6.8%** | **-2.4%** |
| MAY | M | 12,072 | 4,754 | 7,318 | 13,249 | 5,249 | 8,000 | 1,177 | 495 | 682 | 9.7% | 10.4% | 9.3% |
| | **P** | **126,791** | **49,529** | **77,262** | **129,334** | **53,063** | **76,271** | **2,543** | **3,534** | **-991** | **2.0%** | **7.1%** | **-1.3%** |
| JUNE | M | 18,596 | 2,566 | 16,030 | 20,263 | 1,803 | 18,460 | 1,667 | -763 | 2,430 | 9.0% | -29.7% | 15.2% |
| **4th Quarter** | | **41,738** | **12,752** | **28,986** | **46,303** | **10,958** | **35,345** | **4,565** | **-1,794** | **6,359** | **10.9%** | **-14.1%** | **21.9%** |
| **Upto 4th Qtr** | | **145,387** | **52,095** | **93,292** | **149,597** | **54,866** | **94,731** | **4,210** | **2,771** | **1,439** | **2.9%** | **5.3%** | **1.5%** |

Ref:WORK\Spl 2003-04

## CENTRAL EXCISE
## TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

-                    -

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 1,998 | 1 | 1,997 | 3,129 | 1 | 3,128 | 1,131 | 0 | 1,131 | 56.6% | 0.0% | 56.6% |
| AUGUST | M | 3,206 | 0 | 3,206 | 3,855 | 0 | 3,855 | 649 | 0 | 649 | 20.2% | #DIV/0! | 20.2% |
| | **P** | **5,204** | **1** | **5,203** | **6,984** | **1** | **6,983** | **1,780** | **0** | **1,780** | **34.2%** | **0.0%** | **34.2%** |
| SEPTEMBER | M | 3,799 | 3 | 3,796 | 4,256 | 9 | 4,247 | 457 | 6 | 451 | 12.0% | 200.0% | 11.9% |
| **1st Quarter** | | **9,003** | **4** | **8,999** | **11,240** | **10** | **11,230** | **2,237** | **6** | **2,231** | **24.8%** | **150.0%** | **24.8%** |
| OCTOBER | M | 3,931 | 59 | 3,872 | 4,278 | 4 | 4,274 | 347 | -55 | 402 | 8.8% | -93.2% | 10.4% |
| | **P** | **12,934** | **63** | **12,871** | **15,518** | **14** | **15,504** | **2,584** | **-49** | **2,633** | **20.0%** | **-77.8%** | **20.5%** |
| NOVEMBER | M | 3,004 | 0 | 3,004 | 3,778 | 0 | 3,778 | 774 | 0 | 774 | 25.8% | #DIV/0! | 25.8% |
| | **P** | **15,938** | **63** | **15,875** | **19,296** | **14** | **19,282** | **3,358** | **-49** | **3,407** | **21.1%** | **-77.8%** | **21.5%** |
| DECEMBER | M | 3,557 | 1 | 3,556 | 4,276 | 0 | 4,276 | 719 | -1 | 720 | 20.2% | -100.0% | 20.2% |
| **2nd Quarter** | | **10,492** | **60** | **10,432** | **12,332** | **4** | **12,328** | **1,840** | **-56** | **1,896** | **17.5%** | **-93.3%** | **18.2%** |
| **Upto 2nd Qtr** | | **19,495** | **64** | **19,431** | **23,572** | **14** | **23,558** | **4,077** | **-50** | **4,127** | **20.9%** | **-78.1%** | **21.2%** |
| JANUARY | M | 3,627 | 0 | 3,627 | 4,223 | 2 | 4,221 | 596 | 2 | 594 | 16.4% | #DIV/0! | 16.4% |
| | **P** | **23,122** | **64** | **23,058** | **27,795** | **16** | **27,779** | **4,673** | **-48** | **4,721** | **20.2%** | **-75.0%** | **20.5%** |
| FEBRUARY | M | 3,217 | 5 | 3,212 | 3,752 | 15 | 3,737 | 535 | 10 | 525 | 16.6% | 200.0% | 16.3% |
| | **P** | **26,339** | **69** | **26,270** | **31,547** | **31** | **31,516** | **5,208** | **-38** | **5,246** | **19.8%** | **-55.1%** | **20.0%** |
| MARCH | M | 4,173 | 0 | 4,173 | 4,824 | 9 | 4,815 | 651 | 9 | 642 | 15.6% | #DIV/0! | 15.4% |
| **3rd Quarter** | | **11,017** | **5** | **11,012** | **12,799** | **26** | **12,773** | **1,782** | **21** | **1,761** | **16.2%** | **420.0%** | **16.0%** |
| **Upto 3rd Qtr** | | **30,512** | **69** | **30,443** | **36,371** | **40** | **36,331** | **5,859** | **-29** | **5,888** | **19.2%** | **-42.0%** | **19.3%** |
| APRIL | M | 4,853 | 0 | 4,853 | 5,276 | 0 | 5,276 | 423 | 0 | 423 | 8.7% | #DIV/0! | 8.7% |
| | **P** | **35,365** | **69** | **35,296** | **41,647** | **40** | **41,607** | **6,282** | **-29** | **6,311** | **17.8%** | **-42.0%** | **17.9%** |
| MAY | M | 4,335 | 1 | 4,334 | 5,450 | 5 | 5,445 | 1,115 | 4 | 1,111 | 25.7% | 400.0% | 25.6% |
| | **P** | **39,700** | **70** | **39,630** | **47,097** | **45** | **47,052** | **7,397** | **-25** | **7,422** | **18.6%** | **-35.7%** | **18.7%** |
| JUNE | M | 5,923 | 1 | 5,922 | 5,809 | 4 | 5,805 | -114 | 3 | -117 | -1.9% | 300.0% | -2.0% |
| **4th Quarter** | | **15,111** | **2** | **15,109** | **16,535** | **9** | **16,526** | **1,424** | **7** | **1,417** | **9.4%** | **350.0%** | **9.4%** |
| **Upto 4th Qtr** | | **45,623** | **71** | **45,552** | **52,906** | **49** | **52,857** | **7,283** | **-22** | **7,305** | **16.0%** | **-31.0%** | **16.0%** |

Ref:WORK\Spl 2003-04

# C U S T O M S

## TWO YEAR COMPARATIVE - MONTH TO MONTH & PROGRESSIVE COLLECTION

( Rs. In Million )

| MONTHS | | FY 2003-04 | | | FY 2004-05 | | | COMPARISON | | | COMPARISON AS % AGE | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET | GROSS | Reb / Ref | NET |
| 1 | | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| JULY | M | 6,432 | 1,499 | 4,933 | 8,001 | 1,456 | 6,545 | 1,569 | -43 | 1,612 | 24.4% | -2.9% | 32.7% |
| AUGUST | M | 6,858 | 1,484 | 5,374 | 8,958 | 1,382 | 7,576 | 2,100 | -102 | 2,202 | 30.6% | -6.9% | 41.0% |
| | **P** | **13,290** | **2,983** | **10,307** | **16,959** | **2,838** | **14,121** | **3,669** | **-145** | **3,814** | **27.6%** | **-4.9%** | **37.0%** |
| SEPTEMBER | M | 8,676 | 1,095 | 7,581 | 9,587 | 1,313 | 8,274 | 911 | 218 | 693 | 10.5% | 19.9% | 9.1% |
| **1st Quarter** | | **21,966** | **4,078** | **17,888** | **26,546** | **4,151** | **22,395** | **4,580** | **73** | **4,507** | **20.9%** | **1.8%** | **25.2%** |
| OCTOBER | M | 8,077 | 1,154 | 6,923 | 11,330 | 1,151 | 10,179 | 3,253 | -3 | 3,256 | 40.3% | -0.3% | 47.0% |
| | **P** | **30,043** | **5,232** | **24,811** | **37,876** | **5,302** | **32,574** | **7,833** | **70** | **7,763** | **26.1%** | **1.3%** | **31.3%** |
| NOVEMBER | M | 6,657 | 1,062 | 5,595 | 9,131 | 1,114 | 8,017 | 2,474 | 52 | 2,422 | 37.2% | 4.9% | 43.3% |
| | **P** | **36,700** | **6,294** | **30,406** | **47,007** | **6,416** | **40,591** | **10,307** | **122** | **10,185** | **28.1%** | **1.9%** | **33.5%** |
| DECEMBER | M | 10,777 | 924 | 9,853 | 11,639 | 1,036 | 10,603 | 862 | 112 | 750 | 8.0% | 12.1% | 7.6% |
| **2nd Quarter** | | **25,511** | **3,140** | **22,371** | **32,100** | **3,301** | **28,799** | **6,589** | **161** | **6,428** | **25.8%** | **5.1%** | **28.7%** |
| **Up to 2nd Qtr** | | **47,477** | **7,218** | **40,259** | **58,646** | **7,452** | **51,194** | **11,169** | **234** | **10,935** | **23.5%** | **3.2%** | **27.2%** |
| JANUARY | M | 9,475 | 1,246 | 8,229 | 10,231 | 1,517 | 8,714 | 756 | 271 | 485 | 8.0% | 21.7% | 5.9% |
| | **P** | **56,952** | **8,464** | **48,488** | **68,877** | **8,969** | **59,908** | **11,925** | **505** | **11,420** | **20.9%** | **6.0%** | **23.6%** |
| FEBRUARY | M | 7,020 | 740 | 6,280 | 9,385 | 1,322 | 8,063 | 2,365 | 582 | 1,783 | 33.7% | 78.6% | 28.4% |
| | **P** | **63,972** | **9,204** | **54,768** | **78,262** | **10,291** | **67,971** | **14,290** | **1,087** | **13,203** | **22.3%** | **11.8%** | **24.1%** |
| MARCH | M | 9,252 | 1,175 | 8,077 | 13,605 | 1,488 | 12,117 | 4,353 | 313 | 4,040 | 47.0% | 26.6% | 50.0% |
| **3rd Quarter** | | **25,747** | **3,161** | **22,586** | **33,221** | **4,327** | **28,894** | **7,474** | **1,166** | **6,308** | **29.0%** | **36.9%** | **27.9%** |
| **Upto 3rd Qtr** | | **73,224** | **10,379** | **62,845** | **91,867** | **11,779** | **80,088** | **18,643** | **1,400** | **17,243** | **25.5%** | **13.5%** | **27.4%** |
| APRIL | M | 8,771 | 1,394 | 7,377 | 11,028 | 1,367 | 9,661 | 2,257 | -27 | 2,284 | 25.7% | -1.9% | 31.0% |
| | **P** | **81,995** | **11,773** | **70,222** | **102,895** | **13,146** | **89,749** | **20,900** | **1,373** | **19,527** | **25.5%** | **11.7%** | **27.8%** |
| MAY | M | 7,897 | 1,294 | 6,603 | 10,999 | 1,419 | 9,580 | 3,102 | 125 | 2,977 | 39.3% | 9.7% | 45.1% |
| | **P** | **89,892** | **13,067** | **76,825** | **113,894** | **14,565** | **99,329** | **24,002** | **1,498** | **22,504** | **26.7%** | **11.5%** | **29.3%** |
| JUNE | M | 15,230 | 1,010 | 14,220 | 17,006 | 1,190 | 15,816 | 1,776 | 180 | 1,596 | 11.7% | 17.8% | 11.2% |
| **4th Quarter** | | **31,898** | **3,698** | **28,200** | **39,033** | **3,976** | **35,057** | **7,135** | **278** | **6,857** | **22.4%** | **7.5%** | **24.3%** |
| **Upto 4th Qtr** | | **105,122** | **14,077** | **91,045** | **130,900** | **15,755** | **115,145** | **25,778** | **1,678** | **24,100** | **24.5%** | **11.9%** | **26.5%** |