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A Review of Resource Mobilization Efforts of Federal Board of Revenue

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Foreword

The FY: 2008-09 was a difficult year for FBR, as the economy faced multi faceted challenges. However, with best efforts, FBR has been able to collect tax revenues of Rs. 1157 billion during the year 2008-09 yielding around 15% growth over the collection of Rs. 1008.1 billion during FY: 2007-08. This achievement is significant when factors like low growth in GDP, power crisis, higher inflation and compression of imports are considered.

The current issue of the FBR Quarterly Review provides an update on FBR revenue generating efforts. The in-depth analysis of data for the year 2008-09 provides an insight into various constituents of federal taxes. It also explains how the growth in tax yield is directly linked with the macro economic indicators of the economy.

The current publication includes an article on "Impact Evaluation: An Ex Post Analysis of Budgetary Measures FY: 08-09" and a "Statistical Appendix" showing month to month and progressive collection of federal taxes collected by FBR.

The efforts of the research team of Strategic Planning and Research & Statistics Wing are commendable in bringing out this issue of FBR Quarterly Revenue Review. Suggestions and comments for improvement of future FBR Quarterly Reviews will be highly appreciated.

(Sohail Ahmad)
Chairman, FBR

September, 2009

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Abbreviations

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

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FBR Tax Collection:
An Analysis of the FY: 08-09 Outturn[1]

The Economy

The economy of Pakistan has encountered a number of shocks during 2008-09 like rapidly declining foreign exchange, excessive depreciation of rupee, unprecedented rise in petroleum prices in the first half year and massive power shortage affecting the industrial sector. The GDP grew by only 2 percent well below the annual target of 4.5 percent. Moreover, poor performance exhibited by large scale manufacturing and construction has also been a source of concern. Both the sectors have shown a decline against the assigned targets. The slow down in economy together with lower level of imports have negatively affected the growth of the service sector through low growth in retail trade, and finance and banking.

On the other hand, inflation has posed serious threats to the economy and society at large during 2008-09. The country has enjoyed a low rate of inflation of about 3 percent between 2000-2001 and 2002-03. However, the inflation has started picking up since then and reached to almost 20 percent at the end of the fiscal year 2008-09, as against 10 percent in the corresponding period of last year. Pakistan is one of the handful countries that are still experiencing double digit inflation. Being a developing country Pakistan needs a low and stable inflation to persist over a sustained period in order to stay on a desirable growth path. With such a steep and sudden rise in domestic price level as witnessed during the year, the effects on consumers specially the low and fixed income groups in a society were severe while macroeconomic stability was also undermined

FBR Revenue Collection Relative to Target

The FY: 08-09 was a challenging year for the economy as a whole, event like global economic meltdown together with load shedding, soaring inflation and contraction in imports has seriously affected the economy. Therefore, almost all the macro economic targets fixed for FY: 2008-09 were missed. Since revenue realization is linked with macroeconomic framework, therefore the adverse impact on the economy has also disturbed revenue realization to a great extent during the year. FBR was assigned a challenging revenue target of Rs 1250 billion, requiring a growth of 24% over the collection of Rs. 1008.1 billion during FY: 07-08. Thus, the revenue target was revised downward to R.1179 billion with a reduction of Rs. 71 billion against the original target of Rs. 1250 billion. However, with best efforts FBR collected Rs.1157 billion (provisional) at the end of the fiscal year, which constitutes 98% of the target (Table 1).

[1] The analysis has been prepared by the research team of the Strategic Planning and Research & Statistics Wing of FBR.

Table 1: A Comparaison of Collection vis-à-vis
Original and Revised Targets 2008-09

(Rs. Billion)

Tax Heads	Original Targets	Revised Targets	Collection: 08-09	Difference from Revised Targets	
				Absolute	Percent
Direct Taxes	498.9	461.0	440.3	-20.7	-4.5
Sales Tax (GST)	469.9	457.0	452.3	-4.7	-1.0
Federal Excise	112.0	116.0	116.1	0.1	0.1
Customs Duties	169.2	145.0	148.4	3.4	2.3
All Taxes	1250.0	1179.0	1157.0	-22.0	-1.9

Note: Figures for FY: 2008-09 are provisional

Revenue Collection in FY: 08-09 Vis-à-Vis FY: 07-08

It is clear from Table 2 that the performance of FBR was broad based as all the taxes exhibited double digit growth during FY: 2008-09, except customs. Main reasons for decline was attributable to lowering of tariff rate of HSD from 10% to 7.5% w.e.f. 04.09.08, exemption of wheat causing a loss of Rs.5 billion in CD and decline in dutiable imports of automobile, and almost no growth in the dutiable imports of petroleum products. Interestingly, the sales tax has regained top position in the collection of federal taxes by dint of better performance from the domestic tax.

Table 2: A Comparison of Net Collection
in FY: 08-09 vis-à-vis FY: 07-08

(Rs Billion)

	Collection		Difference	
	FY: 08-09	FY: 07-08	Absolute	Percent
Direct Taxes	440.3	387.9	52.4	13.5
Sales Tax (GST)	452.3	377.4	74.9	19.8
Federal Excise	116.1	92.1	23.9	26.0
Customs Duties	148.4	150.7	-2.3	-1.5
All Taxes	1157.0	1008.1	148.9	14.8

Source: FBR Data Bank

Tax-wise Analysis

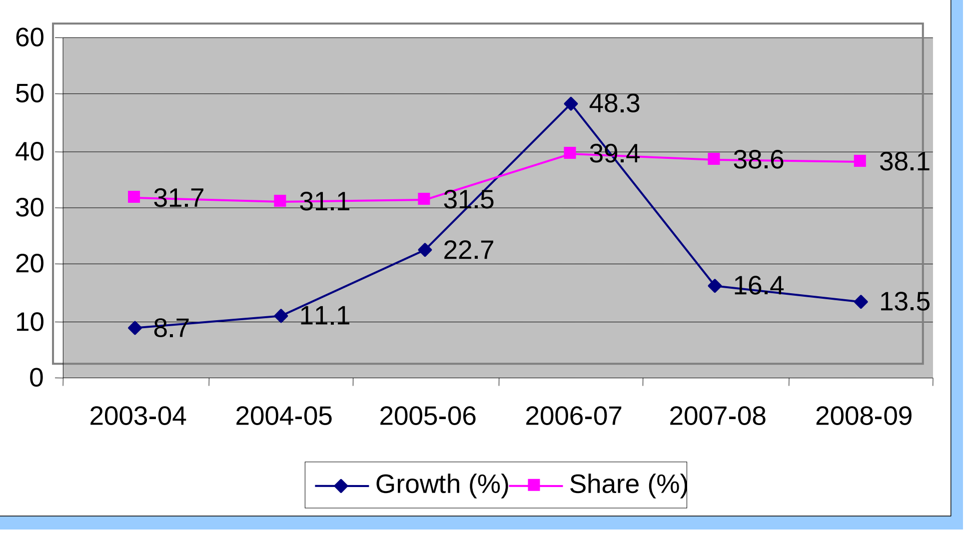
***Direct Taxes*:** The direct tax has contributed 38.1% in total tax receipts during FY: 08-09. The net collection has been Rs.440.3 billion during 2008-09 against the target of Rs. 461 billion. An amount of Rs. 38.8 billion refunds has been paid back to the claimants as against Rs. 25.8 billion during FY: 07-08.

If we look at the performance of direct taxes in a historical perspective, the improved tax effort and effective implementation of tax policy and administrative reforms has geared up the collection over the years. The share of direct taxes in total federal tax receipts has increased from around 15% in early 1990s to 32% in FY: 00-01. It has touched new heights of 39.4% in FY: 06-07, but slightly declined to 38.1% in FY: 08-09 (Graph 1).

Similarly, the growth pattern which was uneven but on the rise during the past few years, has also declined from 48.3% in FY: 06-07 to 13.5% in FY: 08-09. A number of reasons are there for this slowdown in revenue realization. Apart from general economic slowdown and load-shedding during the period under review, the major set back has been due to significant reduction in voluntary compliance. Advance payment has declined by 6.8% disturbing the entire pattern of the collection, while payment with returns has gained 57.4% growth reducing the deficit to a certain extent and the overall negative growth has ended up at 2.7% only.

The direct taxes which was a leading source of revenue during the last year, has lost its momentum and shifted to 2nd position during FY: 2008-09.

Graph 1: Historical performance of Direct Taxes



It may be recalled that the collection of direct taxes includes income tax and other direct taxes i.e. capital value tax, worker welfare fund and worker participatory fund. The contribution of income tax in total direct taxes has been 95.6%. Therefore, our main focus would be on the income tax in this analysis.

The structure of income tax is based on withholding taxes (WHT), voluntary payments (VP) and collection on demand (COD). The collection during FY: 08-09 shows that the share of WHT, VP and COD in gross collection has been 52.3%, 30.8% and 16.8% respectively. Details of these components of income tax are presented in Table 3.

Table 3: Head-wise Performance of Direct Taxes

(Rs. Million)

	2008-09	2007-08	Change (%)
Voluntary Payments	141,680	145,616	-2.7
Collection on Demand	77,166	42,779	80.4
Deductions at Source (WHT)	240,546	205,144	17.3
Miscellaneous	255	242	5.4
Gross income tax Receipts	459,647	393,782	16.7
Refunds	38,798	25,822	50.2
Other DT	19,422	19,902	-2.4
Net Direct Taxes	440,271	387,862	13.5

Source: FBR Data Bank

Analysis of Components of Income Tax

Voluntary Payments (VP): This component includes payments with return and advances. In net terms, Rs. 141.7 billion have been generated during FY: 08-09 as compared to Rs. 145.6 billion in the corresponding period last year, around 3% decline has been witnessed in collection from this important component. It may be recalled that the basic objective behind implementation of USAS was to minimize interface between the taxpayer and tax administration, repose confidence in the system and eliminate the element of corruption. No doubt, that the USAS has been successful since its implementation in achieving these objectives. Till FY: 06-07, VP had emerged as a leading source of revenue. However, since FY: 07-08 this important source of revenue is on the declining trend. A sum of Rs. 127.2 billion advance tax has been collected in FY: 08-09 against Rs. 136.4 billion in FY: 07-08, and consequently, its share in total VP has plunged to 89.8% from 93.7%. The second component of VP, is payment with returns which has grown significantly during the period under review. During FY: 08-09, Rs. 14.5 billion were collected against Rs. 9.2 billion in FY: 07-08, indicating a growth of 57.4% (Table 4). Since payment with returns contributes around 10% in total Voluntary payments, therefore, the growth has little impact on the overall voluntary payments.

Table 4: Collection of Income Tax by Voluntary Compliance

(Rs .Million)

	Collection 2008-09	Collection 2007-08	Change (%)
Voluntary Payments (A+B)	141,680	145,616	-2.7
A) With Returns	14,484	9,199	57.4
B) Advance Tax	127,196	136,417	-6.8

The possible reasons for the shortfall in the collection of income and corporate taxes are: (i) the advance tax scheme in vogue envisages 'Pay as you Earn', thereby reducing substantially tax payable with the returns; and (ii) Lesser collection of advance tax vis-à-vis anticipated growth owing to improper declarations by large taxpayers.

Income Tax Returns Analysis: The number of Income Tax Returns and statements received by the end of FY: 08-09 were 2,214,561, higher by 75,164 as compared to the corresponding period last year, indicating a growth of about 3.5%. There has been decrease in the number of returns by 12.4%, the statements have increased by 12.5% (Table 5). Likewise, the total tax received has increased sharply to Rs. 14.5 billion against Rs. 9.2 billion, thereby registering a substantial growth of 57.6%. The number of corporate returns has increased by 9.8% i.e. from 15,871 during FY: 08-09 to 17,430 in FY: 07-08, the collection with corporate returns has also increased from Rs. 5.3 billion to Rs. 6.6 billion. A similar outcome has been noticed for other categories of taxpayers including individuals, and AOPs. In respect of the statements, a rise of 12.5% has been witnessed in numbers; the collection has registered massive growth. The total amount paid with statement has been Rs 3.2 billion in FY: 2008-09 as against a meager amount of Rs 167 million during FY: 2007-08.

Table 5: Analysis of Returns/Statements

	2008-09	2007-08	Growth (%)
Returns			
Corporate	17,430	15,871	9.8
AOP	25,103	25,349	-1.0
Salary	126,453	103,086	22.7
Non-Salary	508,456	628,693	-19.1
Sub-total Returns	*677,442*	*772,999*	*-12.4*
Statements			
Salary Certificates	18,464	82,857	-77.7
Employers Statements	138,5303	116,9280	18.5
Employer/Employee Response	*140,3767*	*125,2137*	*12.1*
Importers	20,698	15,436	34.1
Exporters	9,679	10,225	-5.3
Retailers	47,044	36,394	29.3
Contractors/ Suppliers	37,908	32,168	17.8
Other	18,023	20,039	10.1
Sub-total Statements	153,7119	136,6398	12.5
Grand Total	**221,4561**	**213,9397**	**3.5**

Note: Figures for FY: 08-09 are provisional and subject to revision.

It clearly shows that the number of corporate returns filed during FY: 08-09 has registered a growth of 9.8 %. In order to analyze the potential of increasing the compliance of corporate sector, it is better to review the SECP data, which is depicted in Table 6. The given data not only reveals poor compliance of only 34% on part of the corporate taxpayers, but also leave a viable room for the department to broaden the tax base and improve collection by nabbing 33,552 corporate non- filers as registered with SECP.

Table 6: Comparison with the SECP data of registered corporate entities

	Nos
Corporate entities registered with SECP as on 30-06-2008	50,952
Corporate returns received as on 31-12-2008	17,430
% age of compliance	34%
Deficiency in compliance	33,552 66%

Source: Director MIS – SECP, Islamabad

By analyzing the returns received from the corporate sector during FY: 08-09, the data in Table 7 shows gloomy picture. Out of the total returns filed only 24% have declared income and 76% are without any contribution to the federal revenue. The trend in the corporate sector to declare income has registered a growth of 9.4%.

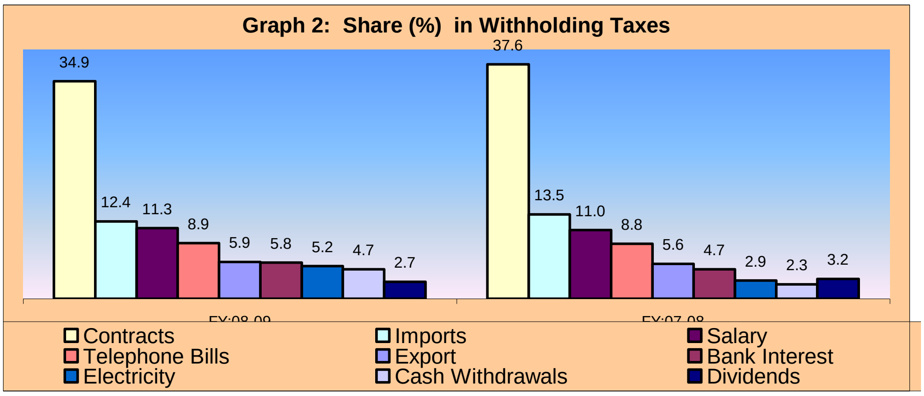
Table 7 - Analysis of Corporate returns data w.r.t Income, Loss or Nil

	2008-09	**2007-08**	**Growth %**
No of cases declared income	4,201 (24.1%)	3,841 (23.9%)	9.4
No of cases declared Loss	2,480 (14.2%)	2,625 (16.34%)	-5.5
No of cases declared NIL	10,749 (61.7%)	9,597 (59.7%)	12.0

As already mentioned, the change introduced in the tax system has certainly affected the collection but reduction in collection under VP appears to be on the higher side. It seems that, the USAS is on track as it has been functioning successfully for the past few years and yielded substantial revenue through it. However, the problem lies with audit which needs to be initiated for selected corporate cases. It is relevant to mention that the planning stage has been over; full implementation of audit program should not be delayed any further, especially when there is strong evidence of low voluntary compliance due to inadmissible claims. At the same time, it is also essential to have effective enforcement in place. Unfortunately, the enormous gap between corporations who have got NTN and those who file returns and nearly two thirds of the corporations declaring nil income and business losses within those who file returns are ‘known’ facts for quite some time. Now the process of re-organization of field formations has been completed, the processing of returns for raising demand in a professional manner should not be delayed any further. Here again, the audit teams will have to take the leadership role, which unfortunately remains a missing link in the entire equation.

Withholding Taxes (WHT): WHT continues to be the leading source of direct tax receipts in view of the large undocumented sector of the economy. However, despite its large contribution, there is ample scope to enhance this collection further. The

WHT collection during FY: 08-09 has been Rs. 240.5 billion against Rs. 205.1 billion during FY: 07-08, indicating a healthy growth of 17.3%. The nine major withholding taxes contributed around 93% of total WHT collection. These are: contracts, imports, salary, telephone, export, bank interest/securities, electricity, cash withdrawal and dividends. The share of each category is given in Graph 2.



On the other hand the highest growth in WHT collection has been from cash withdrawal (176.7%), electricity bill (115.8%), bank interest/securities (45.3%), export (24.9%), Salary (19.2%), telecommunication (19.7%) etc . The highest growth registered in collection from cash withdrawal is due to enhancement of WHT rate on cash withdrawal from 0.2% to 0.3% in 2008-09 (Table 8). Similarly, the reason of more than 100% growth in collection from electricity bills is the levy of 10% WHT on the electricity bills exceeding Rs 20,000 per month. Like wise, growth of 45.3% from bank interest/securities and 19.7% from telecommunication has been recorded. Rationalization of income tax rate for the salaried individuals and enhanced salary packages, especially in the private sector, has yielded higher revenue.

Table 8: Deductions at Source:
A Comparison of FY: 08-09 & FY: 07-08 Collection

(Rs .Million)

	2008-09	2007-08	Change (%)
Contracts	82,507	77,166	6.9
Imports	30,101	27,675	8.8
Salary	26,991	22,651	19.2
Exports	14,360	11,502	24.9
Telephone Bills	21,726	18,146	19.7
Bank Interest/Securities	14,072	9,682	45.3
Electricity Bills	12,722	5,894	115.8
Dividends	6,565	6,483	1.3
Cash Withdrawal	11,338	4,098	176.7
Sub-Total	*220,382*	*1837,297*	20.2
Other WHT	20,163	21,847	-7.7
Total WHT	**240,546**	**205,144**	**17.3**

Source: FBR Data Bank

Sales Tax: GST has again emerged as the top revenue generation source of the country. It constitutes 39.1% of the total collection of federal taxes. A growth of around 20% has been recorded in the net collection of sales tax. The collection of sales tax has two components i.e. sales tax on imports and sales tax on domestic sector. Due to better performance by the domestic sales tax, especially petroleum products during 2008-09, its share in total sales tax has improved from 48.1% to around 55% in 2008-09. On the other hand, slow down in imports during 2008-09 has vastly affected the collection of sales tax from imports. The tax collection of sales tax by components is presented in the Table 9

Table 9: Collection and Growth of GST: FY: 2008-09

(Rs. Billion)

Sources of GST	Collection/ Refunds			Growth (%)		
	Gross	Refund	Net	Gross	Refund	Net
Import Stage	203.3	0.06	203.3	3.7	-29.2	3.7
Domestic Stage	275.9	26.9	249.0	31.7	-4.1	37.3
GST (Total)	**479.2**	**26.9**	**452.2**	**18.2**	**-4.2**	**19.8**

Source: FBR Data Bank

Sales Tax Domestic Collection and Major Revenue Spinners: The collection of sales tax has been highly concentrated in some commodities. This is confirmed by the fact that only petroleum products and telecom sector contribute 63% of the total sales tax domestic. Major ten commodities contribute 89.3% of the total sales tax domestic sector. The major revenue spinners include Petroleum products, telecom services, natural gas, sugar, cigarettes, services, electrical energy, beverages, cement and tea (Table 10).

Table 10: Comparison of Sales Tax Domestic (Net) Collection by Major Commodity: FY: 08-09 & FY: 07-08

(Rs. Million)

Major Commodities	Collection 2008-09	Collection 2007-08	Growth Realized (%)	Share (%) 2008-09	Share (%) 2007-08
POL Products	106,812	57,160	86.9	42.9	31.5
Services by Telecom Sector	50,087	45,105	11.0	20.1	24.9
Natural Gas	18,799	13,219	42.2	7.5	7.3
Sugar	11,969	12,117	-1.2	4.8	6.7
Cigarettes	9,642	7,861	22.7	3.9	4.3
Electrical Energy	6,391	2,398	166.5	2.6	1.3
Services	6,357	6,193	2.6	2.6	3.4
Cement	4,506	3,578	25.9	1.8	2.0
Beverages	4,242	4,409	-3.8	1.7	2.4
Tea	3,671	2,879	27.5	1.5	1.6
Sub-Total	*222,476*	*154,919*	*43.6*	*89.3*	*85.4*
Others	26,554	26,477	0.3	10.7	14.6
Net Collection	**249,030**	**181,396**	**37.3**	**100.0**	**100.0**

Major chunk of the total collection of sales tax domestic has been shared by petroleum products. The collection of POL products exhibited massive growth of 87% in 2008-09. There are three major reasons for this higher growth. Firstly, input adjustment has declined from Rs. 155 billon to Rs.143 billion in petroleum products. Secondly, a saving of Rs. 2.3 billion in the payments of refunds pertaining to petroleum has been recorded during 2008-09 as compared to corresponding period last year. Moreover, 1% increase in the standard rate of sales tax during Budget 2008-09 has also impacted the collection of petroleum products.

The collection from sugar dropped by 1.2% mainly due to higher (21.4%) growth in input adjustment as compared to previous year. Moreover, 32.6% decline in the production of sugar during 2008-09 has also affected the collection from sugar. The collection from cigarettes has improved from Rs. 7.9 billion in 2007-08 to Rs. 9.6 billion in 2008-09 exhibiting 22.7% growth. This growth is achieved despite input adjustment has almost doubled in 2008-09. Moreover, production of cigarettes has increased by 12.1% during 2008-09

The telecom sector is the second top revenue generator of sales tax domestic. Its share has come down from 24.9% in 2007-08 to 20.1% during 2008-09. Main reason of the decline in share is the vibrant performance of petroleum products and sales tax rate increased from 16% to 21% for telecom sector. Similarly, the collection of telecom sector grew by only 11% which is extremely low when compared to the growth of couple of previous years. This performance is despite augmentation of its base by including all the telecommunication services in the Budget 2008-09.

Electrical energy has depicted a growth of 166.5% mainly due to 113.8% growth in the taxable sales during 2008-09 as compared to corresponding period last year. The collection from services excluding telecommunication has reflected only 2.6% growth. A growth of around 26% has been recorded in the collection of cement. The factors behind this growth have been 48.4% increase in the taxable sales and increased federal excise duty rates. A saving of Rs. 640 million in the refund payment has also added to increase the collection as compared to previous year. Like sugar, the collection of sales tax from beverages has also declined by 3.8%. The reason for this decrease is 33.3% growth in the input adjustment and low growth of 3.2% in the production of beverages. As far the collection from tea is concerned, 27.5% improvement in the collection has been recorded. The collection of sales tax domestic from natural gas has evinced 42.2% growth. This strong growth is attributable to 113.2% growth in the taxable sales of natural gas during 2008-09 against 2007-08. Moreover, a saving of Rs.3.9 billion in the payments of the refunds has also spurred the net collection to grow rapidly.

Sales Tax at Import Stage: Sales tax on import is an important source of collection of federal taxes. It has contributed 44.9%, 28.4% and 19.9% in sales tax, indirect taxes and total federal taxes respectively during 2008-09. The collection of sales tax has posted an increase of only 3.7% during 2008-09 mainly due to slow down in imports. The value of import during 2008-09 has exhibited only 8.5% growth. Another major factor which has brought about reduction in the collection was that crude oil was zero rated for sales tax purposes on 30th November, 2007.It implies that collection was being realized from import of crude oil before that date in the previous fiscal year and the zero rating was applicable right from the start of the FY: 2008-09. A huge loss of collection of sales tax on imports i.e. Rs. 17.5 billion has been recorded during 2008-09.

Like sales tax domestic, the receipts of sales tax on imports have also concentrated mainly in few sectors. Petroleum products alone contributed around 37.4% of overall collection of sales tax on imports. Similarly, ten major spinners including petroleum constituted 80.9% of the sales tax import.

Since petroleum is the major contributor of the sales tax on import, therefore, the collection of sales tax on import depends heavily on its growth in its collection. The collection of sales tax from this item posted a growth of only 2.4% mainly due to growth of 3.4% recorded in the import of petroleum products. As pointed out earlier, a loss of Rs.17 billion due to zero rating of crude oil has adversely affected the collection of sales tax on imports. Similarly, around 20% decline in the imports of automobile has resulted into 32% reduction in the collection of sales tax. Unlike customs duty, the collection of edible oils has improved by 15.4% due to 8.4% growth in import of edible oil in 2008-09. Since specific tariff rate are applicable to edible oil in customs duty against *advalorem* rates in sales tax, therefore, their collection is incomparable. Double digit growth has been recorded in the collection of sales tax import from iron and steel (CH:72) due to increase in imports.

On the other hand, the collection of sales tax has declined in electrical machinery (Ch:85) by 15.5%. The major reason behind this decline has been reduction in the imports of electrical transformers, lighting or signaling equipment, telephone equipment, electrical filaments or discharge lamps etc Similarly, despite increase in value of import by around 30%, the collection of mechanical machinery has come down by 7.7% (Table 11). The decline in the collection is attributable to lesser collection mainly from consumer items especially air conditioners due to reduction in imports.

Table 11: Collection of Sales Tax (Import) - Major Items

(Rs Million)

Description	Collection 2008-09	Collection 2007-08	Realized Growth (%)	Share (%)	Share (%)
POL Products (27)	76,081	74,266	2.4	37.4	37.9
Edible Oil (15)	17,824	15,440	15.4	8.8	7.9
Plastic (39)	16,606	14,627	13.5	8.2	7.5
Vehicles and Parts (87)	10,736	13,538	-20.7	5.3	6.9
Iron and Steel (72)	15,117	11,573	30.6	7.4	5.9
Mechanical Machinery (84)	6,813	7,383	-7.7	3.4	3.8
Electrical Machinery (85)	5,883	6,964	-15.5	2.9	3.6
Organic Chemicals (29)	5,917	5,313	11.4	2.9	2.7
Paper & P. Board (48)	5,829	4,835	20.6	2.9	2.5
Oil seeds etc (12)	3,763	3,783	-0.5	1.9	1.9
Sub Total	16,4569	157,722	4.3	80.9	80.4
Other	38,758	38,401	0.9	19.1	19.6
Gross	203,327	196,123	3.7	100	100
Refund/Rebate	63	89	-29.2		
Net	203,264	196,034	3.7		

Source: FBR Data Bank

Customs Duty:

The customs duty is an important source of collection of federal taxes. The collection of other taxes on imports like sales tax imports, WHT & FED, also depends on the collection of customs duty because it is a component of their bases. During 2008-09, the customs duty contributed 12.8% of the federal taxes and 32.8% of indirect taxes. The collection of customs duty surpassed the revised target of Rs.145 billion by collecting Rs. 148.4 billion. On the other hand, the net collection of customs duty has reduced from Rs. 150.7 billion in 2007-08 to Rs. 148.4 billion during 2008-09 yielding negative growth of 1.5%. The reasons for this reduction are exemption of wheat from customs duty, decline in the international petroleum prices especially HSD in the second half of 2008-09 and overall slow down in the imports. It is evident from Table 12 that the collection of custom duty grew in the first two quarter due to increased in imports and dutiable imports. The unpredicted increase in the price of petroleum products in the first four months of 2008-09 has been a major factor. On the other hand, negative growth in second half is attributable to lower petroleum prices and substantial reduction in the import of some of the major items.

Table 12: Quarterly Comparison of Customs Duty Indicators: FY: 08-09 & FY: 07-08

(Rs. Million)

	FY: 08-09	FY: 07-08	Growth	FY: 08-09	FY: 07-08	Growth
	Value of Imports			***Value of Dutiable Imports***		
Q1	801,932	487,666	64.4	369,416	237,476	55.6
Q2	664,451	542,316	22.5	323,723	267,846	20.9
Q3	557,624	689,168	-19.1	286,869	355,661	-19.3
Q4	701,580	793,853	-11.6	357,621	442,712	-15.4
Total	2,725,587	2,513,003	8.5	1337,629	1,283,696	4.2
	Gross Customs Duties			***Net Customs Duties***		
Q1	41,543	31,579	31.6	38,163	28,976	31.7
Q2	36,392	35,863	1.5	34,597	32,668	5.9
Q3	34,402	43,776	-21.4	32,631	40,234	-18.9
Q4	43,692	51,853	-15.7	42,991	48,785	-11.9
Total	156,029	163,071	-4.3	148,382	150,663	-1.5

Source: FBR Data Bank

Performance of Major Revenue Spinners of Customs: Major part of the receipts of customs duty has been contributed by 15 major revenue spinners/commodity groups. The collection of these fifteen leading commodities (Chapters) is highlighted in Table 13. Around 3/4th of the collection has been fetched from these items during 2008-09. Apart from collection, these items shared 74.1% of the total imports and 84.7% of the dutiable imports.

Petroleum is the top revenue generation source of customs duty by contributing 12.7% of the collection of customs duty during 2008-09 against 14.7% during 2007-08. The collection of petroleum products (CH: 27) has reflected a negative growth of 19.4% during 2008-09. This is mainly due to almost nil growth in the dutiable imports and reduction of tariff rate of HSD from 10% to 7.5% in 2008-09 has vastly impacted the collection.

Automobile is the second revenue spinner of customs which constituted 11.3% of the customs duty during 2008-09. Like previous year, the collection of has reduced significantly by 32% due to around 20% and 25% drop in the total imports and dutiable imports respectively.

As far as edible oils are concerned, a reduction of 0.5% in the collection of customs duty was recorded in 2008-09 as compared to FY: 2007-08. This decline is not matched with 8.4% and 2.6% growth recorded in total imports and dutiable imports respectively. Since edible oils are subject to specific duty rates, therefore any fluctuation in the import does not affect its collection of CD. In fact, palm oil is the major contributor of customs duty in the edible oil category (CH:15). There has been 9% and 1% decline in the imported quantity of crude palm oil and palm olien respectively during 2008-09. Resultantly, the collection from edible oils has dropped.

The collection of mechanical machinery (CH:84) has evinced 18.6% improvement mainly due to 29.5% growth in the dutiable imports during 2008-09. Major increase in customs duty was noticed in mechanical appliances, laboratory equipment, centrifuges, valves etc due to significant growth in the imports of these items. On the other hand, the receipts of customs duty have decreased in case of iron and steel (CH: 72) by 1.7% against 0.9% decline in the dutiable imports. The remaining items have exhibited significant growth in the customs duty.

Table 13: Collection of Customs Duties during 2008-09

(Rs. Million)

Description	Collection 2008-09	Collection 2007-08	Realized Growth (%)	Share (%) During 2008-09	Share (%) During 2007-08
1. POL Products (27)	19,369	24,032	-19.4	12.4	14.7
2.Vehicles and Parts (87)	17,554	25,810	-32.0	11.3	15.8
3.Edible Oil (15)	17,134	17,213	-0.5	11.0	10.6
4.Mechanical Machinery (84)	13,794	11,634	18.6	8.8	7.1
5.Electrical Machinery (85)	13,334	13,568	-1.7	8.5	8.3
6.Iron and Steel (72)	7,887	6,198	27.2	5.1	3.8
7.Plastic (39)	6,784	6,379	6.4	4.3	3.9
8.Paper & P. Board (48)	5,120	4,390	16.6	3.3	2.7
9.Organic Chemicals (29)	3,743	3,586	4.4	2.4	2.2
10.Articles of Iron & Steel (73)	2,899	2,438	18.9	1.9	1.5
11.Dyes and Paints(32)	2,238	2,005	11.6	1.4	1.2
12.Coffee, Tea, and Spices (9)	2,193	1,860	17.9	1.4	1.1
13. Misc Chemicals Products (38))	2,190	1,714	27.8	1.4	1.1
14. Cosmetic and Perfumery(33)	2,162	1,319	63.9	1.4	0.8
15. Soap and Artificial Waxes(34)	2,046	1,720	19.0	1.3	1.1
Sub Total	118,447	123,866	-4.4	75.9	76.0
Other	37,582	39,206	-4.2	24.1	24.0
Gross	156,029	163,071	-4.3	100.0	100.0
Refund/Rebate	7,647	12,408	-38.4		
Net	148,382	150,663	-1.5		

Source: FBR Data Bank

Federal Excise Duties (FED): Among all the taxes, the collection of federal excise has manifested the highest growth of 26% during 2008-09 as compared to the previous year. Moreover, revised target of Rs.116 billion was also achieved. The collection of Rs.116.1 billion was realized as FED against 92.1 billion collected in the FY: 2007-08 (Table 14).

Table 14: Overall FED Collection during 2008-09

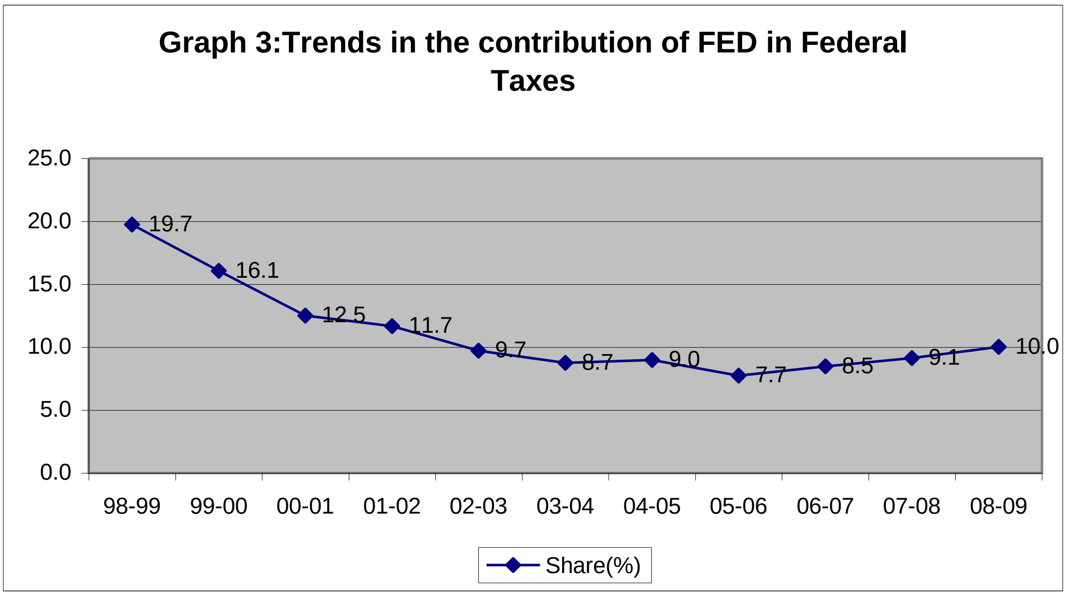
(Rs. Million)

Months/Quarters	Collection		Achievement	
			Absolute	Percent
	FY: 08-09	FY: 07-08	Abs	%
Quarter-1	25,461	15,876	9,585	60.4
Quarter-2	28,097	23,645	4,452	18.8
Quarter-3	27,442	22,278	5,164	23.2
Quarter-4	35,055	30,338	4,717	15.5
Overall	**116,055**	**92,137**	**23,918**	**26.0**

Source: FBR Data Bank

It is encouraging that collection of FED in all the four quarter has achieved double digit growth. The massive growth in the first quarter was due to revision of dates of submission of returns for FY: 2007-08, there was nil collection during July, 2007. This is evident from more than 100% growth in collection recorded in July, 2008 against July, 2007.

Historically, the share of FED in total federal taxes was declining from FY: 98-99 till FY: 05-06 from 19.7% to 7.7% respectively. It has been observed that the federal excise duty has started to grow its share in overall tax collection in the last three years (Graph 3). An effort has been made, in few years, to improve the collection of FED from services either to increase the FED rate or bringing more services into its fold. The collection of services has increased enormously.



Analysis of Major Commodities of FED

Apart from traditional major revenue spinners, it is encouraging that services sector has emerged as third revenue spinner of FED. Only six major items contributed around 80% of the collection during 2008-09.

Among major items, cigarette has been the top most revenue generator with around 31.8% share in FED collection, followed by cement (15.2%), services (15.1%), beverages (9.1%), natural gas (5.3%) and POL products (3.6%). In absolute terms, Rs. 92.8 billion were collected from major six items (Table 15).

Table 15: FED Collection from Major Commodities FY: 08-09 and FY: 07-08

(Rs. Million)

Commodities	FY 08-09	FY 07-08	Difference		Share(%) 08-09	Share(%) FY 07-08
			Absolute	Percent		
Cigarettes	36,860	28,538	8,322	29.2	31.8	31.0
Cement	17,618	15,094	2,524	16.7	15.2	16.4
Services	17,485	12,418	5,067	40.8	15.1	13.5
Beverages	10,587	7,241	3,346	46.2	9.1	7.9
Natural Gas	61,04	5,866	238	4.1	5.3	6.4
POL Products	41,21	3,181	940	29.6	3.6	3.5
Sub Total	92,775	72,338	20,437	28.3	79.9	78.5
Other	23,280	19,799	3,481	17.6	20.1	21.5
Total	**116,055**	**92,137**	**23,918**	**26.0**	**100.0**	**100**

Source: FBR Data Bank

The data reveals that all the items have exhibited double digit growth in the collection of FED except natural gas. Moreover, robust growth of 29.2% in the collection of federal excise duty from cigarettes is partially attributable to 12% rise in the production of cigarettes. On the other hand, the collection from cement has yielded growth of 16.7% due to increased rate of duty on cement in the Budget 2008-09. Around 41% growth in the receipts from services is mainly due to upward revision of FED rates of banking services and insurance services. Accordingly, growth in the collection from insurance and banking services grew by 77.2% and 125.4% respectively during 2008-09. Moreover, international air travel has also improved its collection by 22.6% in 2008-09 against 2007-08.

1% Special Excise Duty (SED)

An amount of Rs. 14.2 billion has been realized as special excise duty during 2008-09 reflecting a growth of around 30% as compared to previous year collection of Rs 10.9 billion. Details of SED on domestic and imports are spotlighted in Table 16.

Table 16: Collection from 1 % SED during 2008-09

(Rs. Billion)

1% SED Domestic	2008-09	2007-08	Growth (%)
SED Domestic	6.2	4.0	55.0
SED Imports	8.0	6.9	15.9
Total	**14.2**	**10.9**	**30.3**

Source: FBR Data Bank

Projections for FY: 2008-09

Foreseeing that the economy will improve and major taxes will display some buoyancy, the budgetary target for FY: 09-10 has been set at Rs. 1,380 billion, requiring an increase of 19.3% over the provisional collection of Rs. 1,157 billion of FY: 09-09 (Table 17). Furthermore, the projections for FY: 08-09 also include the impact of budgetary and relief measures announced at the time of Federal Budget.

Table 17: A Comparison of Baseline Collection and Projections

(Rs Billion)

	Provisional Collection FY: 08-09	Projections FY: 09-10	Addition	Growth (%)
Direct Taxes	440.3	565.6	125.3	28.5
Sales Tax	452.3	499.4	47.1	10.4
Federal Excise	116.1	152.8	36.7	31.6
Customs Duties	148.4	162.2	13.8	9.3
All Taxes	1,157.0	1,380.0	222.9	19.3

Source: FBR Data Bank

The projections for FY: 2009-10 will result into following tax mix of federal taxes: direct taxes 41.0%, sales tax 36.2%, federal excise duty 11.1% and customs duty 11.8%.

Conclusion:

The FBR revenue target for the FY: 2008-09 was fixed at Rs. 1,250 billion which was higher by 24.1% over the collection of FY: 2007-08. The target was subsequently revised twice; first upwards from Rs. 1250 billion to Rs. 1360 billion and then downwards to Rs. 1179 billion. The earlier enhancement in target was done in the wake of promising growth witnessed in the first quarter (July-September, 08). However, due to the global economic meltdown and resultant adverse effects on Pakistan's economy, the target was again revised, this time downwards, to Rs. 1179 billion. Even this target appeared to be ambitious in view of continued shrinkages in imports and negative growth in domestic large-scale manufacturing sector. However, with best efforts FBR collected Rs 1157 billion at the end of the year 2008-09. The tax/GDP ratio ended with lowest level of 8.8 percent, lower by 1 percent as compared to last year. The declining tax/GDP ratio to this extent is alarming situation for the country.

FBR way forward should be to enhance Tax to GDP ratio to 12-14% during the next five years, for which number of additional "Tax Policy" and Administrative reforms initiatives need to be undertaken which include;

- Phasing out duty/tax exemptions and concessions to help broadening the tax-base and make the system equitable for the taxpayers;
- Conversion of GST into full VAT-mode, by removing aberration and bringing such sectors as "Services" and "Retail trade" under the tax net. These measure are expected to enlarge the tax-club;
- Integration of the management of domestic taxes together with strengthening of the enforcement and audits. FBR administration on functional-lines will further assist in improving efficiency of the tax machinery as well as taxpayers' facilitation; and
- Prevention of revenue leakages through automation and re- engineering of the existing business process (BMR) is expected to bring new tax-culture in the country.

II

Impact Evaluation: An *Ex Post* Analysis of Budgetary Measures of FY: 08-09

BY **Mir Ahmad Khan**[2]

Introduction

A number of budgetary measures, pertaining to all the federal taxes, have been announced during the Budget FY: 08-09. The main focus of these measures was to improve tax revenues through withdrawal of exemptions, increasing sales tax rates, discourage the import of non-essential items and rationalization of tax rates. Moreover, budgetary measures were also aimed to further support the government in bringing down the cost of doing business in the country to boost investment. An investment tax was introduced to augment further investment in the country. Moreover, some relief measures were also announced in the Budget 2008-09.

The core purpose of this article is to undertake an *ex post* analysis of the budgetary measures announced in the Budget 2008-09 in the light of *ex ante* projections. The *ex-post* analysis of tax-wise budgetary measures is expected to be helpful in evaluating the accuracy of the estimates of the measures. The projected impacts of the budgetary measures are taken into account while allocating targets to different taxes in the Budget every year.

Tax-Wise *Ex-Post* Analysis of Budgetary Measures 2008-09

The tax-wise impact evaluation of some of the important measures have been carried out and presented in the followings.

Direct Taxes

I) Upward Revision of Withholding Tax Rates for Cash Withdrawals from Banks: An adjustable withholding tax @0.1% on cash withdrawal exceeding Rs.25,000 was introduced through Finance Act, 2005 to encourage documentation and raising collection of withholding taxes. Later on, withholding tax rate were revised upward from 0.1% to 0.2% during Budget FY: 06-07. Moreover, the limit of 25,000 rupees per transaction was also changed to per day basis.

In the Budget FY:08-09, the withholding tax rate, once again, has increased to 0.3%

[2] The author is second secretary, Strategic Planning and Research & Statistics Wing of FBR..

but still remains adjustable. The collection of withholding tax from cash withdrawals has improved remarkably by 176.7% by collecting Rs.11.3 billion during FY:08-09 against only Rs.4.1 billion in FY:07-08. Thus, a huge additional sum of Rs.7.2 billion was realized against a small target of Rs.2.5 billion during FY:08-09.

II) Introduction of Investment Tax[3]*:* A time bound investment tax @2% on the fair market value (as on 30.06.2008) was introduced to encourage investment in business and industry. In response to this, the taxpayers have shown remarkable warmth which is evident from 23,413 declarants of investment tax paying around Rs.2.8 billion against projection of only Rs.2 billion.

III) Rationalization of Withholding Tax Rates on Imports: Under section 148, the withholding tax @5% was levied before Budget FY:08-09 with tax so deducted was final tax in case of commercial importers. On the other hand, withholding tax@1% was applicable to the manufacturers for their imports of raw materials and capital goods for their own use. There was a chance of misuse of the facility provided to the manufacturers as they use to sell the imported goods in open market instead of using by their own.

The whole system of withholding tax on import was reviewed and uniform rate of 2% was levied in the Budget 2008-09 for both commercial importers and manufacturers. The reduced rates of some of the other items have also been converted to 2% like cement, coal, sugar, wheat, raw wheat and phosphoric fertilizer. However, reduced rate of 1% has been retained like gold, silver, mobile telephones and items covered under sales tax zero rating regime.

An amount of Rs.2.4 billion as additional was recorded in the collection of withholding tax on imports due to this measure against a target of Rs.5 billion.

IV) Uniform Rates for Telephone Landlines: During 2007-08, the prevailing rate structure of withholding tax for telephone including cellular phone has been highlighted in Table 1

[3] See Circular No. 3 , 7 and 8 of 2008 available at the FBR Website(www.fbr.gov.pk)

Table 1 : WHT Rate Structure During 2007-08

SNO.	Descriptio		Tax Rate
1.	Telephone Subscribers other than mobile where Monthly bill		
	i)	Exceeds Rs. 1000 but does not exceed Rs. 2000	Rs. 50
	ii)	Exceeds Rs. 2000 but does not exceed Rs. 3000	Rs.100
	iii)	Exceeds Rs. 3000 but does not exceed Rs. 5000	Rs.200
	iv)	Exceeds Rs. 5000	Rs.300
2.	Subscribers of mobile phones or prepaid telephone cards		10% of the amount of bill or sale price of pre-paid telephone cards

Withholding tax rates on landline telephones were reviewed in the Budget FY:08-09 and a uniform rate of 10% was introduced for landlines where amount of the bills exceed Rs.1,000 rupees. The collection of Rs.1.2 billion was realized during FY: 08-09, only Rs.376 million higher as compared to previous year. The projection of additional collection of one billion rupees from withholding tax on landline telephones has not been achieved.

V) Rationalization of Withholding Tax Rates on Electricity: In the Budget 2008-09, the electricity bill exceeding Rs. 20,000 per month have been subjected to adjustable withholding tax@10% in respect of all commercial and industrial consumers. However, exporter-cum-manufacturers in five export oriented sectors were allowed not to pay this tax on electricity bills.

The collection of withholding tax has jumped from Rs.5.9 billion in 2007-08 to Rs. 12.7 billion reflecting an increase of Rs. 6.8 billion surpassing projection of Rs.6.5 billion.

VI) Rationalization of Withholding Tax Rates on Property: Gross rental income from property was chargeable to tax at a fixed rate of 5%. This rate was resulting hardship for the small taxpayers while higher income brackets were taxed at a low rate. In order to bring progressivity, withholding tax rates of 5%, 10% and 15% were levied on different slabs with exemption limit of Rs.150, 000 rupees per annum in the Budget 2008-09.

A target of Rs.1.2 billion was projected at the time of Budget FY: 08-09 which has been accomplished. However, a growth of 24.1% was achieved in the collection from property when compared to previous year collection.

VII) Revision of Corporate Tax Rates of Small Companies: Small Company is one that has paid up capital not exceeding Rs.25 million, employees not exceeding 250 and annual turnover not exceeding Rs.250 million. Prior to June 30, 2008, a small company was not required to deduct tax on payments made on sale of goods, services rendered and execution of contracts under clause (b) of sub section 9 in section 153. Small company has been made liable to withhold tax like all other corporate taxpayers during Budget 2008-09.

Income of a small company was chargeable to tax @ 20% against general rate of 35% applicable to other companies till 2007-08. In order to facilitate growth of a small company if the turnover exceeds Rs.250 million, the income attributable to turnover exceeding the said limit shall be charged to tax at progressive slab rates i.e. 25%, 30% and 35% still retaining its status of a small company. The new corporate rates for small companies are highlighted in Table 2:

Table 2: Revised Rates for Small Companies for 2008-09

SNO.	Threshold	Share (%)
1.	Taxable income attributable to turnover upto Rs.250 million.	20% plus tax on
2.	Taxable income attributable to turnover exceeding Rs.250 million but does not exceed Rs.350 million	25% plus tax on
3.	Taxable income attributable to turnover exceeding Rs.350 million but does not exeed Rs.500 million Plus	30% plus tax on
4.	Taxable income attributable to Turnover exceeding Rs.500 million.	35% plus tax on

The collection from small companies has gone up from Rs.1.6 billion in 2007-08 to Rs. 3.6 billion during FY: 08-09.

Sales Tax and Federal Excise

I) Upward Revision of FED Rates on Insurance, Banking Services and Franchise Services: During 2007-08, a lower FED rate of only 5% was applicable to insurance, banking services and franchise services. On the other hand, all the services in FED VAT mode were subject to higher tax rates.

In order to improve collection from these services, FED@10% was announced for these three services in the Budget FY: 08-09. Around Rs. 2.9 billion has been collected as additional collection in FY: 08-09 as against target of Rs. 4 billion. Table 3 depicts that robust growths were recorded in the collection of insurance and banking services while collection of franchise services has declined. The outcome of increased rates for these three services is highlighted in Table 3.

Table 3: Impact of Increase in FED Tax Rates of Some Services from 5% to 10%

(Rs Million)

Sales Tax Rates	Ex-Ante Projection	2008-09	2007-08	Increase (Absolute)	Increase (%)
Insurance	-	2,961	1,671	1,290	77.2
Banking Services	-	3,007	1,334	1,673	125.4
Franchise Services	-	241	282	-41	-14.5
Total	4,000	6,209	3,287	2,922	88.9

II) Upward Revision of the FED Rate from Rs.750 Per Metric Ton on Account of Indexation for Inflation: For the last many years, cement was subject to Rs.750 per metric ton. In order to cover the inflation, the rate was enhanced to Rs.900 per metric ton in the Budget 08-09. The collection of FED from cement during FY: 08-09 recorded a significant growth of 16.7% by collecting Rs.17.6 billion against Rs. 15.1 billion FY: 07-08. This additional collection of Rs.2.5 billion has been realized during FY: 08-09. On the other hand, the production of cement during 2008-09 has exhibited only 6.1 per cent growth against double digit growths in the last two years. Similarly, the value of import of cement (PCT 25.03) has been more than doubled during 2008-09. Since the volume of import of cement is quite small, therefore, it has insignificant impact on overall total value of import.

III) Increase in the Rate of Sales Tax from 15% to 21% and Extension of Base of Telecommunication Services: All the the telecommunication services were under sales tax net during 2007-08 except internet services, international incoming call, international leased lines or bandwidth services used by software exporting firms. With advancement of telecommunication, it was difficult to keep abreast of all the emerging services. In the Budget 2008-09, it was decided to extend sales tax to all the telecommunication services. Moreover, a higher rate of 21% was also announced in the Budget 2008-09 to generate additional revenues.

Despite these measures, the collection from telecommunication services could not grow at a desired pace. The telecom sector has reflected only 11% growth in the collection during 2008-09 against robust growths achieved in 2006-07 and 2007-08. The collection of sales tax from telecommunication has increased from Rs. 45.1 billion in 2007-08 to Rs. 50.1 billion during 2008-09. Hence, an increase of Rs.5 billion was recorded against projection of Rs 7 billion during 2008-09. Apart from rate increase in sales tax, imposition of customs duty on the import of cellular phones in the Budget 2008-09 which has badly impacted the import of mobile phones during the fiscal year.

IV) Exemption of Fertilizer and Pesticides from Sales Tax: In order to boost agro-based economy, the availability of fertilizers and pesticides are essential. With this purpose, fertilizer and pesticide have been exempted from sales tax in the Budget 2008-09. A loss of Rs 3.3 billion (Rs.1.5 billion at domestic and Rs. 1.8 billion at the import stage) was recorded in fertilizers. On the other hand, the loss due to exemption of pesticides on supply and imports has been Rs. 0.8 million. Thus, overall loss recorded has been Rs.4.1 billion against projection of a loss of Rs. 6 billion. Besides revenue impact, around 40% growth has also been recorded in the value of import of pesticides during 2008-09. On the other hand, surprisingly, despite exemption from sales tax, overall decline of 13.7% was recorded in the import of fertilizer during 2008-09.

V) Introduction of FED on Motor Cars: FED@ 5% was introduced in the Budget 2008-09 to generate additional revenues both at import and locally manufactured motor cars with engine capacity exceeding 850cc. According to the details, major part of the collection of FED i.e. Rs. 2.2 billion has been contributed by the domestic automobile sector whereas Rs.0.4 billion has been realized at import stage. A combined collection of Rs.2.6 billion has been fetched due to this measure. This collection remained short from a projection of Rs.3 billion. The shortfall is mainly due to lower imports of motor cars and slows down in the economy.

VI) Increase in the Rate of Sales Tax by 1%: In order to generate tax revenues at faster rate, the rate of sales tax has been increased by 1% on import and domestic. As far as sales tax on import is concerned, an impact of Rs. 6 billion was estimated as additional collection in 2008-09. On the other hand, the collection of around Rs. 15 billion was estimated in sales tax domestic as impact of sales tax rate increase of 1% in 2008-09. However, combined impact of around Rs.21 billion was less than projection of Rs.26 billion.

Customs Duties

The analysis of some of the measures related to customs duty is highlighted in the following:

I) Introduction of Customs Duty on the Import of Mobile Phones:
Cellular phones were zero rated in custom tariff and similarly, exempted from customs duty for many years. Moreover, a reduced rate of withholding tax @1% was levied on imports of mobile phones. This has spurred the massive import of mobile phones in the recent years. The availability of mobile phones at a cheaper rate has contributed in the boom of the telecom sector.
A customs duty of Rs.500/set was levied in the Budget 2008-09. Later on in August, a regulatory duty of Rs.250/set was also levied. This measure has vastly reduced the import of mobiles by 71.8% and, on the other hand, an additional collection of Rs.954

million was realized as customs duty. On the other hand, a target of Rs.5 billion as customs duty was allotted to the import of mobile telephones. A shortfall of around Rs. 4 billion has been recorded in the collection of customs duties from cellular mobile phones. Since mobile phones were subject to @1% withholding tax, therefore, reduction in the imports has also resulted a decrease of Rs.341 million in the withholding taxes. Thus, overall impact of this measure from import of mobile has been an additional collection of Rs.613 million during 2008-*09*.

II) The Increase in Customs Duty on the Import of Non-Essential Items: A lot of non essential items were being reported putting pressure on the foreign exchange resources despite their substitutes locally available. These more than 300 items were subjected to customs duty @15%, 20% and 25%. These items were mostly in use of upper class of the society. In this regard, customs duty was raised on these items from 15%, 20% and 25% to 30% and 35% in the Budget 2008-09. Moreover, regulatory duty on higher rates was also imposed on almost all of these items in August, 2008 as well. The total import and dutiable imports of these items have come down by 18.1% and 21.1% respectively while customs duty has increased by 34% or around Rs. 2.1 billion. Thus, the projection of Rs.2 billion was exceeded.

Conclusion

An amount of Rs. 74 billion was projected from budgetary tax measures (excluding administrative measures of Rs. 15 billion) at the time of Budget 2008-09. The tax-wise break-up of this amount was Rs.38 billion from sales tax and federal excise, Rs. 26.7 billion from direct taxes and Rs. 6.4 billion from customs. Out of total revenue measures, the selected measures were Rs 61 billion for analysis. These measures were quite productive as an additional collection of Rs.50.6 billion exclusive of natural growth has been realized.

The analysis reveals that *ex ante* estimates of direct taxes were comparatively more accurate than indirect taxes. The rationalization of tax rates of direct taxes has paid dividend especially cash withdrawals and electricity. As far as federal excise duty and sales tax are concerned, the target was missed due to lower yield from telecommunication and other sectors and services in FED on account of upward revision of rates. On the other hand, a huge projection of Rs. 5 billion was envisaged by bringing the import of mobile phones in the fold of customs duty which remained on higher side.

This analysis reveals that additional budgetary measures if carefully culled can vastly raise the revenues. On the other hand, upward revision in tax rates requires more cautions as it can also hurt the business activity.

III

STATISTICAL APPENDIX

COMPARATIVE STATEMENTS OF

MONTH-TO-MONTH AND PROGRESSIVE

COLLECTION OF

FEDERAL TAXES 2008 – 09

All Taxes

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		FY 2008-09			2007-08			Difference (In Absolute)			Difference (In %)		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	79,315	6,852	72,463	55,869	4,928	50,941	23,446	1,924	21,522	42.0	39.0	42.2
AUGUST	M	84,255	5,440	78,815	63,040	2,901	60,139	21,215	2,539	18,676	33.7	87.5	31.1
	P	163,570	12,292	151,278	118,909	7,829	111,080	44,661	4,463	40,198	37.6	57.0	36.2
SEPTEMBER	M	115,815	5,002	110,813	100,662	6,606	94,056	15,153	-1,604	16,757	15.1	-24.3	17.8
1st Quarter		**279,385**	**17,294**	**262,091**	**219,571**	**14,435**	**205,136**	**59,814**	**2,859**	**56,955**	**27.2**	**19.8**	**27.8**
OCTOBER	M	95,776	3,594	92,182	69,798	3,410	66,388	25,978	184	25,794	37.2	5.4	38.9
	P	**375,161**	**20,888**	**354,273**	**289,369**	**17,845**	**271,524**	**85,792**	**3,043**	**82,749**	**29.6**	**17.1**	**30.5**
NOVEMBER	M	82,219	7,410	74,809	73,412	4,869	68,543	8,807	2,541	6,266	12.0	52.2	9.1
	P	**457,380**	**28,298**	**429,082**	**362,781**	**22,714**	**340,067**	**94,599**	**5,584**	**89,015**	**26.1**	**24.6**	**26.2**
DECEMBER	M	131,690	6,938	124,752	106,630	11,621	95,009	25,060	-4,683	29,743	23.5	-40.3	31.3
2nd Quarter		**309,685**	**17,942**	**291,743**	**249,840**	**19,900**	**229,940**	**59,845**	**-1,958**	**61,803**	**24.0**	**-9.8**	**26.9**
Upto 2nd Qtr		589,070	35,236	553,834	469,411	34,335	435,076	119,659	901	118,758	25.5	2.6	27.3
JANUARY	**M**	**86,109**	**9,480**	**76,629**	**85,205**	**7,663**	**77,542**	**904**	**1,817**	**-913**	**1.1**	**23.7**	**-1.2**
	P	**675,179**	**44,716**	**630,463**	**554,616**	**41,998**	**512,618**	**120,563**	**2,718**	**117,845**	**21.7**	**6.5**	**23.0**
FEBRUARY	M	83,873	6,349	77,524	75,867	3,101	72,766	8,006	3,248	4,758	10.6	104.7	6.5
	P	**759,052**	**51,065**	**707,987**	**630,483**	**45,099**	**585,384**	**128,569**	**5,966**	**122,603**	**20.4**	**13.2**	**20.9**
MARCH	M	111,918	4,795	107,123	99,973	5,428	94,545	11,945	-633	12,578	11.9	-11.7	13.3
3rd Quarter		**281,900**	**20,624**	**261,276**	**261,045**	**16,192**	**244,853**	**20,855**	**4,432**	**16,423**	**8.0**	**27.4**	**6.7**
Upto 3rd Qtr		**870,970**	**55,860**	**815,110**	**730,456**	**50,527**	**679,929**	**140,514**	**5,333**	**135,181**	**19.2**	**10.6**	**19.9**
APRIL	**M**	**93,591**	**7,767**	**85,824**	**88,982**	**5,319**	**83,663**	**4,609**	**2,448**	**2,161**	**5.2**	**46.0**	**2.6**
	P	**964,561**	**63,627**	**900,934**	**819,438**	**55,846**	**763,592**	**145,123**	**7,781**	**137,342**	**17.7**	**13.9**	**18.0**
MAY	M	101,644	6,774	94,870	96,530	3,919	92,611	5,114	2,855	2,259	5.3	72.9	2.4
	P	**1,066,205**	**70,401**	**995,804**	**915,968**	**59,765**	**856,203**	**150,237**	**10,636**	**139,601**	**16.4**	**17.8**	**16.3**
JUNE	M	164,312	3,114	161,198	**158,567**	6,678	**151,889**	**5,745**	-3,564	**9,309**	3.6	-53.4	6.1
4th Quarter		**359,547**	**17,655**	**341,892**	**344,079**	**15,916**	**328,163**	**15,468**	**1,739**	**13,729**	**4.5**	**10.9**	**4.2**
Upto 4th Qtr		**1,230,517**	**73,515**	**1,157,002**	**1,074,535**	**66,443**	**1,008,092**	**155,982**	**7,072**	**148,910**	**14.5**	**10.6**	**14.8**

Direct Taxes

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		FY 2008-09			2007-08			Difference (In Absolute)			Difference (In %)		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	20,741	2,272	18,469	15,197	1,087	14,110	5,544	1,185	4,359	36.5	109.0	30.9
AUGUST	M	23,921	1,767	22,154	15,401	394	15,007	8,520	1,373	7,147	55.3	348.5	47.6
	P	**44,662**	**4,039**	**40,623**	**30,598**	**1,481**	**29,117**	**14,064**	**2,558**	**11,506**	**46.0**	**172.7**	**39.5**
SEPTEMBER	M	49,417	1,805	47,612	51,106	2,691	48,415	-1,689	-886	-803	-3.3	-32.9	-1.7
1st Quarter		**94,079**	**5,844**	**88,235**	**81,704**	**4,172**	**77,532**	**12,375**	**1,672**	**10,703**	**15.1**	**40.1**	**13.8**
OCTOBER	**M**	**27,025**	**1,452**	**25,573**	**17,625**	**464**	**17,161**	**9,400**	**988**	**8,412**	**53.3**	**212.9**	**49.0**
	P	**121,104**	**7,296**	**113,808**	**99,329**	**4,636**	**94,693**	**21,775**	**2,660**	**19,115**	**21.9**	**57.4**	**20.2**
NOVEMBER	M	26,838	3,918	22,920	20,219	1,499	18,720	6,619	2,419	4,200	32.7	161.4	22.4
	P	**147,942**	**11,214**	**136,728**	**119,548**	**6,135**	**113,413**	**28,394**	**5,079**	**23,315**	**23.8**	**82.8**	**20.6**
DECEMBER	M	78,671	5,063	73,608	58,479	7,297	51,182	20,192	-2,234	22,426	34.5	-30.6	43.8
2nd Quarter		**132,534**	**10,433**	**122,101**	**96,323**	**9,260**	**87,063**	**36,211**	**1,173**	**35,038**	**37.6**	**12.7**	**40.2**
Upto 2nd Qtr		**226,613**	**16,277**	**210,336**	**178,027**	**13,432**	**164,595**	**48,586**	**2,845**	**45,741**	**27.3**	**21.2**	**27.8**
JANUARY	M	32,202	7,203	24,999	31,116	4,045	27,071	1,086	3,158	-2,072	3.5	78.1	-7.7
	P	**258,815**	**23,480**	**235,335**	**209,143**	**17,477**	**191,666**	**49,672**	**6,003**	**43,669**	**23.8**	**34.3**	**22.8**
FEBRUARY	M	27,244	3,595	23,649	25,587	569	25,018	1,657	3,026	-1,369	6.5	531.8	-5.5
	P	**286,059**	**27,075**	**258,984**	**234,730**	**18,046**	**216,684**	**51,329**	**9,029**	**42,300**	**21.9**	**50.0**	**19.5**
MARCH	M	50,997	2,401	48,596	43,140	2,185	40,955	7,857	216	7,641	18.2	9.9	18.7
3rd Quarter		**110,443**	**13,199**	**97,244**	**99,843**	**6,799**	**93,044**	**10,600**	**6,400**	**4,200**	**10.6**	**94.1**	**4.5**
Upto 3rd Qtr		**337,056**	**29,476**	**307,580**	**277,870**	**20,231**	**257,639**	**59,186**	**9,245**	**49,941**	**21.3**	**45.7**	**19.4**
APRIL	M	30,079	4,718	25,361	28,254	1,339	26,915	1,825	3,379	-1,554	6.5	252.4	-5.8
	P	**367,135**	**34,194**	**332,941**	**306,124**	**21,570**	**284,554**	**61,011**	**12,624**	**48,387**	**19.9**	**58.5**	**17.0**
MAY	M	34,203	1,886	32,317	29,502	1,291	28,211	4,701	595	4,106	15.9	46.1	14.6
	P	**401,338**	**36,080**	**365,258**	**335,626**	**22,861**	**312,765**	**65,712**	**13,219**	**52,493**	**19.6**	**57.8**	**16.8**

JUNE	M	77,731	2,718	75,013	78,060	2,963	75,097	-329	-245	-84	-0.4	-8.3	-0.1
4th Quarter		**142,013**	**9,322**	**132,691**	**135,816**	**5,593**	**130,223**	**6,197**	**3,729**	**2,468**	**4.6**	**66.7**	**1.9**
Upto 4th Qtr		**479,069**	**38,798**	**440,271**	**413,686**	**25,824**	**387,862**	**65,383**	**12,974**	**52,409**	**15.8**	**50.2**	**13.5**

Indirect Taxes

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		**FY 2008-09**			**2007-08**			**Difference(In Absolute)**			**Difference(In %)**		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	58,572	4,578	53,994	40,672	3,841	36,831	17,900	737	17,163	44.0	19.2	46.6
AUGUST	M	60,334	3,673	56,661	47,639	2,507	45,132	12,695	1,166	11,529	26.6	46.5	25.5
	P	**118,906**	**8,251**	**110,655**	**88,311**	**6,348**	**81,963**	**30,595**	**1,903**	**28,692**	**34.6**	**30.0**	**35.0**
SEPTEMBER	M	66,398	3,197	63,201	49,556	3,915	45,641	16,842	-718	17,560	34.0	-18.3	38.5
1st Quarter		**185,304**	**11,448**	**173,856**	**137,867**	**10,263**	**127,604**	**47,437**	**1,185**	**46,252**	**34.4**	**11.5**	**36.2**
OCTOBER	M	68,751	2,142	66,609	52,173	2,946	49,227	16,578	-804	17,382	31.8	-27.3	35.3
	P	**254,055**	**13,590**	**240,465**	**190,040**	**13,209**	**176,831**	**64,015**	**381**	**63,634**	**33.7**	**2.9**	**36.0**
NOVEMBER	M	55,381	3,492	51,889	53,193	3,370	49,823	2,188	122	2,066	4.1	3.6	4.1
	P	**309,436**	**17,082**	**292,354**	**243,233**	**16,579**	**226,654**	**66,203**	**503**	**65,700**	**27.2**	**3.0**	**29.0**
DECEMBER	M	53,019	1,875	51,144	48,151	4,324	43,827	4,868	-2,449	7,317	10.1	-56.6	16.7
2nd Quarter		**177,151**	**7,509**	**169,642**	**153,517**	**10,640**	**142,877**	**23,634**	**-3,131**	**26,765**	**15.4**	**-29.4**	**18.7**
Upto 2nd Qtr		**362,455**	**18,957**	**343,498**	**291,384**	**20,903**	**270,481**	**71,071**	**-1,946**	**73,017**	**24.4**	**-9.3**	**27.0**
JANUARY	M	53,908	2,278	51,630	54,089	3,618	50,471	-181	-1,340	1,159	-0.3	-37.0	2.3
	P	**416,363**	**21,235**	**395,128**	**345,473**	**24,521**	**320,952**	**70,890**	**-3,286**	**74,176**	**20.5**	**-13.4**	**23.1**
FEBRUARY	M	56,629	2,754	53,875	50,280	2,532	47,748	6,349	222	6,127	12.6	8.8	12.8
	P	**472,992**	**23,989**	**449,003**	**395,753**	**27,053**	**368,700**	**77,239**	**-3,064**	**80,303**	**19.5**	**-11.3**	**21.8**
MARCH	M	60,921	2,394	58,527	56,833	3,243	53,590	4,088	-849	4,937	7.2	-26.2	9.2
3rd Quarter		**171,458**	**7,426**	**164,032**	**161,202**	**9,393**	**151,809**	**10,256**	**-1,967**	**12,223**	**6.4**	**-20.9**	**8.1**
Upto 3rd Qtr		**533,913**	**26,383**	**507,530**	**452,586**	**30,296**	**422,290**	**81,327**	**-3,913**	**85,240**	**18.0**	**-12.9**	**20.2**
APRIL	M	63,513	3,050	60,463	60,728	3,980	56,748	2,785	-930	3,715	4.6	-23.4	6.5
	P	**597,426**	**29,433**	**567,993**	**513,314**	**34,276**	**479,038**	**84,112**	**-4,843**	**88,955**	**16.4**	**-14.1**	**18.6**
MAY	M	67,441	4,888	62,553	**67,028**	2,628	**64,400**	**413**	2,260	**-1,847**	0.6	86.0	-2.9
	P	**664,867**	**34,321**	**630,546**	**580,342**	**36,904**	**543,438**	**84,525**	**-2,583**	**87,108**	**14.6**	**-7.0**	**16.0**

JUNE	M	86,581	396	86,185	80,507	3,715	76,792	6,074	-3,319	9,393	7.5	-89.3	12.2
4th Quarter		**217,535**	**8,334**	**209,201**	**208,263**	**10,323**	**197,940**	**9,272**	**-1,989**	**11,261**	**4.5**	**-19.3**	**5.7**
Upto 4th Qtr		**751,448**	**34,717**	**716,731**	**660,849**	**40,619**	**620,230**	**90,599**	**-5,902**	**96,501**	**13.7**	**-14.5**	**15.6**

Total Sales Tax

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		FY 2008-09			2007-08			Difference (Absolute)			Difference (%)		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	36,868	3,397	33,471	29,188	2,954	26,234	7,680	443	7,237	26.3	15.0	27.6
AUGUST	M	38,975	2,351	36,624	30,537	1,690	28,847	8,438	661	7,777	27.6	39.1	27.0
	P	**75,843**	**5,748**	**70,095**	**59,725**	**4,644**	**55,081**	**16,118**	**1,104**	**15,014**	**27.0**	**23.8**	**27.3**
SEPTEMBER	M	42,457	2,320	40,137	30,679	3,008	27,671	11,778	-688	12,466	38.4	-22.9	45.1
1st Quarter		**118,300**	**8,068**	**110,232**	**90,404**	**7,652**	**82,752**	**27,896**	**416**	**27,480**	**30.9**	**5.4**	**33.2**
OCTOBER	M	44,045	1,700	42,345	33,420	1,914	31,506	10,625	-214	10,839	31.8	-11.2	34.4
	P	**162,345**	**9,768**	**152,577**	**123,824**	**9,566**	**114,258**	**38,521**	**202**	**38,319**	**31.1**	**2.1**	**33.5**
NOVEMBER	M	35,967	2,370	33,597	32,243	2,503	29,740	3,724	-133	3,857	11.5	-5.3	13.0
	P	**198,312**	**12,138**	**186,174**	**156,067**	**12,069**	**143,998**	**42,245**	**69**	**42,176**	**27.1**	**0.6**	**29.3**
DECEMBER	M	32,628	1,622	31,006	28,335	3,017	25,318	4,293	-1,395	5,688	15.2	-46.2	22.5
2nd Quarter		**112,640**	**5,692**	**106,948**	**93,998**	**7,434**	**86,564**	**18,642**	**-1,742**	**20,384**	**19.8**	**-23.4**	**23.5**
Upto 2nd Qtr		**230,940**	**13,760**	**217,180**	**184,402**	**15,086**	**169,316**	**46,538**	**-1,326**	**47,864**	**25.2**	**-8.8**	**28.3**
JANUARY	M	34,619	1,754	32,865	31,979	2,072	29,907	2,640	-318	2,958	8.3	-15.3	9.9
	P	**265,559**	**15,514**	**250,045**	**216,381**	**17,158**	**199,223**	**49,178**	**-1,644**	**50,822**	**22.7**	**-9.6**	**25.5**
FEBRUARY	M	37,573	2,178	35,395	30,344	1,506	28,838	7,229	672	6,557	23.8	44.6	22.7
	P	**303,132**	**17,692**	**285,440**	**246,725**	**18,664**	**228,061**	**56,407**	**-972**	**57,379**	**22.9**	**-5.2**	**25.2**
MARCH	M	37,420	1,721	35,699	32,818	2,266	30,552	4,602	-545	5,147	14.0	-24.1	16.8
3rd Quarter		**109,612**	**5,653**	**103,959**	**95,141**	**5,844**	**89,297**	**14,471**	**-191**	**14,662**	**15.2**	**-3.3**	**16.4**
Upto 3rd Qtr		**340,552**	**19,413**	**321,139**	**279,543**	**20,930**	**258,613**	**61,009**	**-1,517**	**62,526**	**21.8**	**-7.2**	**24.2**
APRIL	M	40,726	2,653	38,073	37,281	2,240	35,041	3,445	413	3,032	9.2	18.4	8.7
	P	**381,278**	**22,066**	**359,212**	**316,824**	**23,170**	**293,654**	**64,454**	**-1,104**	**65,558**	**20.3**	**-4.8**	**22.3**
MAY	M	44,796	4,633	40,163	41,041	1,600	39,441	3,755	3,033	722	9.1	189.6	1.8
	P	**426,074**	**26,699**	**399,375**	**357,865**	**24,770**	**333,095**	**68,209**	**1,929**	**66,280**	**19.1**	**7.8**	**19.9**

JUNE	M	53,215	296	52,919	47,740	3,405	44,335	5,475	-3,109	8,584	11.5	-91.3	19.4
4th Quarter		**138,737**	**7,582**	**131,155**	**126,062**	**7,245**	**118,817**	**12,675**	**337**	**12,338**	**10.1**	**4.7**	**10.4**
Upto 4th Qtr		**479,289**	**26,995**	**452,294**	**405,605**	**28,175**	**377,430**	**73,684**	**-1,180**	**74,864**	**18.2**	**-4.2**	**19.8**

Sales Tax (Imports)

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		FY 2008-09			2007-08			Difference (Absolute)			Difference (%)		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	17,882	9	17,873	15,304	6	15,298	2,578	3	2,575	16.8	50.0	16.8
AUGUST	M	17,496	43	17,453	16,019	26	15,993	1,477	17	1,460	9.2	65.4	9.1
	P	**35,378**	**52**	**35,326**	**31,323**	**32**	**31,291**	**4,055**	**20**	**4,035**	**12.9**	**62.5**	**12.9**
SEPTEMBER	M	20,412	2	20,410	16,265	3	16,262	4,147	-1	4,148	25.5	-33.3	25.5
1st Quarter		**55,790**	**54**	**55,736**	**47,588**	**35**	**47,553**	**8,202**	**19**	**8,183**	**17.2**	**54.3**	**17.2**
OCTOBER	M	**22,322**	**0**	**22,322**	**17,530**	**0**	**17,530**	**4,792**	**0**	**4,792**	**27.3**	**-**	**27.3**
	P	**78,112**	**54**	**78,058**	**65,118**	**35**	**65,083**	**12,994**	**19**	**12,975**	**20.0**	**54.3**	**19.9**
NOVEMBER	M	14,221	1	14,220	17,849	4	17,845	-3,628	-3	-3,625	-20.3	-75.0	-20.3
	P	**92,333**	**55**	**92,278**	**82,967**	**39**	**82,928**	**9,366**	**16**	**9,350**	**11.3**	**41.0**	**11.3**
DECEMBER	M	11,455	1	11,454	12,147	5	12,142	-692	-4	-688	-5.7	-80.0	-5.7
2nd Quarter		47,998	2	47,996	47,526	9	47,517	472	-7	479	1.0	-77.8	1.0
Upto 2nd Qtr		**103,788**	**56**	**103,732**	**95,114**	**44**	**95,070**	**8,674**	**12**	**8,662**	**9.1**	**27.3**	**9.1**
JANUARY	M	14,760	2	14,758	17,423	20	17,403	-2,663	-18	-2,645	-15.3	-90.0	-15.2
	P	**118,548**	**58**	**118,490**	**112,537**	**64**	**112,473**	**6,011**	**-6**	**6,017**	**5.3**	**-9.4**	**5.3**
FEBRUARY	M	14,526	1	14,525	13,547	2	13,545	979	-1	980	7.2	-50.0	7.2
	P	**133,074**	**59**	**133,015**	**126,084**	**66**	**126,018**	**6,990**	**-7**	**6,997**	**5.5**	**-10.6**	**5.6**
MARCH	M	14,265	2	14,263	15,694	5	15,689	-1,429	-3	-1,426	-9.1	-60.0	-9.1
3rd Quarter		**43,551**	**5**	**43,546**	**46,664**	**27**	**46,637**	**-3,113**	**-22**	**-3,091**	**-6.7**	**-81.5**	**-6.6**
Upto 3rd Qtr		**147,339**	**61**	**147,278**	**141,778**	**71**	**141,707**	**5,561**	**-10**	**5,571**	**3.9**	**-14.1**	**3.9**
APRIL	M	17,313	1	17,312	16,271	15	16,256	1,042	-14	1,056	6.4	-93.3	6.5
	P	**164,652**	**62**	**164,590**	**158,049**	**86**	**157,963**	**6,603**	**-24**	**6,627**	**4.2**	**-27.9**	**4.2**
MAY	M	17,317	1	17,316	19,369	3	19,366	-2,052	-2	-2,050	-10.6	-66.7	-10.6
	P	**181,969**	**63**	**181,906**	**177,418**	**89**	**177,329**	**4,551**	**-26**	**4,577**	**2.6**	**-29.2**	**2.6**

JUNE	M	21,358	0	21,358	18,705	0	18,705	2,653	0	2,653	14.2	#DIV/0!	14.2
4th Quarter		55,988	2	55,986	54,345	18	54,327	1,643	-16	1,659	3.0	-88.9	3.1
Upto 4th Qtr		**203,327**	**63**	**203,264**	**196,123**	**89**	**196,034**	**7,204**	**-26**	**7,230**	**3.7**	**-29.2**	**3.7**

Sales Tax (Domestic)

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		FY 2008-09			2007-08			Difference (Absolute)			Difference (%)		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	18,986	3,388	15,598	13,884	2,948	10,936	5,102	440	4,662	36.7	14.9	42.6
AUGUST	M	21,479	2,308	19,171	14,518	1,664	12,854	6,961	644	6,317	47.9	38.7	49.1
	P	**40,465**	**5,696**	**34,769**	**28,402**	**4,612**	**23,790**	**12,063**	**1,084**	**10,979**	**42.5**	**23.5**	**46.1**
SEPTEMBER	M	22,045	2,318	19,727	14,414	3,005	11,409	7,631	-687	8,318	52.9	-22.9	72.9
1st Quarter		**62,510**	**8,014**	**54,496**	**42,816**	**7,617**	**35,199**	**19,694**	**397**	**19,297**	**46.0**	**5.2**	**54.8**
OCTOBER	M	21,723	1,700	20,023	15,890	1,914	13,976	5,833	-214	6,047	36.7	-11.2	43.3
	P	**84,233**	**9,714**	**74,519**	**58,706**	**9,531**	**49,175**	**25,527**	**183**	**25,344**	**43.5**	**1.9**	**51.5**
NOVEMBER	M	21,746	2,369	19,377	14,394	2,499	11,895	7,352	-130	7,482	51.1	-5.2	62.9
	P	**105,979**	**12,083**	**93,896**	**73,100**	**12,030**	**61,070**	**32,879**	**53**	**32,826**	**45.0**	**0.4**	**53.8**
DECEMBER	M	21,173	1,621	19,552	16,188	3,012	13,176	4,985	-1,391	6,376	30.8	-46.2	48.4
2nd Quarter		**64,642**	**5,690**	**58,952**	**46,472**	**7,425**	**39,047**	**18,170**	**-1,735**	**19,905**	**39.1**	**-23.4**	**51.0**
Upto 2nd Qtr		**127,152**	**13,704**	**113,448**	**89,288**	**15,042**	**74,246**	**37,864**	**-1,338**	**39,202**	**42.4**	**-8.9**	**52.8**
JANUARY	M	19,859	1,752	18,107	14,556	2,052	12,504	5,303	-300	5,603	36.4	-14.6	44.8
	P	**147,011**	**15,456**	**131,555**	**103,844**	**17,094**	**86,750**	**43,167**	**-1,638**	**44,805**	**41.6**	**-9.6**	**51.6**
FEBRUARY	M	23,047	2,177	20,870	16,797	1,504	15,293	6,250	673	5,577	37.2	44.7	36.5
	P	**170,058**	**17,633**	**152,425**	**120,641**	**18,598**	**102,043**	**49,417**	**-965**	**50,382**	**41.0**	**-5.2**	**49.4**
MARCH	M	23,155	1,719	21,436	17,124	2,261	14,863	6,031	-542	6,573	35.2	-24.0	44.2
3rd Quarter		**66,061**	**5,648**	**60,413**	**48,477**	**5,817**	**42,660**	**17,584**	**-169**	**17,753**	**36.3**	**-2.9**	**41.6**
Upto 3rd Qtr		**193,213**	**19,352**	**173,861**	**137,765**	**20,859**	**116,906**	**55,448**	**-1,507**	**56,955**	**40.2**	**-7.2**	**48.7**
APRIL	M	23,413	2,652	20,761	21,010	2,225	18,785	2,403	427	1,976	11.4	19.2	10.5
	P	**216,626**	**22,004**	**194,622**	**158,775**	**23,084**	**135,691**	**57,851**	**-1,080**	**58,931**	**36.4**	**-4.7**	**43.4**
MAY	M	27,479	4,632	22,847	21,672	1,597	20,075	**5,807**	3,035	**2,772**	26.8	190.0	13.8
	P	**244,105**	**26,636**	**217,469**	**180,447**	**24,681**	**155,766**	**63,658**	**1,955**	**61,703**	**35.3**	**7.9**	**39.6**

JUNE	M	31,857	296	31,561	29,035	3,405	25,630	2,822	-3,109	5,931	9.7	-91.3	23.1
4th Quarter		**82,749**	**7,580**	**75,169**	**71,717**	**7,227**	**64,490**	**11,032**	**353**	**10,679**	**15.4**	**4.9**	**16.6**
Upto 4th Qtr		**275,962**	**26,932**	**249,030**	**209,482**	**28,086**	**181,396**	**66,480**	**-1,154**	**67,634**	**31.7**	**-4.1**	**37.3**

Federal Excise Duty

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		FY 2008-09			2007-08			Difference (Absolute)			Difference (%)		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	8,187	0	8,187	1,859	0	1,859	6,328	0	6,328	340.4	-	340.4
AUGUST	M	8,940	0	8,940	6,555	0	6,555	2,385	0	2,385	36.4	-	36.4
	P	**17,127**	**0**	**17,127**	**8,414**	**0**	**8,414**	**8,713**	**0**	**8,713**	**103.6**	**-**	**103.6**
SEPTEMBER	M	8,334	0	8,334	7,470	8	7,462	864	-8	872	11.6	-100.0	11.7
1st Quarter		**25,461**	**0**	**25,461**	**15,884**	**8**	**15,876**	**9,577**	**-8**	**9,585**	**60.3**	**-100.0**	**60.4**
OCTOBER	M	10,626	22	10,604	7,548	0	7,548	3,078	22	3,056	40.8	-	40.5
	P	**36,087**	**22**	**36,065**	**23,432**	**8**	**23,424**	**12,655**	**14**	**12,641**	**54.0**	**175.0**	**54.0**
NOVEMBER	M	8,549	0	8,549	8,304	0	8,304	245	0	245	3.0	-	3.0
	P	**44,636**	**22**	**44,614**	**31,736**	**8**	**31,728**	**12,900**	**14**	**12,886**	**40.6**	**175.0**	**40.6**
DECEMBER	M	8,944	0	8,944	7,804	11	7,793	1,140	-11	1,151	14.6	-100.0	14.8
2nd Quarter		**28,119**	**22**	**28,097**	**23,656**	**11**	**23,645**	**4,463**	**11**	**4,452**	**18.9**	**100.0**	**18.8**
Upto 2nd Qtr		**53,580**	**22**	**53,558**	**39,540**	**19**	**39,521**	**14,040**	**3**	**14,037**	**35.5**	**15.8**	**35.5**
JANUARY	M	8,095	0	8,095	6,786	1	6,785	1,309	-1	1,310	19.3	-100.0	19.3
	P	**61,675**	**22**	**61,653**	**46,326**	**20**	**46,306**	**15,349**	**2**	**15,347**	**33.1**	**10.0**	**33.1**
FEBRUARY	M	9,009	0	9,009	7,717	6	7,711	1,292	-6	1,298	16.7	-	16.8
	P	**70,684**	**22**	**70,662**	**54,043**	**26**	**54,017**	**16,641**	**-4**	**16,645**	**30.8**	**-**	**30.8**
MARCH	M	10,340	2	10,338	7,782	0	7,782	2,558	2	2,556	32.9	-	32.8
3rd Quarter		**27,444**	**2**	**27,442**	**22,285**	**7**	**22,278**	**5,159**	**-5**	**5,164**	**23.2**	**-71.4**	**23.2**
Upto 3rd Qtr		**81,024**	**24**	**81,000**	**61,825**	**26**	**61,799**	**19,199**	**-2**	**19,201**	**31.1**	**-7.7**	**31.1**
APRIL	M	10,609	17	10,592	8,770	0	8,770	1,839	17	1,822	21.0	-	20.8
	P	**91,633**	**41**	**91,592**	**70,595**	**26**	**70,569**	**21,038**	**15**	**21,023**	**29.8**	**57.7**	**29.8**
MAY	M	10,976	3	10,973	**10,019**	6	**10,013**	**957**	-3	**960**	9.6	-	9.6
	P	**102,609**	**44**	**102,565**	**80,614**	**32**	**80,582**	**21,995**	**12**	**21,983**	**27.3**	**-**	**27.3**

JUNE	M	13,521	31	13,490	11,559	4	11,555	1,962	27	1,935	17.0	-	16.7
4th Quarter		**35,106**	**51**	**35,055**	**30,348**	**10**	**30,338**	**4,758**	**41**	**4,717**	**15.7**	**410.0**	**15.5**
Upto 4th Qtr		**116,130**	**75**	**116,055**	**92,173**	**36**	**92,137**	**23,957**	**39**	**23,918**	**26.0**	**108.3**	**26.0**

Customs

Two Year Comparative-Month to Month & Progressive Collection

(Rs Million)

MONTHS		FY 2008-09			2007-08			Difference (Absolute)			Difference (%)		
		Gross	Reb/Ref	Net	Goss	Reb/Ref	Net	Goss	Reb/Ref	Net	Gross	Reb/Ref	Net
1		2	3	4	5	6	7	8	9	10	11	12	13
JULY	M	13,517	1,181	12,336	9,625	887	8,738	3,892	294	3,598	40.4	33.1	41.2
AUGUST	M	12,419	1,322	11,097	10,547	817	9,730	1,872	505	1,367	17.7	61.8	14.0
	P	**25,936**	**2,503**	**23,433**	**20,172**	**1,704**	**18,468**	**5,764**	**799**	**4,965**	**28.6**	**46.9**	**26.9**
SEPTEMBER	M	15,607	877	14,730	11,407	899	10,508	4,200	-22	4,222	36.8	-2.4	40.2
1st Quarter		**41,543**	**3,380**	**38,163**	**31,579**	**2,603**	**28,976**	**9,964**	**777**	**9,187**	**31.6**	**29.9**	**31.7**
OCTOBER	M	14,080	420	13,660	11,205	1,032	10,173	2,875	-612	3,487	25.7	-59.3	34.3
	P	**55,623**	**3,800**	**51,823**	**42,784**	**3,635**	**39,149**	**12,839**	**165**	**12,674**	**30.0**	**4.5**	**32.4**
NOVEMBER	M	10,865	1,122	9,743	12,646	867	11,779	-1,781	255	-2,036	-14.1	29.4	-17.3
	P	**66,488**	**4,922**	**61,566**	**55,430**	**4,502**	**50,928**	**11,058**	**420**	**10,638**	**19.9**	**9.3**	**20.9**
DECEMBER	M	11,447	253	11,194	12,012	1,296	10,716	-565	-1,043	478	-4.7	-80.5	4.5
2nd Quarter		**36,392**	**1,795**	**34,597**	**35,863**	**3,195**	**32,668**	**529**	**-1,400**	**1,929**	**1.5**	**-43.8**	**5.9**
Upto 2nd Qtr		**77,935**	**5,175**	**72,760**	**67,442**	**5,798**	**61,644**	**10,493**	**-623**	**11,116**	**15.6**	**-10.7**	**18.0**
JANUARY	M	11,194	524	10,670	15,324	1,545	13,779	-4,130	-1,021	-3,109	-27.0	-66.1	-22.6
	P	**89,129**	**5,699**	**83,430**	**82,766**	**7,343**	**75,423**	**6,363**	**-1,644**	**8,007**	**7.7**	**-22.4**	**10.6**
FEBRUARY	M	10,047	576	9,471	12,219	1,020	11,199	-2,172	-444	-1,728	-17.8	-43.5	-15.4
	P	**99,176**	**6,275**	**92,901**	**94,985**	**8,363**	**86,622**	**4,191**	**-2,088**	**6,279**	4.4	-25.0	7.2
MARCH	M	13,161	671	12,490	16,233	977	15,256	-3,072	-306	-2,766	-18.9	-31.3	-18.1
3rd Quarter		**34,402**	**1,771**	**32,631**	**43,776**	**3,542**	**40,234**	**-9,374**	**-1,771**	**-7,603**	**-21.4**	**-50.0**	**-18.9**
Upto 3rd Qtr		**112,337**	**6,946**	**105,391**	**111,218**	**9,340**	**101,878**	**1,119**	**-2,394**	**3,513**	**1.0**	**-25.6**	**3.4**
APRIL	M	12,178	380	11,798	14,677	1,740	12,937	-2,499	-1,360	-1,139	-17.0	-78.2	-8.8
	P	**124,515**	**7,326**	**117,189**	**125,895**	**11,080**	**114,815**	**-1,380**	**-3,754**	**2,374**	**-1.1**	**-33.9**	**2.1**
MAY	M	11,669	252	11,417	**15,968**	1,022	**14,946**	**-4,299**	-770	**-3,529**	-26.9	-75.3	-23.6
	P	**136,184**	**7,578**	**128,606**	**141,863**	**12,102**	**129,761**	**-5,679**	**-4,524**	**-1,155**	-4.0	-37.4	-0.9

JUNE	M	19,845	69	19,776	21,208	306	20,902	-1,363	-237	-1,126	-6.4	-77.5	-5.4
4th Quarter		**43,692**	**701**	**42,991**	**51,853**	**3,068**	**48,785**	**-8,161**	**-2,367**	**-5,794**	**-15.7**	**-77.2**	**-11.9**
Upto 4th Qtr		**156,029**	**7,647**	**148,382**	**163,071**	**12,408**	**150,663**	**-7,042**	**-4,761**	**-2,281**	**-4.3**	**-38.4**	**-1.5**