



## 2020-21

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# Foreword by Chairman FBR

The current issue of Annual Performance Report provides an update on FBR's revenue generating efforts during FY 2020-21. This Annual Report includes FBR's performance based on 10 identified key performance indicators. The analysis of data provides an insight into various components of federal taxes and reform initiatives undertaken by FBR with the help of international donors to achieve the goal of transforming FBR into an efficient and modern tax administration.



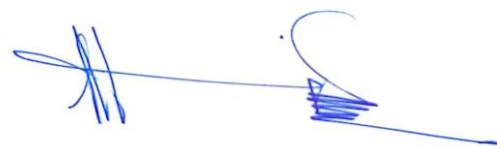
The COVID-19 pandemic, which engulfed the entire world during the second half of FY 2019-20 persisted in the FY 2020-21. We all know that COVID-19 disrupted the international trade patterns and supply lines. Pakistan's economy was not immune from the global disruptions. Fortunately, for Pakistan 2020-21 marked a turnaround. Due to prudent policies of the government, Pakistan was one of the first countries to come out of the depressive phase. Pakistan's exports and imports both picked up. FBR was at the leading end of Government's efforts to spur growth and increase revenues without burdening the masses still reeling under the effects of the pandemic. FBR remained committed to its reform agenda of improving tax administration.

In our primary task of collecting taxes, FBR surpassed the revised revenue target of Rs. 4,691 billion by Rs. 43.2 billion. FBR made history to reach Rs. 4,734 billion during FY 2020-21, an increase of 18.4% over last year. The collection of sales tax, direct taxes and federal excise duty showed growths of 24.1%, 13.3% and 11.6 % respectively, while the customs duty reflected a growth of 19.3%.

FBR helped more taxpayers than ever to pay their taxes quickly and easily online; 3.1 million people filed income tax returns for the financial year 2019-20. This is an unprecedented number, which highlights FBR's efforts focused at both taxpayers' education and enforcement activities. During FY 2020-21, value of customs seizures reached Rs. 58 billion reflecting increase of 61% when compared with last year.

FBR remains committed to modernization, reforms and automation. FBR is also cognizant of the fact that no organization can be successful if it does not enjoy the trust of its stakeholders, both internal and external. In the present wave of reforms, FBR is focused on trust building measures by ensuring taxpayer friendly systems and opening communication channels. This approach will go a long way in removing decades of mistrust and usher in a new era of partnership between FBR and all the stakeholders.

I appreciate and commend the efforts of the Reforms Wing in bringing out this issue of Annual Performance Report of FBR for the FY 2020-21.

A handwritten signature in blue ink, consisting of a series of loops and strokes, representing the signature of Dr. Muhammad Ashfaq Ahmed.

(Dr. Muhammad Ashfaq Ahmed)  
Chairman, Federal Board of Revenue /  
Secretary Revenue Division

# Introduction

The people of Pakistan are the primary stakeholders of the State of Pakistan. The State is run with the taxes paid by the masses. Therefore, every citizen of Pakistan has a right to be informed about the activities, performance, achievements, failures and plans of the organization they trust with their taxes. On the other hand, the Government of Pakistan is heavily investing in improving the functioning and performance of FBR. The target is to enable FBR to become an organization capable of achieving the government's target of self-reliance through optimal collection of revenue.

The World Bank's funded Pakistan Raises Revenue (PRR) Program (2019-24) envisages a transformed FBR, using technology and awareness to win the trust of its taxpayers. This report aims to present the performance of FBR against specified key performance indicators in the PRR and to promote awareness about its achievements during the FY 2020-21. The report fulfills a key requirement of the PRR Program which pertains to transparency and requires systematic measurement and public reporting of its performance delivery against approved Key Performance Indicators (KPIs).

These KPIs devised in consultation with the World Bank are comprehensive and cover almost all segments of FBR's performance. The KPIs range from revenue collection, to taxpayer education, to transparency in FBR operations and controls. The outcome of such disclosure and reporting is transparency and accountability of the FBR to the government and to the public, which is critical for building trust in the FBR and the taxation system.

This report also informs about the reform initiatives undertaken by FBR with the help of international donors to achieve the goal of transforming FBR into an efficient, effective, transparent, and modern tax administration; which seeks recognition for its professionalism and integrity of its workforce.

As part of FBR's commitment to align the organization with its strategic objectives, this report will help FBR to assess the results against Key Performance Indicators and to gauge success in achievement of its overall vision and mission. This will also materially affect the ability of FBR to review the defined targets and to evaluate performance in the implementation of reform agenda over short, medium and long term.

This report has delved into each performance indicator in detail provided vide first and second chapters, while the third chapter discusses the extent of implementation of the reform agenda by FBR.



## Functions



In the existing setup, FBR is a federal agency of Pakistan that is responsible for enforcing fiscal laws and collecting revenue for the government of Pakistan. It has the following responsibilities:

- a) Formulation and administration of taxation policy;
- b) Levy and collection of federal taxes;
- c) Quasi-judicial function of deciding taxation cases and appeals;
- d) Entering into avoidance of double-taxation treaties with other countries;
- e) Liaison with all Ministries, Chambers of Commerce and Industry as well as International Organizations on taxation and enforcement matters.

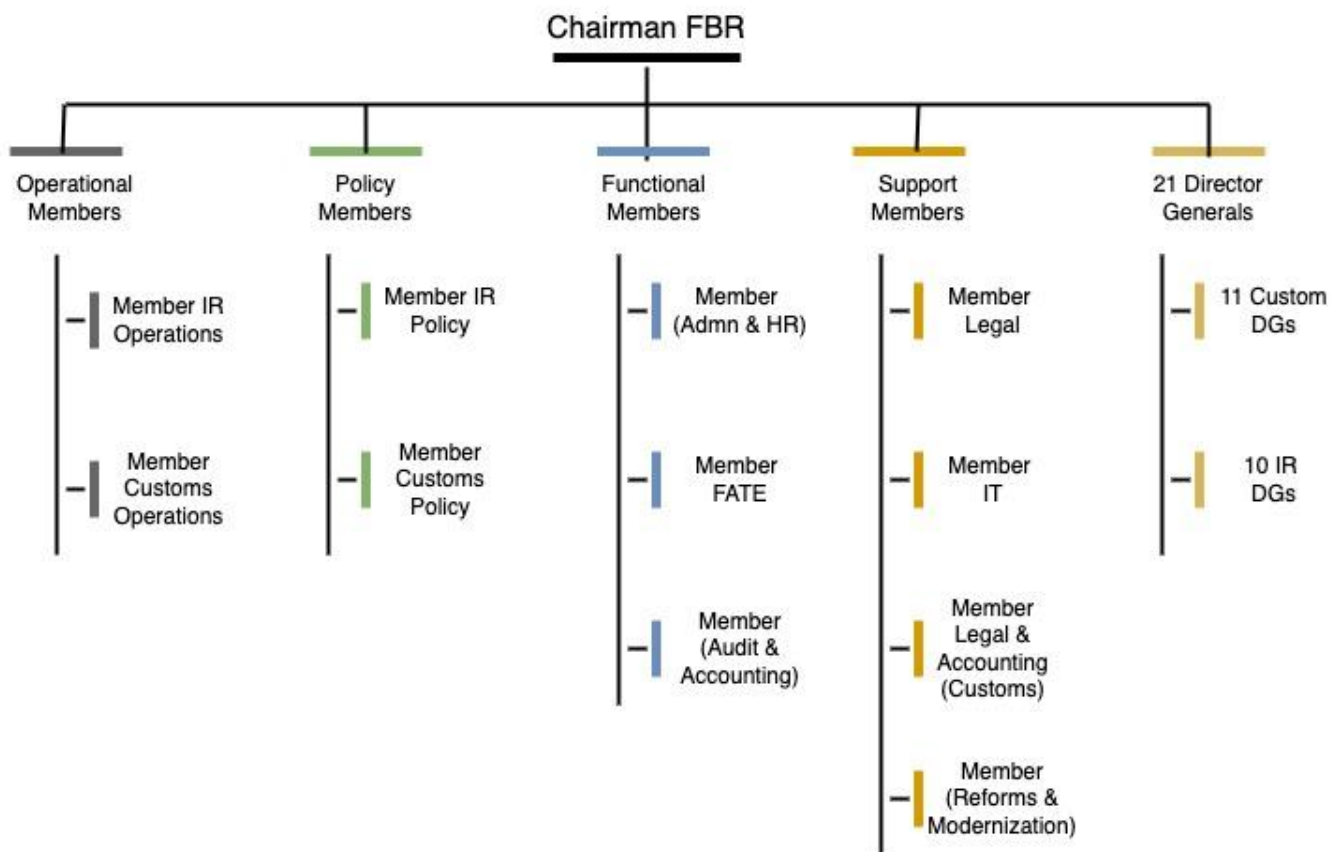
FBR primarily operates through its main collection arms comprising Regional Tax Offices (RTOs), Large Taxpayers' Offices (LTOs) and Customs Collectorates across the country. FBR has two major wings - Inland Revenue and Customs. Inland Revenue Service administers domestic taxation including Sales Tax, Income Tax and Federal Excise Duty, while Pakistan Customs Service administers import duties and other taxes collected at the import stage, and regulates international trade with regard to prohibitions and restrictions imposed by the government.

For the purpose of collection of revenue and broadening of the tax base FBR's powers & functions also include, but are not limited to, carrying out inquiries and audits/investigations into the tax affairs, commanding arrests, attachment as well as public auction of movable and immovable assets of tax evaders.

## Organizational Set-up

In the present setup, Chairman FBR is assisted by various Members. Besides this top tier, senior management also includes various Director Generals and Chief Commissioners/Chief Collectors.

## Organogram



## FBR's Vision

To be a modern, progressive, effective, autonomous and credible organization for optimizing revenue by providing quality service and promoting compliance with related tax laws.

## Mission

To enhance the capability of the tax system to collect due taxes through application of modern techniques, providing taxpayer assistance and creating a motivated, satisfied, dedicated and professional workforce.

## Values

- Integrity
- Professionalism
- Teamwork
- Courtesy
- Fairness
- Transparency
- Responsiveness

## FBR's Strategic Intent

FBR aims to be a smart and modern tax administration with unquestionable integrity, trusted by all the stakeholders. FBR has identified the following strategic objectives, which form the cornerstone of our 5-year Strategic Plan both for Customs as well as for Inland Revenue:

- a) Ensure sustainable increase in domestic revenue by broadening the tax base and facilitating compliance
- b) Provide clarity and certainty about tax obligations
- c) Make it inexpensive and easy for taxpayers and traders to comply and fulfil their obligations
- d) Increase the use of data to improve integrity, acquire insight & improve outcomes
- e) Modernize infrastructure, technology, and enhance automation for digitalized and streamlined services
- f) Facilitate legitimate trade and travel without compromising on customs controls
- g) Enhance fiscal controls, enforcement, and society protection capabilities
- h) Ensure efficient use of resources to deliver quality outcomes and performance excellence
- i) Mitigate tax evasion and non-compliance.
- j) Develop a high performing, diverse, agile and engaged workforce
- k) Work with international donor partners to modernize the tax administration system
- l) Build public trust and confidence in the tax administration system.



# CHAPTER-1: FBR's Performance at a Glance

The Federal Board of Revenue collects more than 86% of all Government revenues. Its mandate includes levy and collection of federal duties, taxes and other levies and formulation and administration of fiscal policies. Its responsibilities also include facilitation of legitimate trade and travel while safeguarding the society and economy through enforcement measures.

Total revenue collection of FBR during FY 2020-21 exceeded Rs. 4734 billion reflecting year-on-year growth of 18.4%, which was a significant achievement in the context of the slow economic growth especially during the first half of the financial year. Equally remarkable was the progress made against long outstanding sales tax refunds. The total sales tax refund payments amounting to a staggering Rs. 208.35 billion reflected a growth of more than 125% when compared with the previous financial year. During FY 2020-21, the tax collection maintained a tax-to-GDP ratio of around 10%.

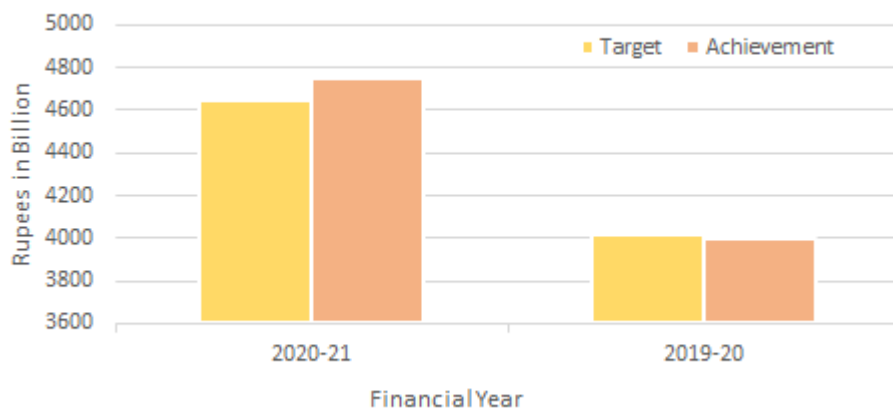
FBR remains an example of an institution that continues to do more with limited resources. Due to the difficult macroeconomic environment in the country, the expenditure budget allocated by the Federal Government to run FBR was much less than the international benchmark for cost of collection of 1-1.5 percent of tax revenues.

Despite various challenges and a pandemic situation, FBR was able to surpass the revised annual revenue collection target of Rs. 4691 billion during FY 2020-21. For this remarkable accomplishment, FBR's leadership and workforce deserves appreciation.

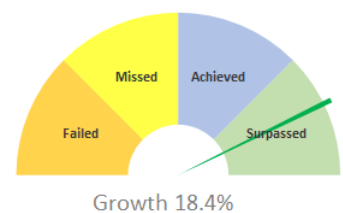
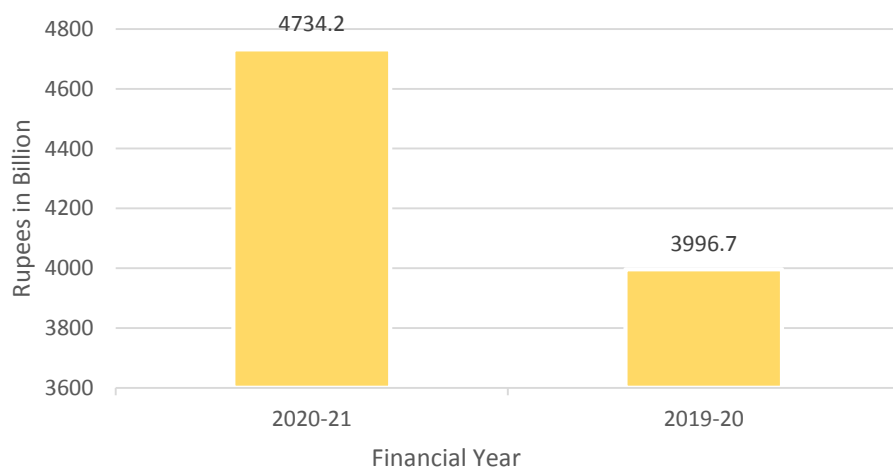


## Performance Indicators

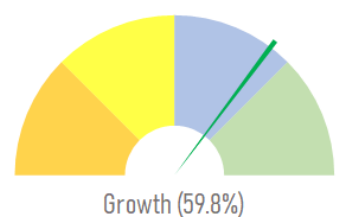
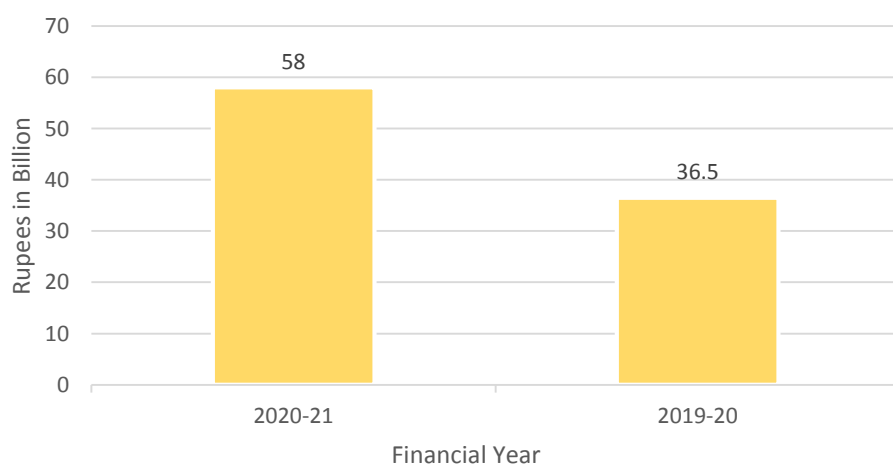
### Chart Revenue Collection vs Target



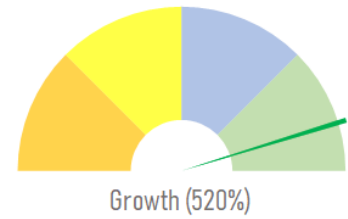
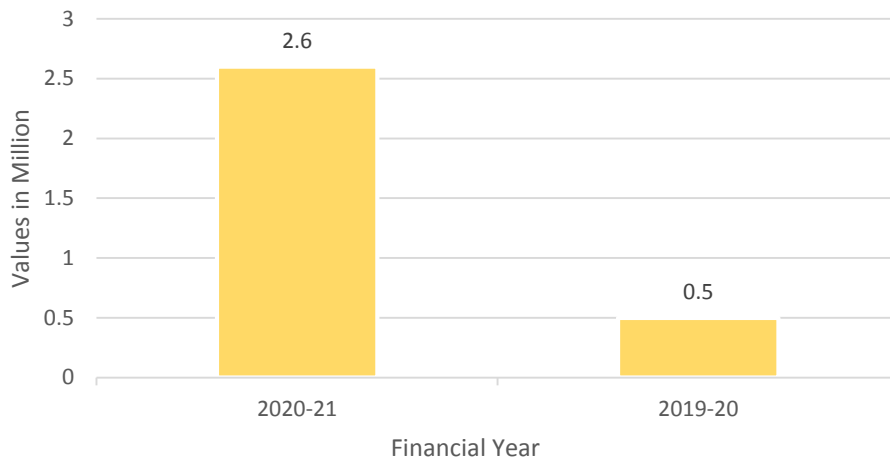
### Growth in Reveune Collection



### Value of Customs Seizures

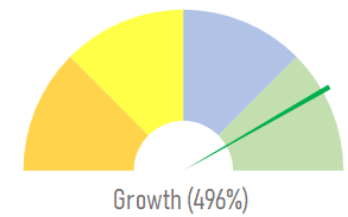
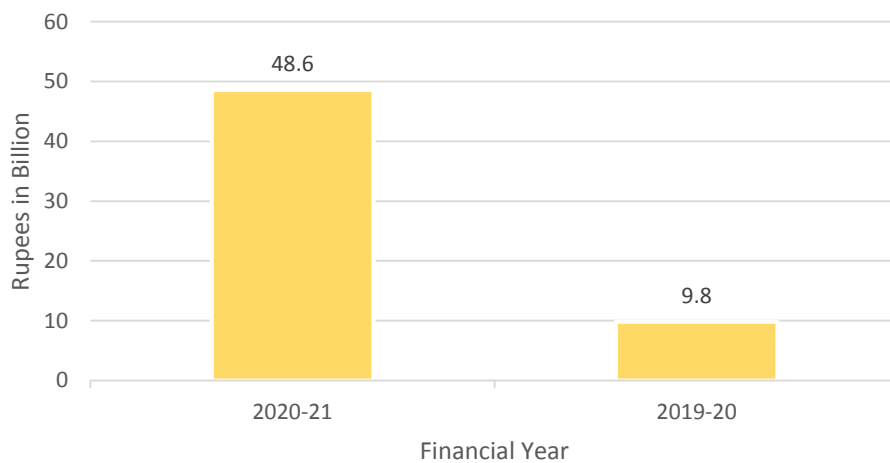


### Returns Filed till 15<sup>th</sup> October, 2021



Source: FBR Press Release on 16<sup>th</sup> OCT-2021

### Tax Collected with Returns till 15<sup>th</sup> October, 2021



Source: FBR Press Release on 16<sup>th</sup> OCT-2021

## Tax Related Improvements



- The filing of tax returns for FY 2020-21 was simplified, which resulted in 26% of time reduction.
- Around 4 functional data bridges were established with provincial revenue agencies and other state departments across the nation such as Banks/NADRA/SECP/PITB/AGPR/SBP/1-LINK/TELCOS, Punjab Land Record and four Provinces.
- About 35% POS systems were integrated in each region.
- Reduced sales tax rate for businesses registered with POS.
- Real time access to database of various bodies including NADRA, utility companies etc., under section 175 of the Income tax Ordinance.
- Almost entire refund claims were processed through IT systems developed by FBR during 2020-21.

## Trade Related Achievements



- A newer iteration of the predictive analysis Algorithm, namely the Import Risk Evaluation Engine (IREE), based on an updated machine learning cycle was implemented in 2020-21
- Blue Channel facility introduced in RMS whereby selection of consignments, for scanning is made through RMS based selectivity criteria to achieve the objectives of security and facilitation of trade in light of the WCO SAFE Framework of Standards. This is successfully operational at both Seaports i.e. Port of Karachi and Port Mohammad Bin Qasim.
- For Exporters' duty drawback claims selectivity criteria were developed in the RMS, for auto processing / sanctioning of such claims with direct payments to exporters (through State Bank of Pakistan).
- Presently 79% rebate claims are processed through green channel while further upgradations are under development to increase the quantum of green channel claims to more than 80%.

# Chapter-2: Delivery against Key Performance Indicators

## KPI-1: Revenue Target Performance

Percentage of target achieved vis-a-vis assigned target

### Actual Revenue Performance against Target

FBR collected Rs. 4734.2 billion during FY 2020-21 against the revised revenue target of Rs. 4,691 billion.

The FBR surpassed its assigned target by more than Rs. 43.2 billion.

(Rs. in Billion)

Tax Head	Revenue Collection Target		Collection	% Achievement of Revised Target
	Original Target	Revised Target		
Direct Taxes	2,043.0	1,789.0	1,726.0	96.5 ↓
Sales Tax	1,919.0	1,927.0	1,981.4	102.8 ↑
Federal Excise	361.0	275.0	279.6	101.7 ↑
Customs duty	640.0	700.0	747.3	106.8 ↑
All Taxes	4,963.0	4,691.0	4,734.2	100.9 ↑

Table-1: Tax Collection vis-a-vis Target FY 2020-21

Source: FBR Year Book 2020-21



## Comparative Revenue Performance (FY 2020-21)

FBR collected taxes to the tune of Rs. 4734.2 billion during FY 2020-21 as compared to Rs. 3996.7 billion which was collected during FY 2019-20 thus indicating an overall growth in collection of 18.4%. In absolute terms, the increase in collection was Rs.737.5 billion (Table-2) which is a good sign particularly when viewed in the light of Covid-19 pandemic.

(Rs. in Billion)

Tax Head	FY 2020-21	FY 2019-20	Growth	
			Absolute	(%)
Direct Taxes	1726.0	1,523.4	202.6	13.3 ↑
Sales Tax	1981.4	1,596.9	384.5	24.1 ↑
FED	279.6	250.5	29.1	11.6 ↑
Customs	747.3	626.6	120.7	19.3 ↑
TOTAL	4734.2	3,996.7	737.5	18.4 ↑

Table-2: Comparison of Net Revenue Collection during FY 2020-21 vs FY 2019-20

Source: FBR Year Book 2020-21

## Refunds/Rebates

During FY 2020-21, refunds of around Rs. 322.6 billion were paid as compared to Rs.173.5 billion paid in FY 2019-20. The refund amount paid during FY 2020-21 was Rs.149.1 billion higher as compared to previous year. Tax-wise refund payments during FY 2020-21 are shown in Table-3.

(Rs. in Million)

Tax Head	Refund / Rebate		Difference	
	FY 2020-21	FY 2019-20	Absolute	Growth (%)
Direct taxes	91,287	68,604	22,674	33.1 ↑
Sales Tax	208,347	92,601	115,746	125.0 ↑
Federal Excise	0	0	0	0
Customs Duty	22,391	12,295	10,636	86.5 ↑
Total	322,556	173,500	149,056	85.9 ↑

Table-3: Comparative Position of Refunds/ Rebates Payments

Source: FBR Year Book 2020-21

## Assessment of Tax Collection Performance

FY 2020-21 marks a landmark for FBR as collection surpassed the 4 trillion mark for the first time in the history of the country. Despite Covid-19 related challenges, FBR succeeded in surpassing its revised target of Rs. 4,691 billion by around Rs. 43 billion. All the taxes except direct taxes have surpassed their targets. Direct tax fell short by 3.5 percent only.

The pace of growth in collection was slower in the first half as compared to the second half of FY 2020-21. During the first six months, growth was just 5.3 percent, but increased substantially to around 33 percent in the second half. This can be attributed to the new taxation measures coupled with the post Covid-19 economic recovery in the second half. Not only did local production improve but imports and exports registered remarkable growth.

Direct taxes have contributed 36.5 percent to the total tax collected during FY 2020-21. Net collection stood at Rs. 1,726 billion reflecting a growth of 13.3 percent over the PFY collection of Rs. 1,523.4 billion.

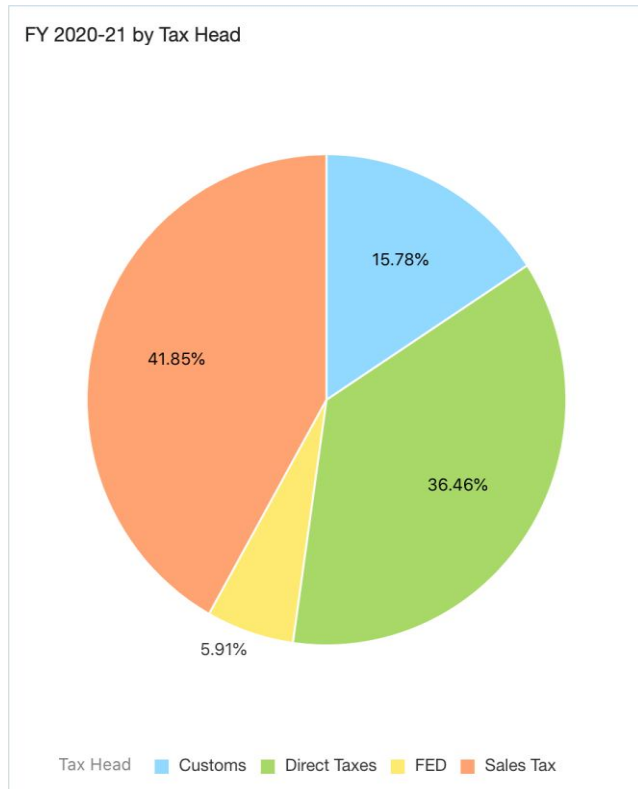
Sales tax at import stage has recorded a substantial growth of 27.6 percent, whereas collection of Sales Tax Domestic has also grown by an impressive 19.8 percent. Around 77 percent of total collection under the domestic sales tax head was contributed by eight sectors namely; petroleum products, electrical energy, sugar, cotton yarn, cement, cigarettes, food products, aerated water/beverage etc.

Major chunk of customs revenue around 61 percent of customs duty collection was due to 10 major sectors. Out of these sectors, collection under the head of electrical machinery recorded a negative growth, whereas collection from paper & paperboard grew by just 0.5 percent. Collection from Rubber and vehicles have recorded a remarkable growth of 141.6 and 95 percent respectively. Similarly, machinery and iron & steel also noted healthy growth during the period under review. This reflects uptick in the economic activity, more specifically in large-scale manufacturing. Vehicles (Non-Railway) along with POL products however, remained top contributors of customs duty.

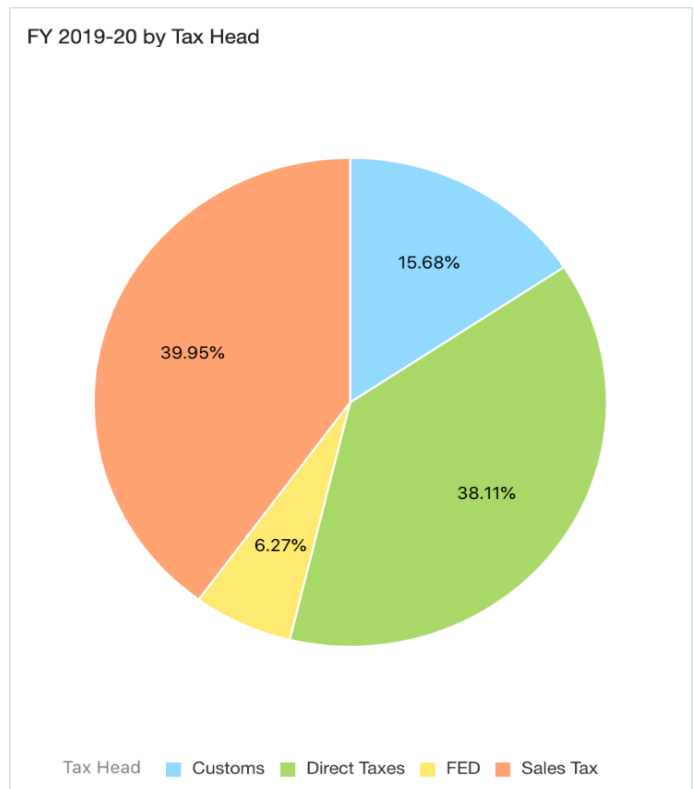
Net collection from FED increased by 11.6 percent during FY 2020-21. Major sectors, which contributed to FED revenues, are cigarettes, cement, natural gas, services. There is a substantial growth in most of the items. However, the collection from services significantly declined. Reason for decline in collection from this head is the Covid-19 related restrictions on air travel which is a major contributor to this head. FED collection from vehicles recorded a growth of more than 368 percent mainly because of higher imports of vehicles and parts during the period under review.

## Top Revenue Contributor

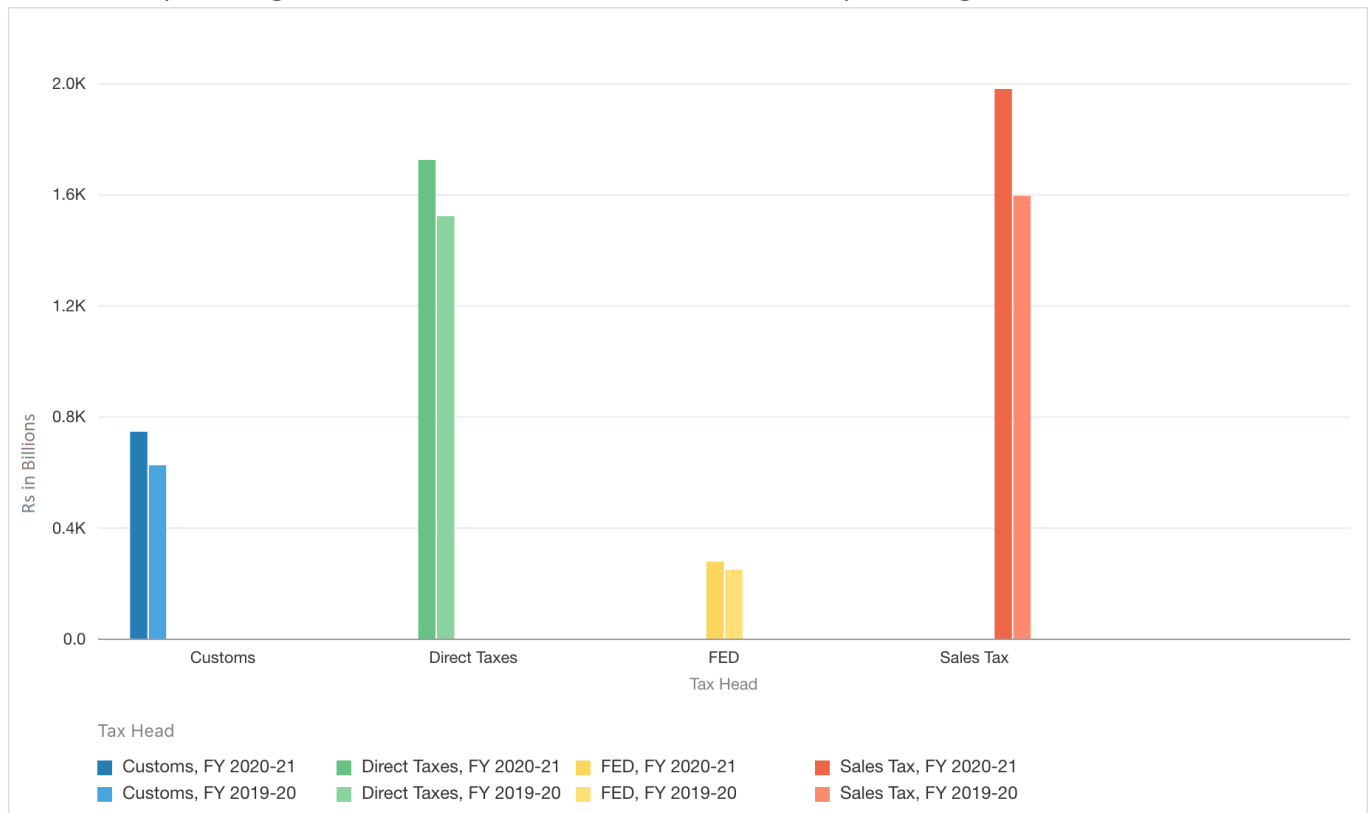
Compared to last FY we see a slight change in the tax mix. The share of direct taxes has gone down while Sales Tax has increased. Customs and FED have maintained their share as percentage of total revenue collected.



Graph-3 %age Share FY 2020-21



Graph-2: %age Share FY 2019-20



Graph-4: Comparison between %age share FY 2020-21 & FY 2019-20

## Withholding Taxes (WHT)

WHT remained the major contributor with 72 percent share in the total collection of income tax. The WHT collection during FY 2020-21 stood at Rs. 1,237.1 billion against Rs. 1,091.7 billion in the PFY, indicating a growth of 13.3 percent (Table 8). Ten major components of withholding taxes, contributing around 85 percent to the total WHT collection are: contracts, imports, salary, telephone, dividends, bank interest, cash withdrawal, technical fee, electricity and exports.

With the exception of WHT on technical fee and cash withdrawal, all other major items recorded growth. WHT from salaries remained at the top, with 17.3 percent growth in collection, followed by dividends and telephone 15.6 percent each and electricity at 12.8 percent. Another major contributor, WHT from contracts also returned significant growth at 14.6 percent.

(Rs. in Million)

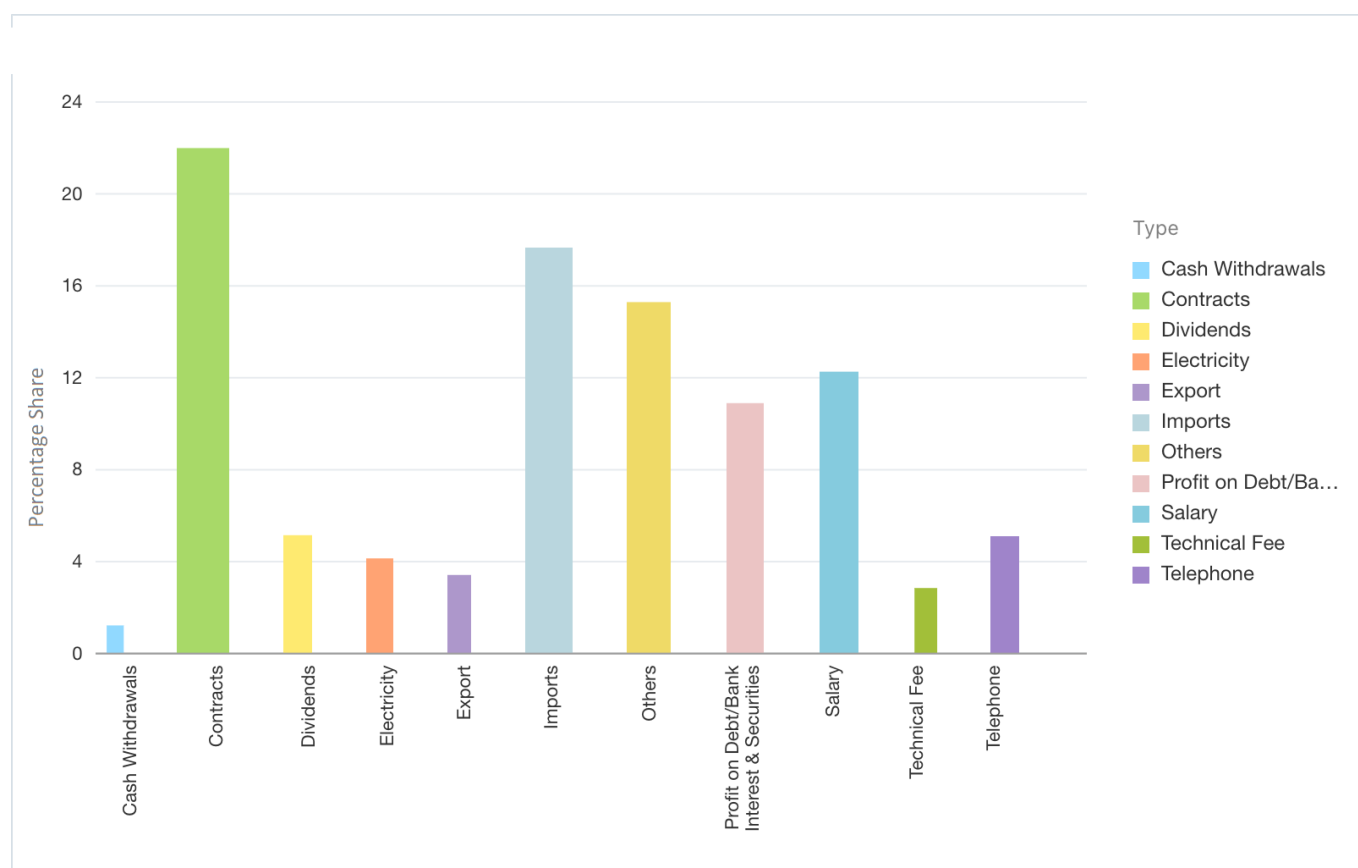
Collection Heads	FY 2020-21	FY 2019-20	Difference (Absolute)	Growth (%)
1.Contracts [(u/s) 153]	272,105	237,365	34,740	14.6 ↑
2.Imports [(u/s) 148]	218,499	199,691	18,808	9.4 ↑
3.Salary [(u/s) 149]	151,768	129,433	22,334	17.3 ↑
4.Profit on Debt/Bank Interest & Securities [u/s 151]	134,811	128,310	6,501	5.1 ↑
5.Dividends [(u/s) 150]	63,718	55,096	8,622	15.6 ↑
6.Telephone [(u/s) 236]	63,183	54,635	8,548	15.6 ↑
7.Electricity [(u/s) 235]	51,264	45,427	5,836	12.8 ↑
8.Technical Fee [(u/s) 152]	35,233	40,143	-4,910	-2.2 ↓
9.Export [(u/s) 154]	42,249	38,450	3,798	9.9 ↑
10. Cash Withdrawals [(u/s) 231 (A)]	15,137	15,169	-32	0.2 ↓
Sub-Total (10 major items)	1,047,964	943,718	104,246	11.0 ↑
Others	189,167	148,019	41,148	27.8 ↑
Total WHT	1,237,131	1,091,737	145,394	13.3 ↑
%age Share of top 10 in Total WHT	85.0	86.0		

Table-5: Collection from Major Revenue Spinners of Withholding Taxes

Source: FBR Year Book 2020-21

## Major contributors of withholding taxes

Collection of income tax is not only highly skewed in favor of withholding taxes but also heavily reliant on few items. Out of 256 withholding items, ten major items contribute around 85 percent of total withholding collection. The highest contributor in withholding taxes is contracts with 22 percent share, followed by imports (17.7) and salary (12.3). Further break-up reveals that the share of only three heads of WHT i.e. contract, imports and salary is more than 52 percent, thus making income tax revenue vulnerable to variation in these three heads. Therefore, it is essential that along with expanding the tax base, efforts should be made to broaden the withholding tax base.



Graph-5: %age share of Withholding Taxes under different heads

## Sales Tax

As compared to the previous year, Sales tax yet again remained the top revenue source for the federal receipts. It increased its share from 38% in FY 2020 to 40% in FY 2021. In absolute terms Rs.1,981.4 billion has been collected which is Rs.384.5 billion higher than the amount collected in PFY. The downward revised target of sales tax was achieved to the extent of 102.8 percent.

Further breakup reveals that the sales tax at import stage has recorded a substantial growth of 27.6 percent, whereas collection of sales tax domestic has also grown by an impressive 19.8 percent. Details of collection of these two components are in Table 6.

*(Rs. in Million)*

Tax-Head	Collection		Growth	
	FY 2020-21	FY 2019-20	Absolute	%
Sales Tax Imports	1,118,193	876,345	241,848	27.6 ↑
Sales Tax Domestic	863,211	720,532	142,679	19.8 ↑
Sales Tax (Total)	1,981,404	1,596,877	384,527	24.1 ↑

*Table-6: Collection of Sales Taxes*

Source: FBR Year Book 2020-21

Within sales tax, the share of sales tax on imports remained around 56.4 percent and that of Sales Tax Domestic at around 43.6 percent during FY 2020-21. It indicates that there is greater reliance of sales tax collection on imports as compared to Sales Tax Domestic. STD collection needs to be the focus in the current financial year to reduce reliance on imports.



## Sales Tax Domestic Collection

The net collection of Sales Tax Domestic (STD) was Rs. 863.2 billion against Rs. 720.4 billion in the PFY and the net collection grew by 19.8%. In absolute terms, Rs. 142.7 billion higher amount of revenue was collected in FY 2020-21 as compared to the previous fiscal year. The details of major ten items are shown in Table-7. The POL products are the top revenue-generating source with 34.9% share. All the major contributors showed remarkable growth and increased their share in total collection to 76.9% up from 65.2% in last financial year. Once again, we see over reliance on few specific sectors. The share of these sectors has increased by 11.7% in one financial year, highlighting the need to focus on other sectors.

Details of net collection of sales tax and %age share vis-à-vis previous fiscal year is shown in Table 7 below:

*(Rs in Million)*

Commodities/Items	Net Collection			Share (%)	
	2020-21	2019-20	Growth (%)	2020-21	2019-20
POL Products	300,902	231,365	30.1 ↑	34.9	32.1
Electrical energy (discos)	127,231	91,826	38.6 ↑	14.7	12.7
Sugar	62,780	39,773	57.8 ↑	7.3	5.5
Cotton Yarn	44,103	25,764	71.2 ↑	5.1	3.6
Cement	37,275	20,817	79.1 ↑	4.3	2.9
Cigarettes	27,923	20,347	37.2 ↑	3.2	2.8
Food Products	21,526	17,348	24.1 ↑	2.5	2.4
Motor Cars	15,727	3,771	317.1 ↑	1.8	0.5
Aerated Waters / Beverages	15,430	12,882	19.8 ↑	1.8	1.8
Concentrates (Beverages)	11,180	5,849	91.1 ↑	1.3	0.8
Major Ten Commodities	664,077	469,742	41.4 ↑	76.9	65.2
Other	199,134	250,790	20.6 ↓	23.1	34.8
All Commodities	863,211	720,532	19.8 ↑	100.0	100.0

Table-7: Major Revenue Spinners (Sales Tax Domestic)

Source: FBR Year Book FY 2020-21

## Sales Tax on Imports

Sales tax on imports (STM) is a significant component of federal tax receipts. The share of STM in total sales tax net collection has reached around 57 percent. The net collection of STM during FY 2020-21 stood at Rs. 1,118.2 billion against Rs. 876.3 billion in FY 2019-20, registering a growth of 27.6 percent.

(Rs. in Million)

PCT Chapter	Commodities	Collection			Share (%)	
		2020-21	2019-20	Growth (%)	2019-20	2020-21
27	POL Products	255,740	231,321	10.6 ↑	22.9	26.4
72	Iron and Steel	110,845	82,898	33.7 ↑	9.9	9.5
87	Vehicles (Non-Railway)	81,377	42,931	89.6 ↑	7.3	4.9
84	Machinery & Mechanical Appliances	77,858	62,570	24.4 ↑	7.0	7.1
15	Edible Oil	75,195	51,965	44.7 ↑	6.7	5.9
39	Plastic Resins etc.	70,917	55,203	28.5 ↑	6.3	6.3
85	Electrical Machinery	55,579	51,986	6.9 ↑	5.0	5.9
29	Organic Chemicals	38,881	31,238	24.5 ↑	3.5	3.6
12	Oil Seeds and Oleaginous Fruit; Misc.	33,310	23,138	44.0 ↑	3.0	2.6
52	Cotton	24,511	12,754	92.2 ↑	2.2	1.5
Sub Total		824,212	646,003	27.6	73.7	73.7
Others		294,026	230,349	27.6	26.3	26.3
Gross		1,118,238	876,352	27.6	100.0	100.0
Refund/Rebate		45	7	542.9	-	-
Net		1,118,193	876,345	27.6	-	-

Table-8: Major Revenue Spinners (Sales Tax on Imports)

Source: FBR Year Book 2020-21

## Customs Duty

During FY 2020-21, Customs duty collection target of Rs. 700 billion was surpassed by 6.8% as indicated in Table-9.

Customs Duty Target	Rs. 700.0 billion
Customs Duty collection (Net)	Rs. 747.3 billion
% Age of Target Achieved	106.8%

Table-9: Percentage of Customs Duty Target Achieved During FY 2020-21

Source: FBR Year Book 2020-21

## Analysis of Customs Duty Collection

It is evident from Table-10 below that around 61% of customs duty collection was contributed by major commodities grouped in 10 PCT Chapters.

(Rs. in Million)

Ch.	Description	Collection			Share (%)	
		2020-21	2019-20	Growth (%)	2020-21	2019-20
87	Vehicles (Non-Railway)	110,860	56,852	95.0 ↑	14.4	8.9
27	POL Products	94,280	83,225	13.3 ↑	12.2	13.0
85	Electrical Machinery	59,706	59,873	0.3 ↓	7.8	9.4
72	Iron & Steel	55,576	45,438	22.3 ↑	7.2	7.1
84	Mach & Mech. Appliances	41,793	32,930	26.9 ↑	5.4	5.2
15	Edible Oil	34,435	29,420	17.0 ↑	4.5	4.6
39	Plastic Resins etc.	26,837	23,937	12.1 ↑	3.5	3.7
9	Tea & Coffee	16,896	14,755	14.5 ↑	2.2	2.3
40	Rubber and articles thereof.	16,009	6,627	141.6 ↑	2.1	1.0
48	Paper & Paperboards	14,521	14,453	0.5 ↑	1.9	2.3
	Sub Total	470,913	367,510	28.1	61.1	57.5
	Other	299,294	271,397	10.3	38.9	42.5
	Gross	770,207	638,907	20.6	100.0	100.0
	Refund/Rebate	22,931	12,295	86.5		
	Net	747,276	626,612	19.3		

Table-10: Major Revenue Spinners of Customs Duties

Source: FBR Year Book 2020-21

## Federal Excise Duty (FED)

During FY 2020-21, FED collection grew by 11.6% registering an increase of about Rs.29.1 billion as compared to the previous year. Share of FED in total FBR collection is around 6 percent. Major sectors that contribute to FED revenues are cigarettes, cement, natural gas, services. There is a substantial growth in most of the items. However, the collection from services, where air travel is the main contributor, has significantly declined. Reason for decline in collection from this head is the Covid-19 related restrictions on air travel. Despite a major blow in collection from services sector, FBR showed remarkable achievement.

(Rs. in Million)

S.No.	Commodities	FY 2020-21	FY 2019-20	Growth (Abs)
1	Cigarettes	107,382	89,825	17,556 ↑
2	Cement	74,507	71,229	3,279 ↑
3	Beverages and Concentrates	33,455	28,439	5,016 ↑
4	Natural Gas	9,617	9,429	188 ↑
5	Services	8,979	32,076	23,096 ↓
6	Vehicles Motor (Imp)	8,676	1,850	6825.5 ↑
7	Edible Oil	4,360	2,686	1674.9 ↑
8	POL Products	4,233	3,486	746 ↑
9	Vegetable ghee	377	215	161.5 ↑
10	Perfumery & Cosmetics	347	286	61 ↑
Sub-total		251,933	239,521	5.2
Others		27,623	10,953	152.2
Gross		279,556	250,474	11.6
Refunds		-	-	-
Net		279,556	250,474	11.6

Table-11: Major Revenue Spinners of FED

Source: FBR Year Book 2020-21

## 1) Breakdown of tax receipts by segments

(Corporate tax receipts, AOP's tax receipts, Individuals/Commercial receipts)

(Rs. in Billion)

Segment of Taxpayers	Tax Receipts
Corporate	3174
Association of Person	249
Individuals / Commercial	1311
Total:	4734

Table-12: Breakdown of tax receipts by segments

Source: IR Ops Wing, FBR

## 2) Breakdown of tax receipts by geography

(Rs. in Billion)

Tax Office	Revenue Receipts (2020-21)			
	IT	ST	FED	Total
LTO Karachi	279	1,220	71	1,570
LTO Islamabad	273	153	123	550
LTO Lahore	126	284	64	474
LTO Multan	32	32	0	64
MTO Karachi	164	36	3	203
CTO Lahore	60	45	0	106
CTO Karachi	126	23	7	157
CTO Islamabad	10	6	0	16
RTO Lahore	113	39	0	152
RTO Islamabad	68	14	0	82
RTO Karachi	105	6	0	111
RTO Rawalpindi	49	45	0	94
RTO Multan	30	27	0	58
RTO Peshawar	37	27	13	77
RTO-II Karachi	91	(9)	0	82
RTO Faisalabad	32	(14)	0	18
RTO Quetta	27	39	0	66
RTO Hyderabad	17	9	0	26
RTO Gujranwala	13	0	0	13
RTO Bahawalpur	14	1	0	15
RTO Sukkur	12	1	0	13
RTO Sargodha	12	3	0	15
RTO Sialkot	17	(8)	0	10
RTO Sahiwal	9	0	-	10
RTO Abbottabad	6	3	0	8
<b>TOTAL:</b>	<b>1,723</b>	<b>1,983</b>	<b>284</b>	<b>3,990</b>

Table-13: Tax Office-wise Collection of Income Tax, Sales Tax and Federal Excise Duty during  
FY 2020-21

Source: IR Ops Wing, FBR



(Rs. in Million)

Customs Collectorates	Customs Duty Collected (Net)
Port Muhammad Bin Qasim, Karachi	215,477
Appraisalment (East), Karachi	211,034
Appraisalment (West), Karachi	135,993
Enforcement, Karachi	45,272
Jinnah International Airport, Karachi	22,635
Exports, Karachi	3,492
Exports, Port Qasim, Karachi	(9,482)
Hyderabad	4,492
Quetta (Appraisalment)	6,756
Quetta (Enforcement)	2,138
Gwadar	10,959
Lahore (Appraisalment)	29,654
Lahore (Enforcement)	303
Allama Iqbal International Airport, Lahore	31,717
Faisalabad (Appraisalment)	15,954
Sambrial, Sialkot	(2,941)
Multan (Enforcement)	279
Islamabad	10,158
Peshawar (Appraisalment)	11,990
Peshawar (Enforcement)	1,109
Gilgit, Baltistan	71
Total	747,060

Table-14: Collectorate-wise Collection of Customs Duty during FY 2020-21

Source: Customs Wing, FBR

### 3) Number of new taxpayers registered

Tax Office	Income Tax			Sales Tax		
	Income Tax Population (as on 30.06.2021)	New Registered from July 2020 June 2021	% Of Total Population	Sales Tax Population (as on 30.06.2021)	New Registered from July 2020 to June 2021	% Of Total Population
RTO LAHORE	1,270,074	121,487	9.565	55,932	5,398	9.65
RTO-II KARACHI	1,047,278	43,887	4.191	23,524	2,482	10.55
RTO RAWALPINDI	566,534	59,077	10.428	18,622	1,745	9.37
RTO FAISALABAD	503,283	48,146	9.566	23,253	2,297	9.88
RTO MULTAN	431,716	61,238	14.185	11,638	1,839	15.80
RTO PESHAWAR	406,584	50,968	12.536	13,531	2,249	16.62
RTO ISLAMABAD	360,189	33,234	9.227	13,776	1,733	12.58
RTO SIALKOT	354,754	48,884	13.780	18,921	2,419	12.78
RTO-I KARACHI	343,080	46,619	13.588	27,909	2,023	7.25
RTO BAHAWALPUR	302,767	37,125	12.262	6,740	1,020	15.13
RTO GUJRANWALA	272,594	34,226	12.556	11,337	1,099	9.69
RTO HYDERABAD	261,039	21,638	8.289	4,729	702	14.84
RTO SARGODHA	259,256	40,113	15.472	7,854	3,664	46.65
RTO SAHIWAL	219,249	33,639	15.343	4,672	693	14.83
RTO SUKKUR	187,725	11,819	6.296	3,083	324	10.51
CTO KARACHI	142,426	5,663	3.976	19,284	1,699	8.81
RTO QUETTA	140,856	16,029	11.380	6,858	777	11.33
RTO ABBOTTABAD	94,871	9,438	9.948	2,190	210	9.59
CTO LAHORE	75,095	9,282	12.360	3,900	1,696	12.20
CTO ISLAMABAD	31,563	2,711	8.589	8,152	966	11.85
MTO KARACHI	9,542	97	1.017	1,239	43	3.47
LTO KARACHI	3,602	163	4.525	1,262	13	1.03
LTO LAHORE	2,246	1	0.045	1,073	16	1.49
LTO ISLAMABAD	1,289	4	0.310	527	11	2.09
LTO MULTAN	332	-	0.000	288	7	2.43
TOTAL:	7,287,944	735,488	10.092	300,294	35,125	11.70

Table-15: Tax office-wise, Percentage increase, Percentage of total population

Source: IR Ops Wing, FBR

#### 4) Number of Active taxpayers by tax instruments

Tax Office	IT Registered Taxpayers	ST Registered Taxpayers
CTO ISLAMABAD	31,563	8,152
CTO KARACHI	142,426	19,284
CTO LAHORE	75,095	13,900
LTO ISLAMABAD	1,289	527
LTO KARACHI	3,602	1,262
LTO LAHORE	2,246	1,073
LTO MULTAN	332	288
MTO KARACHI	9,542	1,239
RTO ABBOTTABAD	94,871	2,190
RTO BAHAWALPUR	302,767	6,740
RTO FAISALABAD	503,283	23,253
RTO GUJRANWALA	272,594	11,337
RTO HYDERABAD	261,039	4,729
RTO ISLAMABAD	360,189	13,776
RTO LAHORE	1,270,074	55,932
RTO MULTAN	431,716	11,638
RTO PESHAWAR	406,584	13,531
RTO QUETTA	140,856	6,858
RTO RAWALPINDI	566,534	18,622
RTO SAHIWAL	219,249	4,672
RTO SARGODHA	259,256	7,854
RTO SIALKOT	354,754	18,921
RTO SUKKUR	187,725	3,083
RTO-I KARACHI	343,080	27,909
RTO-II KARACHI	1,047,278	23,524
Total	7,287,944	300,294

Table-16: Income Tax registered taxpayers, Sales Tax registered taxpayers

Source: IR Ops Wing, FBR

## KPI-2: Level of Automation

### 1) Percentage of processes that are completely automated:

S.No.	Nature of Process	Level of Automation
1	Pre arrival clearance at sea ports	100%
2	Virtual Assessment	100%
3	Online Import Duties calculator	100%
4	Automation of Export Duty Drawback payment	100%
5	Authorized Economic Operator Program	100%
6	Automation of Approvals under Export Promotion Schemes	100%
7	Automation of International Transshipment regime	100%
8	Automation of Collector Appeals process	100%
9	Automation of Debt collection (Recovery) system	100%
10	Stock taking and automation of State Warehouses all over the country	100%
11	B2C E-Commerce Exports Module	100%
12	Afghan Transit Reverse (open trucks)	100%
13	Exemption process for Export of services	100%
14	Automation of CIR Appeals processes	100%
15	Automation of Income Tax registration process of Addition of new company type "Resident Company (Incorporated outside Pakistan)	100%
16	Automation of e-Ledger & Demand Register processes	100%
17	Automation of e-Commerce (WEBOC-Sales Tax) Integration process	100%
18	Automation of Audit Management process (Agreed assessment)	100%
19	Automation of CITRO processes (Batch processing, Transaction Medium, Income Refund Order)	100%
20	Automation of addition of new streams in CSTRO system	100%
21	Automation of Cashback process in POS	100%
22	Automation of Cashback process in Tax Asaan	100%

Table-17: Percentage of processes completely automated during FY 2020-21

Source: IT Wing (IR)/Customs Wing, FBR

## 2) Percentage of processes that are Re-Designed for efficiency:

S.No.	Nature of Process	Level of Implementation
1	Automation of Post Clearance Audit Process	100%
2	Bonded Warehouse System	100%
3	Audit of Survey/Quota based Manufacturing Bonds, Exports Facilitation Schemes	100%
4	Border Management Initiatives	100%
5	Revamping of commercial import mobile phones module linked with PTA	100%
6	Exceptional IB/EB GDs/TPs	100%
7	Vehicle Baggage TPs/VB GDs on TP	100%
8	FBR Maloomat (Tax Assan - Mobile) shifted from Iris Production to Iris OLAP.	100%
9	FBR Maloomat (Web) shifted from Iris Production to Iris OLAP.	100%
10	OVS (Online Verification System) Mobile application shifted from Iris Production to Iris OLAP.	100%
11	OVS (Online Verification System) Web application shifted from Iris Production to Iris OLAP.	100%
12	ATL Web shifted from Iris Production to Iris OLAP.	100%
13	Asset Inquiry shifted from Iris Production to Iris OLAP.	100%
14	IT Return for TY-2020 & 2021 (Web) - Wizard Based Return for Web Users	100%
15	IT Return-2021 (Mobile) - Wizard Based Return for Mobile Users	100%
16	POS-Multiple enhancement in POS to facilitate Taxpayers & Retailers, Including Alert Management System	100%
17	STRIVE archiving and upgradation of DB from SQL 2016 to SQL 2019	100%
18	POS-Revamping – Flat file to DB conversion	100%
19	Withholding Statement for TY-2022	100%
20	Registration of NPO u/s 2(36)	100%

*Table-18: Percentage of processes redesigned for efficiency during FY 2020-21*

Source: IT Wing (IR)/Customs Wing, FBR

### 3) Number of IT systems developed, equipped and launched:

S.No.	Nature of Process	Level of Implementation
1	TIR Multi Model Automation module	100%
2	Clearance in the Sky	100%
3	Implementation of Advance Ruling system	100%
4	National Targeting Centre	100%
5	DNFBP (Designated Non-Financial Business and Profession) Management System (Phase 1 & 2) Web Application	100%
6	DNFBP Mobile Application	100%
7	Mobile Workforce Management System (MWMS)	100%
8	Implementation of CBC AEOIS system	100%
9	CIR Appeals Management System	100%
10	Payment Gateway Application for Online Payments	100%
11	CITRO – Income Tax Refund Payment Module	100%
12	e-Ledger & Demand Register Module	100%
13	Single Return / Single Portal Application	100%
14	Integration Services with Banks and 3rd party vendors	100%
15	e-Hearing Module	100%
16	e-Advance Tax Module	100%
17	New Simplified Income Tax Return for Retailers & Manufacturers	100%

*Table-19: IT systems that were developed, equipped and launched during FY 2020-21*

Source: IT Wing (IR)/Customs Wing, FBR



#### 4) Number of online facilities/mobile applications introduced:

S.No.	Nature of Process	Level of Implementation
1	Transit Trade portal accessible by imported through website (Customs)	100%
2	Online anti-smuggling and confiscation of goods portal (Customs)	100%
3	E-Auction	100%
4	DNFBP Mobile Application	100%
5	Mobile Workforce Management System (MWMS)	100%
6	Tax Assan (version 2.0)	70%

*Table-20: Online facilities/mobile applications that were introduced during FY 2020-21*

Source: IT Wing (IR)/Customs Wing, FBR

#### 5) Number of initiatives taken for reducing dwell time at ports by Pakistan Customs:

S.No.	Nature of Process	Level of Automation
1	Trade Facilitation through effective Customs Risk Evaluation and Management (CREAM) system	100%
2	Blue Channel	100%
3	Rollout of WeBOC at remote border stations of Baluchistan and KPK	100%

*Table-21: Initiatives taken for reducing dwell time at ports by Pakistan Customs*

Source: Customs Wing, FBR

## KPI-3: Taxpayers' Facilitation

### 1) Percentage of taxpayers reporting satisfaction with point of contact services:

FBR is utilizing Customer Relationship Management (CRM) Software to improve customer's contact experience by tracking, monitoring and archiving issues reported by the taxpayers. Taxpayers lodge complaints by sending emails to [helpline@fbr.gov.pk](mailto:helpline@fbr.gov.pk), calling the helpline UAN, and also by visiting the FBR's website [www.fbr.gov.pk](http://www.fbr.gov.pk). FBR has point of contact with taxpayers through FBR's CRM and Prime Minister Delivery Unit (PMDU). The satisfaction level of taxpayers varies at different point of time. For the period from July 2020 to June 2021 CRM System received and replied 179,533 emails. The satisfaction indicator of taxpayers was 93% for CRM and 43% for complaints received through PMDU.

[Source: FATE Wing (IR), FBR]

### 2) Percentage time reduction in filing of tax returns

The filing of tax returns for FY 2020-21 was simplified, which resulted in 26% of time reduction.

### 3) Percentage of refund claims processed through IT systems developed by FBR

Around 100% of refund claims were processed through IT systems developed by FBR during 2020-21.

### 4) Percentage improvement in Paying Taxes Indicator

Pakistan made paying taxes easier by introducing online payment modules for sales tax, corporate income tax and reducing the corporate income tax rate.

### 5) Percentage reduction in average time required to process Income Tax and Sales Tax refunds

There was around 71% time reduction in average time required to process Income Tax and Sales Tax refunds during 2020-21.

### 6) Percentage reduction in physical examination to facilitate trade across borders

During the Fiscal Year 2020-21, in order to facilitate trade across borders, the physical examination of goods was reduced by 6.86% and 10.92% for imports and exports respectively compared with the previous Fiscal Year 2019-20.

Source: IT Wing (IR)/Customs Wing, FBR

## 7) Percentage increase in post clearance audits

The table given below shows that the number of contravention cases made as a result of post clearance audits during FY 2020-21 remained almost the same as PFY however, the amount detected increased by 899% when compared with performance of FY 2019-20.

PCA related Contravention Reports (CRs) issued during FY 2020-21		PCA related Contravention Reports (CRs) issued during FY 2019-20		% Increase /Decrease	
Total Number	Amount Detected (Rs. in million)	Total Number	Amount Detected (Rs. in million)	Total Number	Amount Detected
958	36303	949	4034.40	1	899

Table-22: Percentage increase in post clearance audits

Source: Legal & Accounting Wing (Customs), FBR

## 8) Number of processes automated to strengthen (Risk Management System) RMS for facilitating trade

- A newer iteration of the predictive analysis Algorithm, namely; the Import Risk Evaluation Engine (IREE), based on an updated machine learning cycle was implemented in FY 2020-21. This has significantly improved the ability of the RMS to selectively target risky consignments leading to an increase in the green channel clearances.
- RMS for auto processing and sanctioning of export Rebate to Exporters were implemented in FY 2020-21 whereby 79% rebate claims are processed through green channel while further steps have been taken to process more than 80% of the rebate claims through green channel.
- Physical examination of goods was reduced by 6.86% and 10.92% in Imports and Exports respectively.
- To augment the non-intrusive inspection, Blue Channel in RMS for scanning was introduced whereby selection of containers for scanning is made through RMS based selectivity criteria to achieve the objectives of security and facilitation of trade in light of the WCO SAFE Framework of Standards. This is successfully operational at both Seaports i.e. Port of Karachi and Port Mohammad Bin Qasim.
- A system-based assessment of Goods Declarations has been introduced through “Virtual Assessment” module which is based on strict criteria for selection to achieve the objectives of faceless assessment and quick clearance of consignments.
- With a view to comply with standard 3.25 of the Revised Kyoto Convention, Pre-arrival /pre-clearance system was introduced in FY 2020-21. This has also allowed for conformity vis-à-vis Article No. 7 of Trade Facilitation Agreement (TFA).

Source: Customs Wing, FBR

**9) Number of taxpayers' representation disposed of by the Audit Wing during the fiscal year**

Forty-seven taxpayers' representation were disposed of during FY 2020-21 by Audit Wing.

Source: Legal & Accounting Wing (Customs), FBR

## KPI-4: Integration of FBR with other revenue agencies & departments

### **1) Number of functional data bridges established with provincial revenue agencies and other state departments across the nation**

Around four functional data bridges were established with provincial revenue agencies and other state departments across the nation such as Banks/NADRA/SECP/PITB/AGPR/SBP/I-LINK/TELCOS, Punjab Land Record.

### **2) Number of data generating processes initiated with other agencies**

No data generating processes were initiated with other agencies.

### **3) Integration of third-party databases inflowing data into IRS system**

No third-party databases inflowing data into IRS system were integrated.

### **4) Percentage of POS systems integrated in each region/province**

About 35% POS systems were integrated in each region/province.

### **5) Percentage of designated imports and domestic production track and traced.**

Since the Track and Trace system was not fully functional during 2020-21, no designated imports and domestic production were tracked and traced.

Source: IT Wing (IR), FBR

## KPI-5: Revenue Laws Simplification

### 1) Number of Withholding Lines (Direct Taxes) reduced during the Fiscal Year 2020-21

S. No.	Section	Description
1	152A	Payment for foreign produced commercials
2	153B	Payment of royalty to resident persons
3	231A	Cash withdrawal from a bank
4	231AA	Advance tax on Transactions in Bank
5	233A	Collection of tax by a stock exchange registered in Pakistan
6	233AA	Collection of tax by NCCPL
7	234A	CNG Stations
8	235A	Domestic electricity consumption
9	236B	Advance tax on purchase of air ticket
10	236HA	Tax on sale of certain petroleum products
11	236L	Advance tax on purchase of international air ticket
12	236P	Advance tax on banking transactions otherwise than through cash
13	236V	Advance tax on extraction of minerals
14	236Y	Advance tax on persons remitting amounts abroad through credit or debit or prepaid cards

Table-23: Number of withholding lines reduced during FY 2020-21 vide Finance Act, 2021

Source: IR Policy Wing, FBR

### 2) Number of tariff lines rationalized during Fiscal Year 2020-21

Number of Tariff Lines Rationalized	Rate of Customs Duty during 2019-20 (Before Rationalizing)	Rate of Customs Duty during 2020-21 (After Rationalizing)
12	20	16
2	20	3
1	20	0
8	16	11
4	16	3
90	11	3
2	11	0
13	3	0
Total: 132		

Table-24: Number of tariff lines rationalized during Fiscal Year 2020-21

Source: Customs Wing, FBR

The above table shows that during FY 2020-21, FBR took substantial steps for incentivizing the industry through tariff-based measures. In the budget FY 2020-21, the rate of customs duty on 34 tariff lines of raw materials and intermediary goods was reduced from 3 % to 0%. Similarly, customs duty on multiple other tariff lines pertaining to raw materials and intermediary goods were also reduced substantially.

During FY 2020-21, 132 tariff lines of Pakistan Customs Tariff were rationalized, as evident from the table above.

## KPI-6: Risk Based Audits Conducted by FBR

### a) Number of cases selected by FBR through random balloting

Number of cases selected by FBR through random balloting = 58405

### b) Percentage of Risk Based Audits completed during the Fiscal Year

Percentage of Risk Based Audits completed during the Fiscal Year = 63%

### c) Monthly evaluation of performance reports in respect of audit cases under Section 214C of Income Tax Ordinance, 2001

Month	Opening Balance of Audit Cases	Added during the month	Deleted during the month	Finalized during the month	Pending	Demand Created (Rs. in Million)	Demand Collected (Rs. in Million)
Jul-20	32,478	1,169	607	447	32,593	696.36	13.55
Aug-20	32,593	1,099	1,386	577	31,729	946.72	22.72
Sep-20	31,729	6,501	1,188	1,260	35,782	1,980.90	30.47
Oct-20	35,782	5,244	990	3,107	36,929	5,705.31	19.35
Nov-20	36,929	3,259	648	1,038	38,502	15,807.25	24.45
Dec-20	38,502	1,144	532	3,068	36,046	13,060.97	54.14
Jan-21	36,046	139	826	1,275	34,084	7,041.06	45.62
Feb-21	34,084	1,332	173	1,435	33,808	7,340.63	43.13
Mar-21	33,808	157	87	1,705	32,173	5,073.64	62.06
Apr-21	32,173	574	1,285	2,515	28,947	5,384.88	49.12
May-21	28,947	108	380	3,160	25,515	9,949.80	61.46
Jun-21	25,515	4,883	72	13,772	16,554	46,248.67	180.35
Total:	398,586	25,609	8,174	33,359	382,662	119,236.18	606.41

*Table-25: Monthly evaluation of performance reports in respect of audit cases under Section 214C of Income Tax Ordinance, 2001*

Source: Audit & Accounting, IRS Wing, FBR

Month	Opening Balance of Audit Cases	Added during the month	Deleted during the month	Finalized during the month	Pending	Demand Created (Rs. in Million)	Demand Collected (Rs. in Million)
Jul-20	7,243	37	27	113	7,140	219.35	18.22
Aug-20	7,140	73	440	83	6,690	1,365.97	21.67
Sep-20	6,690	896	45	146	7,395	515.60	5.98
Oct-20	7,395	1,102	197	214	8,086	2,983.26	3.21
Nov-20	8,086	190	333	169	7,774	7,610.34	8.24
Dec-20	7,774	209	7	565	7,411	4,742.44	7.27
Jan-21	7,411	24	372	660	6,403	36,214.50	13.42
Feb-21	6,403	7	19	171	6,220	2,126.59	3.93
Mar-21	6,220	47	5	231	6,031	7,621.83	13.01
Apr-21	6,031	32	3	150	5,910	56,363.92	25.60
May-21	5,910	31	102	323	5,516	4,566.97	68.84
Jun-21	5,516	194	91	885	4,734	6,199.23	129.18
Total	81,819	2,842	1,641	3,710	79,310	130,530	318.56

*Table-26: Monthly evaluation of performance reports in respect of audit cases under Section 72B of Sales Tax Act, 1990*

Source: Audit &Accounting, IRS Wing, FBR

Month	Opening Balance of Audit Cases	Added during the month	Deleted during the month	Finalized during the month	Pending	Demand Created (Rs. in Million)	Demand Collected (Rs. in Million)
Jul-20	34	1	-	-	35	-	-
Aug-20	35	3	7	2	29	573,591.27	-
Sep-20	29	8	1	-	36	-	-
Oct-20	36	1	1	1	35	975.00	-
Nov-20	35	-	-	-	35	-	-
Dec-20	35	-	1	3	31	2.97	-
Jan-21	31	2	-	4	29	713.10	0.71
Feb-21	29	-	-	2	27	54.33	-
Mar-21	27	-	-	-	27	-	-
Apr-21	27	-	-	1	26	1,092.41	-
May-21	26	1	-	3	24	5,118.50	-
Jun-21	24	-	2	2	20	507.30	-
Total	368	16	12	18	354	582,054.89	0.71

*Table-27: Monthly evaluation of performance reports in respect of audit cases under Section 42B of Federal Excise Act, 2005*

Source: Audit &Accounting, IRS Wing, FBR



## KPI-7: Formulation of National Tax / Customs Policy

### 1) Execution and successful implementation of annual budgetary proposals related to Customs/Inland Revenue Laws, Rules, procedures and allied laws.

a) Annual budgetary proposals related to Customs laws, rules and procedures successfully executed and implemented during FY 2020-21 are given below:

#### Relief Measures

- I. Exemption from customs duties on import of 61 COVID19 related items.
- II. Exemption from 2% ACD on import of edible oils and oil seeds.
- III. Exemption of duties & taxes on import of Dietetic Foods for Children with inherited metabolic disorders.
- IV. Exemption of all duties & Taxes on import of Diagnostic Kits for Cancer and Corona Virus.
- V. Exemption of Customs duties on inputs of Ready to use Supplementary Foods (RUSF).

#### Measures for Incentivizing Local Industry

- I. Exemption of additional custom duties on those tariff lines which were @ 0% customs duty in tariff.
- II. Reduction of custom duty on 40 raw materials of various industries.
- III. Tariff rationalization under National Tariff Policy 2019, by reducing customs duty on 90 tariff lines from 11% to 3% and 0%.
- IV. Allowing the exemption on import of raw material to those Nashiran-e-Quran also who do not have their own in-house printing facility.
- V. Reduction in regulatory duty from 12.5% and 17.5% to 6% and 11%, respectively on Hot Rolled Coils (HRC) of Iron and steel falling under PCT codes 7208 and 7225& 7226, respectively.
- VI. On the request of various local industries, a number of their inputs/intermediary raw materials are being allowed concessional import under new serial number of the fifth schedule through IOCO quota determination.

b) Annual budgetary proposals related to Inland Revenue laws, rules and procedures successfully executed and implemented during FY 2020-21 are narrated below:

### Sales Tax & Federal Excise Related Budgetary Measures:

#### Relief Measures

- I. Exemption granted to the import of Food for Special Medical Purpose (FSMP) for the children suffering from Inherit Metabolic Syndrome whereby the body is unable to process the food a normal child can.
- II. Exemption on import and subsequent supply of health equipment related to Covid-19 through SRO. 237 dated 20.03.2020 for a period of three months
- III. Sales tax rate decreased from 14% to 12 % for business registered with POS to give relief to common man and to business also. The measure will help in documentation of economy
- IV. Relief for electric vehicles supply and manufacturing
- V. Exemption, reduced rates and exclusion from Minimum VAT for manufacturers/assemblers of EVs

## Revenue Measures

- I. To guarantee return filing culture Eleventh Schedule substituted to provide for deduction of the whole of the tax involved in case the supplier is unregistered or is a Non Active Taxpayer.
- II. FED on imported cigarettes, cheroots, cigarillos, cigars and other tobacco substituted as 65% of the retail price or the rate of duty as prescribed at S.No. 9, of the First Schedule, whichever is higher.
- III. A separate S.No. 8b has been inserted for the other categories like cigars, cheroots, cigarillos and cigarettes of tobacco and tobacco substitutes with duty defined as 65% of the retail price or ten thousand rupees per kg whichever is higher.
- IV. FED structure is already in place for both local and imported motor cars and SUVs excluding auto rickshaw falling under the PCT heading 87.03. Double cabin pickups which were classified as goods transport vehicle reclassified as passenger transport vehicle, bringing them in the ambit of FED @ 7.5% ad valorem in case of locally manufactured vehicles and @ 25% in the case of imported ones.

## Streamlining Measures

- I. Decrease sales tax rate from 14% to 12 % for businesses registered with POS.
- II. Sector Wise Limit of Wastage Ratio to discourage practice of claiming wastage more than the average wastage Ratio of the sector.
- III. All the registered suppliers made liable to make supplies to the unregistered person up to Rs.100 million in a financial year only.
- IV. Raw materials and intermediary goods excluded from collection of 3% VAT at time of import if imported by the manufacturers for in house consumption.

## **Income Tax Related Budgetary Measures**

### Relief Measures

- I. Increase in threshold of payments required to be made through banking channel under section 21(l) of the Ordinance.
- II. Increase in threshold of salary payments u/s 21(m) of the Ordinance.
- III. Incentivizing companies engaged in hotel businesses for carry forward of losses u/s 57(2B).
- IV. Exemption for non-residents from 100% excess withholding under tenth schedule.
- V. Enhancement of threshold for becoming prescribed person from 50 to 100M, u/s 153(7).

## Revenue Measures

- I. Expense on utility bills to be treated as an inadmissible business deduction subject to certain conditions [section 21(p)].
- II. Limiting tax credit u/s section 61 of the Ordinance in case of charitable donations by donor to associates.
- III. Limiting period of applicability of tax credit for companies vying for enlistment through sunset clause for credit till 30.06.2022
- IV. Real time access to databases of various bodies including NADRA, utility companies etc., u/s 175 of the Ordinance.
- V. Collection of advance tax from buyers of local vehicles if sold within 90 days of delivery
- VI. Extension in super tax for banking companies beyond tax year 2021

## Procedural Measures

- I. Rationalizing depreciation deduction under section 22(2) and 22(8) of the Income Tax Ordinance, 2001
- II. Strengthening compliance of NPOs by putting caps on their option to avail tax credit contingent upon some conditions [sections 2(36)(a) and (b), 100C (1)(g), 100C(1A)].
- III. Filing of tax returns by the persons having income taxable under FTR, section 114(1)(ae)
- IV. Mandatory filing of taxpayer's profile under section 114A of the Income Tax Ordinance, 2001
- V. Revision of wealth statement to be made after intimation to the Commissioner 116(3)
- VI. Automated adjusted assessment u/s 120(2A) of the Income Tax Ordinance, 2001
- VII. Strengthening of ADR, under section 134A of the Income Tax Ordinance, 2001
- VIII. Recovery proceedings under section 138 of the Income Tax Ordinance, 2001 harmonized with section 48(1)(a), (ca), and (d) of the Sales Tax Act 1990;
- IX. Rationalization of tax rates at imports stage from person specific to goods specific
- X. Prompt issuance of exemption certificates to public listed companies
- XI. Filing of withholding statements on quarterly basis, which was on biannual basis previously

Source: Annual Budget Document 2020-21

## **Number of tax treaties executed with foreign countries in order to facilitate investment:**

No tax treaty was executed with any foreign country during FY 2020-21.

Source: International Taxes Wing (IR), FBR

## KPI-8: FBR Outreach & Human Resource Development

### 1) Number of field projects completed during the Fiscal Year

S.No.	Name of Project	Amount (Rs. in Million)	Status
1	Construction of Zonal Office (IR) at Mansehra.	56.050	Completed
2	Acquisition of Additional Land for FBR (HQ) at Islamabad.	179.284	Completed

Table-28: Details of field projects completed during FY 2020-21

### 2) Number of officers sent abroad for official trainings during the Fiscal Year

S. No.	Name of the Training Course	Officers Trained IR/Customs (BPS 17-20)	Number of Officers Nominated
1	Online Foreign Training by UK based organization i.e. Sustainable Criminal Justice Solution on Money Laundering and Financial Crime Investigations	116	-
2	Trainings offered through EAD/Scholarship/Open Merit based Scholarship	-	55

Table-29: Number of officers nominated for official trainings during FY 2020-21

Source: Admin/HR Wing, FBR

### 3) No. of cases in which disciplinary action under E&D Rules 1973 has been taken during FY 2020-21

BPS of Officers	Number of Cases Where Disciplinary Action Taken During FY 2019-20
19-22	10
17-18	20
16	49
11	1
Total:	80

Table-30: Disciplinary action under E&D Rules taken during FY 2020-21

Source: Admin/HR Wing, FBR

#### 4) Number of reward cases processed under Reward Rules

S.No.	Nature of Reward Case	Number of officers	Reward Amount	Sanction date
1	To choke cargo traffic to Afghanistan-Third international progress review meeting held on 22-09-2020	8	Basic salary for 06/03/02 Months	29.09.2020
2	Roll out of automated Duty Drawback Scheme	4	Basic salary for 24/06/03 Months	25.11.2020
3	On historic seizure of 36.2Kgs of Heroin destined to Canada	6	Basic salary for 04/02 Months	26.11.2020
4	Swift clearance of stuck-up Transit Cargo at Torkham and operationalization of Customs Station, Angoor Adda, South Waziristan	14	Basic salary for 01 Month	14.12.2020
5	For coordinating/drafting of Rules/CGO for uniform of officers/officials of Pakistan Customs	1	Basic salary for 01 Month	03.06.2020
6	Officers of FATF Cell-Customs FBR	2	Basic salary for 02 Months	14.12.2020
7	Launching/Operationalization of e-office in the Directorate General of I&I Customs	5	Basic salary for 06/01 Month	30.06.2021

*Table-31: Number of reward cases processed under Reward Rules during FY 2020-21*

Source: Admin /HR/Customs Wing, FBR

## 5) Number of media campaigns launched for taxpayers facilitation

S.No.	Nature of Media Campaign	Medium	Dates
1	Income Tax Return Filing	Phase-I	
		Print	17th,19th 21st,23rd 25th, 27th & 30th September, 2020
		Electronic	16th,18th,20th 22nd,24th,26th,28th & 29th September, 2020
		Radio	16th,18th,20th,22nd,24th,26th,28th & 29th September, 2020
		Phase-2	
		Print	1st, 4th, 7th, 8th November, 2020
		Electronic	7th, 8th, 9th, 13th, 14th & 15th November, 2020
2	Broadening of Tax Base	Print	12th,14th,16th,18th,20th,22nd & 24th November, 2020
3	Illegal Petrol Pumps	Print	9th,10th ,11th January, 2021
		Electronic	8th, 9th ,10th, 11th, & 12th January, 2021
		Radio	8th, 9th ,10th, 11th, & 12th January, 2021
4	Image Building	Print	29th,30th ,31th January, 2021
		Electronic	8th, 9th ,10th, 11th, & 12th January, 2021
5	Integrity Management Cell	Print	3rd & 4th April, 2021
6	Automation Initiatives of FBR	Electronic	8th May to 13th May, 2021

Table-32: Media campaigns were launched for taxpayers' facilitation during FY 2020-21

Source: FATE Wing, FBR

## 6) Number of taxpayers complaints redressed during the year

Period	July 2020 to June 2021
Total Number of Complaints Received	13001
Total Number of Complaints Resolved	12850
In-Process Complaints	151
Percentage of Resolution	98.8
Total Number of Dashboards	83
Citizen Satisfaction Level	43%

*Table-33: Number of taxpayers' complaints redressed during the FY 2020-21*

Source: FATE Wing, FBR

## KPI-9: FBR representation before various legal forums

### 1) Representation of cases where FBR (HQs) is the sole respondent at Supreme Court/High Courts or FTO

S.No.	Forum	Total Number of Cases	Representation Filed	Representation Not Filed
1	Supreme Court	0	0	0
2	High Court	7	7	0
3	Federal Tax Ombudsman	0	0	0
Total		7	7	0

Table-34: Representation of cases where FBR (HQs) is the sole respondent during FY 2020-21

Source: Legal Wings, FBR

### 2) Individual performance appraisal of each Panel Advocate & Special Public Prosecutors through devised SOP on yearly basis.

Mechanism for individual performance appraisal of each Panel Advocate & Special Public Prosecutors was devised during 2020-21 and their performance is given in Table-34 below:

Total Number of Panel Advocates / Special Public Prosecutors	Performance Evaluation		
	Good	Satisfactory	Unsatisfactory Below Average
516	-	131	27

Table-35: Performance appraisal of each Panel Advocate & Special Public Prosecutors

\*358 Advocates were not assigned any case

Source: Legal Wing, FBR



## KPI-10: Implementation of Public Accounts Committee (PAC) directives

### 1) Preparation and timely submission of Working Papers in PAC for settlement of Audit Paras.

#### a) Performance of Customs Wing

The table-36 & 37 given below shows that all working papers pertaining to PAC meetings were timely prepared and submitted to the PAC for settlement of audit paras during 2020-21.

S.No.	Date of PAC Meeting	Date of Submission of Working Papers To PAC	Timely Submission of Working Papers to PAC
1.	23.07.2020	18.07.2020	100%
2.	31.08.2020	28.08.2020	100%
3.	23.09.2020	21.09.2020	100%
4.	13.10.2020	09.10.2020	100%
5.	27.01.2021	25.01.2021	100%

Table-36: Submission of Working Papers in PAC for settlement of Audit Paras (Customs Wing)

Source: Legal & Accounting-Customs Wings, FBR

#### b) Performance of IR Wing

S NO	Date of PAC Meeting	Date of submission of Working papers to PAC	Timely Submission of Working Papers to PAC
1	02.07.2020	01.07.2020	100%
2	16.07.2020	15.07.2020	100%
3	22.07.2020	21.07.2020	100%
4	27.07.2020	26.07.2020	100%
5	26.08.2020	25.08.2020	100%
6	23.09.2020	22.09.2020	100%
7	13.10.2020	12.10.2020	100%
8	16.12.2020	15.12.2020	100%
9	24.12.2020	23.12.2020	100%
10	30.12.2020	29.12.2020	100%
11	27.01.2021	26.01.2021	100%
12	08.03.2021	07.03.2021	100%
13	27.05.2021	26.05.2021	100%

Table-37: Submission of Working Papers in PAC for settlement of Audit Paras (IRS Wing)

Source: Audit & Accounting Wings, FBR

## 2) Timely dissemination of PAC directives among field formations for completing requisite actions.

### a) Performance of Customs Wing

The Tables-38 & 39 given below shows that PAC directives were timely disseminated to the field formations for completing requisite actions during 2020-21.

S.No.	Date of PAC Meeting	Date of Dissemination of PAC Directives to Field Formations
1.	23.07.2020	13.08.2020
2.	31.08.2020	01.09.2020
3.	23.09.2020	05.10.2020
4.	13.10.2020	16.10.2020
5.	27.01.2021	08.02.2021

*Table-38: Dissemination of PAC directives among field formations (Customs Wing)*

Source: Audit & Accounting Wings, FBR

### b) Performance of IR Wing

S.No.	Date of PAC Meeting	Date of Dissemination of PAC Directives to Field Formations
1.	02-07-2020	06.07.2020
2.	16.07.2020	17.07.2020
3.	22.07.2020	24.07.2020
4.	27.07.2020	29.07.2020
5.	26.08.2020	27.08.2020
6.	23.09.2020	28.09.2020
7.	13.10.2020	14.10.2020
8.	16.12.2020	18.12.2020
9.	24.12.2020	28.12.2020
10.	30.12.2020	31.12.2020
11.	27.01.2021	29.01.2021
12.	08.03.2021	10.03.2021
13.	27.05.2021	28.05.2021

*Table-39: Dissemination of PAC directives among field formations (IRS Wing)*

Source: Audit & Accounting Wing, FBR

# Chapter- 3: Implementation

## of FBR's Reform Agenda

Domestic revenue mobilization is key to realizing sustainable development and providing fiscal space to fund public expenditures. The current Tax reforms aim at business development and investment-friendly environment through voluntary tax compliance and reduction in administrative and compliance costs for taxpayers, which will ultimately promote economic growth.

The FBR reforms have focused on the integration of third-party databases of NADRA, SBP, AGPR and the provincial governments with FBR's centralized databases and a single system for filing of sales tax returns for the federal and provincial taxes.

The Federal Board of Revenue has been analyzing various reform interventions such as Simplification, Technological Access, Facilitation & Communication, Automation of Business Processes, effective Compliance Controls and Enforcement of Taxpayer Obligations and Institutional development to increase efficiency and accountability.

FBR is innovating to maximize the quality and efficiency of its services. In keeping with the government policy of enhancing automation, FBR is upgrading its digital services to make them increasingly available to all taxpayers and traders. Realignment of all ICT services with special focus on security, user interfaces with taxpayers and tax collectors, analytics; and a comprehensive Management Information System (MIS) is the need of the hour.

Functional data bridges have been established with provincial revenue agencies and other state departments across the nation such as Banks/NADRA/SECP/PITB/AGPR/SBP/I-LINK/TELCOS and Punjab Land Record. FBR lacks the capacity to analyze Big Data to detect tax evasion. Development of ICT infrastructure and a well-resourced Data Analysis and Research Unit to integrate and analyze big data with adequate data security can pave the way for enhancing the capacity of the organization.

World Bank Pakistan Raises Revenue (PRR) Program (2019-24) has helped FBR in achieving the goals set out under the program's Disbursement Linked Indicators (DLIs) listed below:

1. Broadening of tax base and sustainable increase in domestic tax revenues
2. Reducing scope of withholding tax regime
3. Bringing more transparency in tax system by publicly disclosing and analyzing tax exemptions/concessions.
4. Automatic exchange of taxpayer data with provinces to harmonize the methods for taxation on services and real estate
5. Electronic monitoring of production in key sectors with high risk of tax evasion such as tobacco, beverages, sugar, cement, fertilizer
6. Identification of new taxpayers through automated data sharing and ICT based Business Intelligence
7. Risk-based audit
8. Reduction of frequency of physical inspections and documental checks at the borders
9. Simplification and automation of FBR core business processes

10. Enhancing organizational effectiveness and transparency through systematically measuring and publicly reporting its performance based on key performance indicators.

The FBR is the implementing agency for the Integrated Transit Trade Management System (ITTMS) project under the CAREC- RIBS Program financed by the Asian Development Bank (US\$ 300 million) at three Border Crossing Points (BCPs) of Torkham, Chaman and Wahgah. The facilities include multi-agency administration and accommodation buildings for 24/7 Operationalization, well equipped Import and Export Customs Control Zones (CCZs) and passenger terminals, installation of Gantry, Pass-Through, and Dual View Inspection scanning equipment, cargo surveillance systems and e-Gates for passenger facilitation etc.

The Project will reduce Cost of Doing Business by speedy electronic verification of documents, clearance, weighing, scanning, and evaluation of transit goods for expedited cross-border cargo movement under WTO's Trade Facilitation Agreement (TFA) thereby reducing Cost of Doing Business and complementing Geo-Economics. Integration of electronic cargo clearance system of Pakistan Customs, i.e., WeBOC with Pakistan Single Window (PSW) Portal will lead to real-time data sharing with all the concerned stakeholders within the Country and with the regional Single Windows to connect with all the CAREC trading partners. The Project is currently on track and civil works at Torkham and Chaman are being executed with subsequent installation of cargo scanning equipment, port surveillance system, and e-Gates for passenger facilitation with an expected completion date of 31<sup>st</sup> December, 2023.

Moreover, with technical assistance from development partners specifically USAID, IFC and ADB, Pakistan Customs initiated the National Single Window project with a cost of USD 163 million in order to eliminate need for physical engagement between the traders and regulators besides simplifying the procedures and improving predictability. It will facilitate electronic submission of documents and risk based parallel processing and issuance of regulatory approvals relying on data/process harmonization while using modern technology. The business model for execution and operations as well as alignment of participating departments was approved by the Steering Committee in April, 2019. Pakistan Single Window is an ICT-based system and a facility that allows parties involved in trade and transport to lodge standardized information and documents at a single-entry point to fulfill all import, export, and transit-related regulatory requirements. PSW will connect relevant government departments with each other and with economic operators like importers, exporters, customs agents, shipping agents and transporters in Pakistan for efficient management of cross border trade. Pakistan is committed to implementing various provisions of World Trade Organization's (WTO) Trade Facilitation Agreement that includes implementation of a National Single Window (NSW) system before February, 2022.

FBR has introduced Device Identification, Registration & Blocking system (DIRBS) for registration of mobile devices and payment of taxes, which prevented use of smuggled phones and resulted in collection of revenue.

FBR is utilizing Customer Relationship Management (CRM) Software to improve customer's contact experience by tracking, monitoring and archiving issues reported by the taxpayers. Taxpayers lodge complaints by sending emails to [helpline@fbr.gov.pk](mailto:helpline@fbr.gov.pk), calling the helpline UAN, and by visiting the FBR's website [www.fbr.gov.pk](http://www.fbr.gov.pk). FBR has point of contact with taxpayers through FBR's CRM and Prime Minister Delivery Unit (PMDU). The Chief Information Officer was hired to assist FBR in upgrading its IT software and hardware and to achieve the objective of automation of FBR ensuring security and efficiency.

# Conclusion

Despite various challenges and a pandemic situation, FBR was able to surpass the revised annual revenue collection target of Rs. 4691 billion during FY 2020-21. The delivery against Key Performance Indicators was on track during the year 2020-21. The KPI of Revenue Target was achieved. The other performance indicators especially the Level of Automation, Taxpayer's Facilitation, Integration of FBR with other Revenue Agencies & Departments, Revenue Laws Simplification and Risk Based Audits by FBR were duly focused. Under the World Bank Pakistan Raises Revenue Program (2019-2024) there has been continued collaboration of FBR with the World Bank consultants in various reform areas to achieve the main goals through the Disbursement Linked Indicators earmarked for the Year 2020-21.

Since 2019, UK's Foreign Commonwealth & Development Office (FCDO) and the World Bank have supported tax policy and tax administration reforms in Pakistan through Revenue Mobilization, Investment and Trade (ReMIT) Program and Pakistan Raises Revenue (PRR) Program. Recently, the Asian Development Bank (ADB) suggested to conduct evidence-based assessment of Pakistan's tax administration structure based on the Tax Administration Diagnostic Assessment Tool (TADAT). TADAT is a partnership between the IMF, World Bank, FCDO, Japanese Taxation Agency and other donors. TADAT framework focuses on nine key performance outcome areas including tax administration functions, processes and institutions. The TADAT assessment has served as an objective evaluation of the strength and weakness and it serves as a roadmap for future reform interventions.

The donor agencies and internal drivers have highlighted the need for development of the ICT infrastructure and technical skills to integrate and analyze big data with adequate data security. In this perspective, FBR aims to be a smart, modern and fair tax organization. The aim is to promote voluntary tax compliance through transparent policies and efficient user-friendly tax system.

FBR has planned various reform interventions to modernize and overhaul its antiquated business processes and adopt modern tax administration practices based on big data and business intelligence (BI). The broad areas for strategic reforms have been identified as under:

1. Simplification, Technological Access, Facilitation & Communication;
2. Automation of Business Processes;
3. Improving effective compliance controls and enforcement; and
4. Institutional development to increase efficiency and accountability.

In order to achieve these strategic objectives, FBR has introduced 'Smart Taxation Model' which encompasses:

- I. Central Planning; Central Monitoring; Decentralized Execution
- II. Automation of Refund Payment System
- III. Revenue-Resource Alignment
- IV. Jurisdictional Realignment
- V. Functionalization – Target Carrying Formations
- VI. Regional Tax Offices (RTOs) freed of Revenue Targets
- VII. Restoration of Tax Administration's Credibility
- VIII. Internalization of Complaint Redressal System
- IX. Crackdown on Smuggling

## X. Focus on Facilitation of Trade & Taxpayer

FBR will continue its commitment for improving its efficacy and service delivery with the support and assistance of its major stakeholders.

# Acknowledgments

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Every effort has been made to ensure accuracy of the data used in this publication.

For more information on the Federal Board of Revenue and its activities, visit online at [www.fbr.gov.pk](http://www.fbr.gov.pk) or call [051-111-772-772](tel:051-111-772-772).