

PERFORMANCE REPORT 2022-23

*Based on 10 key performance indicators
(KPIs) identified by FBR*

FBR Annual Performance Report
FY 2022-23

Prepared by the team of Reforms & Modernization Wing of FBR under the guidance and supervision of Member (Reforms & Modernization), FBR in coordination with relevant Sections/Wings of FBR.



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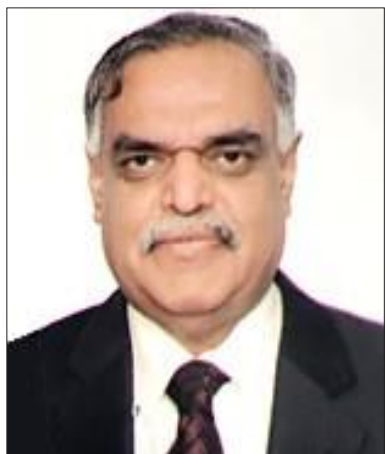
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Foreword by Chairman FBR



**Malik Amjed Zubair
Tiwana**

Chairman FBR
Secretary Revenue Division

The Annual Performance Report of FY 2022-23 is intended to publicly disclose the performance of FBR against specified key performance indicators and to promote awareness about its achievements during the Financial year. This report enables FBR to review the defined targets and to evaluate performance in the implementation of reform agenda over short, medium and long term. The analysis of data provides an insight into various components of federal taxes and reforms initiatives undertaken by FBR with the help of international donors to achieve the goal of transforming FBR into a modern, efficient and vigilant tax administration.

In FY 2022-23 FBR remained committed to its reform agenda of bringing improvement in tax administration. The period under purview of this report was, however, not an easy one for the economy. Political developments and epic floods in the country eroded economic gains that had been accumulated over several years.

Despite natural and socio-economic challenges, FBR's revenue performance has been satisfactory. This performance becomes impressive when viewed against several policy measures, including zero rating on petroleum, announced by the government to provide relief to the masses. Amid policies like import compression and discouraging luxury item imports that resulted in pressure on import duties and taxes, a silver lining was the steady growth in collection of Direct taxes.

In line with its vision, FBR remains committed to reforms and modernization. FBR places priority on trade facilitation, being cognizant of the fact that no organization can be successful without gaining the trust and confidence of concerned stakeholders. In the current wave of reforms, FBR is focused on trust building measures by ensuring taxpayer friendly systems and encouraging dialogue among stakeholders. This approach will go along way in removing decades of mistrust and usher in a new era of partnership between FBR and revenue stakeholders.

I appreciate and commend the efforts of the Reforms and Modernization Wing in bringing out the Annual Performance Report for Financial Year 2022-23.

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Introduction

Through various reform initiatives, FBR envisages a transformed revenue administration, using technology and awareness to win the trust of the taxpayers. The key element of this vision pertains to transparency, systematic measurement and public reporting of its performance delivery against approved key performance indicators (KPIs).



Country Director World Bank Mr. Najy Benhassine on visit to FBR HQs with his team to meet Chairman FBR and his team to discuss cooperation in the area of Revenue Mobilization.

The KPIs devised are comprehensive and cover almost all segments of FBR's performance. The KPIs range from revenue collection, taxpayer education and transparency in FBR operations and inform about the reform initiatives undertaken by FBR including those that involve partnership with international organizations.

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 achieving 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 in the second and third chapters, while the subsequent chapters discuss the extent of implementation of the reform agenda by FBR.

Functions of FBR

The Federal Board of Revenue (FBR), is responsible for enforcing fiscal laws and collecting revenue on behalf of Government of Pakistan. The functions include:

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

Major Wings of FBR

1. Pakistan Custom Service

FBR primarily operates through its main collection arms comprising Regional Tax Offices (RTOs), Large Taxpayer Office (LTOs), and Customs Collectorates across the country

Inland Revenue Service administers domestic taxation including Sales Tax, Income Tax and Federal Excise Duties, while Pakistan Customs Service administers and facilitates import duties and other taxes collected at import stage, and regulates

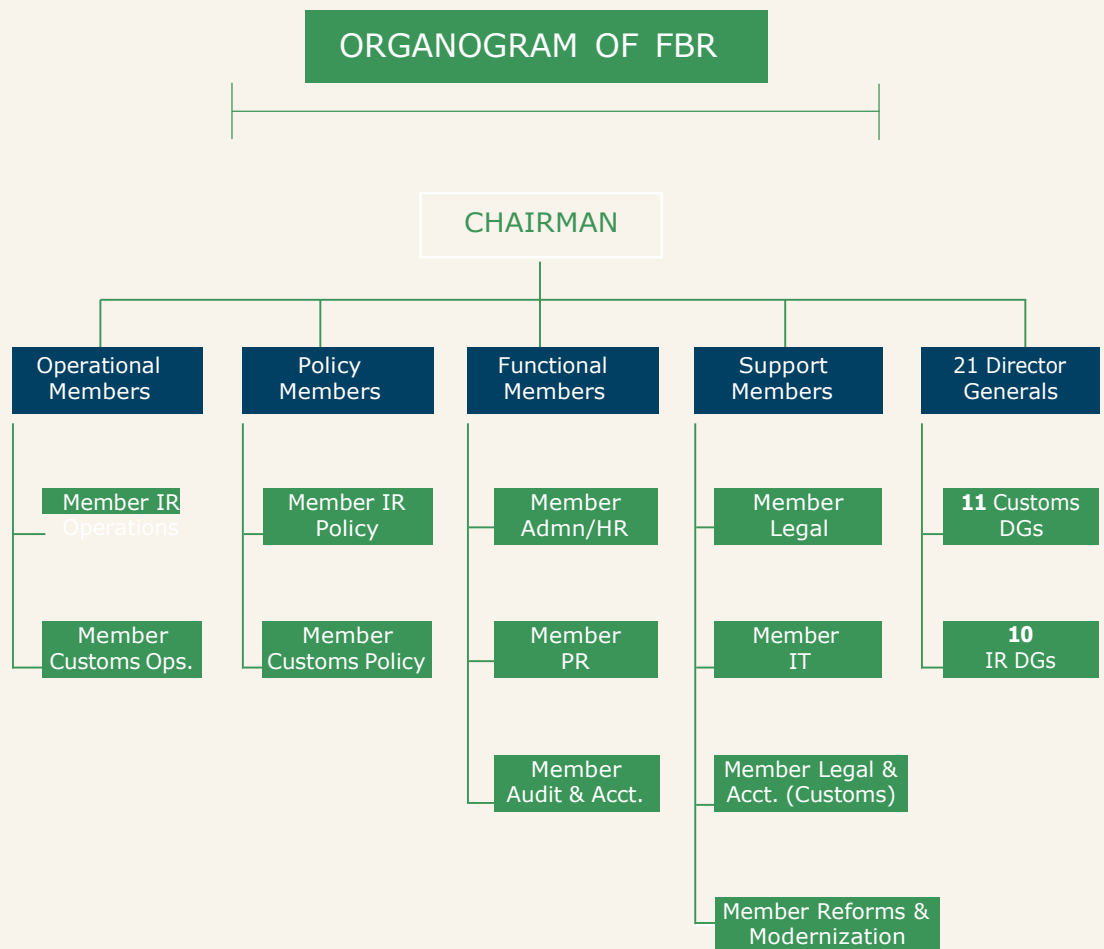
2. Inland Revenue Service

international trade with regard to prohibitions & restrictions imposed by the government.

For the purpose of revenue collection and broadening of the tax base, FBR's powers & functions include carrying out inquiries and audits/ investigations into the tax Affairs of taxpayers, 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.



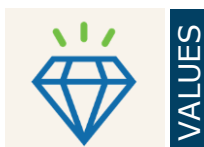
FBR's Vision, Mission & Values



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



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.



- | | |
|------------------|-------------------|
| → 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 FBR's 5-year Strategic Plan both for Customs as well as for Inland Taxes:

1. Ensure sustainable increase in domestic revenue by broadening the tax base and facilitating compliance
2. Provide clarity and certainty about tax obligations
3. Make it inexpensive and easy for taxpayers and traders to comply and fulfil their obligations
4. Increase the use of data to improve integrity, acquire insight & improve outcomes
5. Modernize infrastructure, technology, and enhance automation for digitalized and streamlined services
6. Facilitate legitimate trade and travel without compromising on customs controls
7. Enhance fiscal controls, enforcement, and social protection capabilities
8. Ensure efficient use of resources to deliver quality outcomes and performance excellence
9. Mitigate tax evasion and non-compliance.
10. Develop a high performing, diverse, agile and engaged workforce
11. Work with international donor partners to modernize the tax administration system
12. Build public trust and confidence in the tax administration system.

FBR's Performance at a Glance

Overall Performance of FBR

FBR's 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.

The administrative and enforcement measures of the FBR have yielded results which is reflected in the growth of direct taxes in particular and the domestic taxes in general. The contribution of domestic taxes has also increased from 50 per cent last year to 59 per cent during the current year.

FBR appreciates all those taxpayers whose due contributions helped in the achievement of the budgetary target and also lauds the endeavours of all field formations and its officers for their untiring efforts and commitment to optimize revenue collection in challenging economic situation.

Key Achievement Points

FY 2022-23

- Total tax collection in FY 2022-23 was Rs. 7,169 Billion
Source: Directorate General revenue Analysis (FBR)
- Collection of Customs Duty during FY 2022-23 was Rs. 937,014.96 Million
Source: Customs Wing, FBR
- Number of New Taxpayers Registered for Income Tax from (July 2022 to June 2023) was 1,896,295 Million
Source: IR Ops Wing (BTB), FBR
- Number of New Taxpayers Registered for Sales Tax from (July 2022 to June 2023) was 32,097 Million
Source: IR Ops Wing (BTB), FBR
- Total number of Income Tax Active Taxpayers during FY 2022-23 was 3,938,502
Source: IR-Ops (Rev.Bud) Wing, FBR

Total number of sales tax filers during FY 2022-23 was 223,973
Source: IR-Ops (Rev.Bud) Wing, FBR



Chapter-2

KPI-1:

Revenue Target Performance

Delivery Against Key Performance Indicators

- (1) PERCENTAGE OF TARGET ACHIEVED VIZ-A-VIZ
ASSIGNED TARGETS

Table-1; Actual Revenue Performance against Target FY 2022-23

(Rs. in Billion)

Tax Head	Assigned Target	Collection*	% of target achieved
Total	7,200	7,169	99.6

Source: Directorate General Revenue Analysis (FBR)

- (2) BREAKDOWN OF TAX RECEIPTS BY TAX INSTRUMENT
FY 2022-23

Table-2: Revenue Performance against Targets FY 2022-23*

(Rs. in Billion)

Tax Head	Targets	Collection*	% of target achieved
i) Direct Taxes (a+b+c)	2,851	3,271	114.7
a) Income Tax	2,816	3,211	114.0
b) CVT	1	10	1000.0
c) WWF/WPPF	34	50	147.1
ii) Sales Tax	2,808	2,591	92.3
iii) FED	457	370	80.9

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(Rs. in Billion)

Tax Head	Targets	Collection*	% of target achieved
iv) Customs (Including EDS)	1,084	937	84.7
Total (i-v)	7,200	7,169	99.5

**Figures are Provisional and subject to reconciliation with AGPR, Islamabad*

Source: Directorate General Revenue Analysis (FBR)

(3) BREAKDOWN OF TAX RECEIPTS BY SEGMENTS (Corporate, AOP, Individuals/Commercial tax receipts)

Table-3: Breakdown of Tax Receipts by Segments during FY 2022-23
(Rs. in Million)

Category	Tax Receipts by Segments (July-2022 to June-2023)			
	Income Tax	Sales Tax	FED	Total
Corporate	2,161,432	2,151,923	363,068	4,676,423
AOP	301,762	159,388	964	462,113
Individuals	774,645	272,503	5,747	1,052,896
Book Adj.	31,989	9,470		41,458
Total	3,269,828	2,593,283	369,779	6,232,890

Source: IR Ops Wing, FBR

(4) BREAKDOWN OF TAX RECEIPTS BY GEOGRAPHY (Tax-Office-Wise)

Table-4: Tax Office-Wise Collection of Income Tax, Sales Tax and Federal Excise Duty
by Regional Tax Offices (Net) during FY 2022-23

(Rs. in Million)

Sr.No	Tax Office	Income Tax	Sales Tax	FED	Total
1	CTO ISLAMABAD	36,478	30,282	393	67,154
2	CTO KARACHI	100,323	42,229	322	142,874
3	CTO LAHORE	71,207	80,945	762	152,913
4	LTO ISLAMABAD	493,645	289,352	154,491	937,489
5	LTO KARACHI	955,666	926,139	97,253	1,979,059
6	LTO LAHORE	363,294	591,649	84,566	1,039,509
7	LTO MULTAN	107,260	136,957	820	245,037
8	MTO KARACHI	64,341	68,878	7,779 1	40,998
9	RTO ABBOTTABAD	15,921	28,869	14	44,805
10	RTO BAHAWALPUR	24,874	2,170	94	27,138
11	RTO FAISALABAD	54,973	-15,204	62	39,831

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12	RTO GUJRANWALA	25,697	21,913	182	47,792
13	RTO HYDERABAD	38,408	9,835	210	48,452
14	RTO ISLAMABAD	99,801	24,201	104	124,106
15	RTO LAHORE	202,771	75,267	216	278,253
16	RTO MULTAN	48,087	6,954	33	55,074
17	RTO PESHAWAR	86,435	77,994	17,219	181,648
18	RTO QUETTA	40,692	19,905	84	60,681
19	RTO RAWALPINDI	95,505	67,369	269	163,143
20	RTO SAHIWAL	16,451	2,340	44	18,835
21	RTO SARGODHA	22,874	5,509	24	28,407
22	RTO SIALKOT	39,936	-3,951	1,124	37,109
23	RTO SUKKUR	23,973	1,573	13	25,559
24	RTO-I KARACHI	87,307	74,956	2,080	164,343
25	RTO-II KARACHI	153,509	27,552	1,621	182,682
Total		3,269,430	2,593,682	369,779	6,232,890

Source: IR Ops Wing, FBR

KPI-1: REVENUE TARGET PERFORMANCE



FBR Annual Performance Report
FY 2022-23

Table-5: Collectorate Wise Collection of Customs Duty
during FY 2022-23

(Rs. in Million)

Collectorates		Customs Duty Collection(NET) (July-June) (Rs. in Million)	
		2022-23	2021-22
1.	Appraisalment(WEST)	136,206.91	168,664.41
2.	Appraisalment(EAST)	181,356.68	250,828.63
3.	Appraisalment(SAPT)	34,652.52	-
4.	Appraisalment Port Qasim	275,998.69	321,412.59
5.	Enforcement –Karachi	123,161.27	93,523.81
6.	JIAP, Karachi	24,513.63	28,272.16
7.	Hyderabad	10,712.02	10,321.56
8.	Exports – Karachi	7,991.73	5,445.45
9.	Export – (PQ), Karachi	(13,570.77)	(16,753.41)
10.	Appraisalment, Quetta	8,880.94	6,350.65
11.	Enforcement ,Quetta	2,587.85	2,284.86
12.	Gwadar	12,347.49	9,547.84
13.	Lahore(Appraisalment)	35,698.56	38,606.09
14.	FSD(Appraisalment)	46,157.00	41,024.53
15.	Sambrial	(1,173.62)	(3,567.61)
16.	Lahore (Enforcement)	898.06	1,041.63
17.	Multan(Enforcement)	641.82	516.29
18.	AIIP-Lahore	10,432.42	17,303.78
19.	Islamabad	9,978.08	12,227.65
20.	Gilgit+Baltistan	2,148.98	195.42
21.	Appraisalment, Peshawar	25,781.05	22,475.36
22.	Enforcement, Peshawar	1,613.65	1,526.15
G Total		937,014.96	1,011,247.83

Source: Customs Wing, FBR

(5) NUMBER OF NEW TAXPAYERS REGISTERED (Tax Office Wise/Percentage Increase/Percentage of Total Population)

Table-6: Number of New Taxpayers Registered

Sr.	Tax Office	Income Tax				Sales Tax			
		Income Tax Population as on (30-06-2022)	New Registered from (July 2022 to June 2023)	Total	Increase as % of total population	Sales Tax Population as on (30-06-2023)	New Registered from July 2022 to June 2023	Total	Increase as % of total population
1	CTO Islamabad	52,575	9,645	62,220	18.345	10,789	1,146	11,935	10.622
2	CTO Karachi	91,256	4,152	95,408	4.550	18,148	816	18,964	4.496
3	CTO Lahore	83,594	7,754	91,348	9.276	17,304	1,124	18,428	6.496
4	LTO Islamabad	1,669	-	1,669	0.000	414	4	418	0.966
5	LTO Karachi	4,900	7	4,907	0.143	970	8	978	0.825
6	LTO Lahore	3,073	1	3,074	0.033	911	11	922	1.207
7	LTO Multan	396	-	396	0.000	275	2	277	0.727
8	MTO Karachi	12,128	29	12,157	0.239	1,919	55	1,974	2.866
9	RTO Abbottabad	121,880	20,132	142,012	16.518	2,934	273	3,207	9.305
10	RTO Bahawalpur	483,231	147,117	630,348	30.444	9,530	1,086	10,616	11.396
11	RTO Faisalabad	763,150	208,525	971,675	27.324	29,045	2,032	31,077	6.996
12	RTO Gujranwala	408,208	102,143	510,351	25.022	13,593	957	14,550	7.040
13	RTO Hyderabad	314,013	37,053	351,066	11.800	6,964	837	7,801	12.019
14	RTO Islamabad	433,491	42,975	476,466	9.914	17,211	1,366	18,577	7.937
15	RTO Lahore	1,665,603	263,504	1,929,107	15.820	64,825	5,939	70,764	9.162
16	RTO Multan	768,108	271,211	1,039,319	35.309	15,598	1,878	17,476	12.040
17	RTO Peshawar	543,019	96,680	639,699	17.804	18,800	2,248	21,048	11.957
18	RTO Quetta	178,011	24,931	202,942	14.005	8,706	1,038	9,744	11.923
19	RTO Rawalpindi	785,563	168,343	953,906	21.430	22,330	1,840	24,170	8.240
20	RTO Sahiwal	375,194	122,068	497,262	32.535	8,260	1,172	9,432	14.189
21	RTO Sargodha	376,801	90,013	466,814	23.889	10,096	915	11,011	9.063
22	RTO Sialkot	507,627	106,314	613,941	20.943	21,713	1,435	23,148	6.609
23	RTO Sukkur	216,827	18,885	235,712	8.710	4,900	632	5,532	12.898
24	RTO-I Karachi	425,040	37,292	462,332	8.774	31,461	2,368	33,829	7.527
25	RTO-II Karachi	1,254,131	115,287	1,369,418	9.193	29,371	2,915	32,286	9.925
26	Misc./Jurisdiction/transfer	2,258	2,234	4,492	0.000	19	-	19	0.000
Total		9,871,746	1,896,295	11,768,041	19.209	366,086	32,097	398,183	8.768

Source: IR Ops Wing (BTB), FBR



(6) NUMBER OF ACTIVE TAXPAYERS (Income Tax/Sales Tax Registered Taxpayers)

Table-7: Active Income Taxpayers

Sr.	Tax Office	Income Tax Active Taxpayer FY-2022 (As on 30.06.2023)	Sales Tax Filers (Jul-2022 to June-2023)
1	CTO ISLAMABAD	12554	5973
2	CTO KARACHI	39747	12808
3	CTO LAHORE	33755	12543
4	LTO ISLAMABAD	1355	489
5	LTO KARACHI	4020	1429
6	LTO LAHORE	2564	1171
7	LTO MULTAN	384	361
8	MTO KARACHI	7480	2012
9	RTO ABBOTTABAD	47438	1665
10	RTO BAHAWALPUR	200774	5439
11	RTO FAISALABAD	315990	15868
12	RTO GUJRANWALA	176746	9205
13	RTO HYDERABAD	118442	4650
14	RTO ISLAMABAD	186542	8408
15	RTO LAHORE	709753	39813
16	RTO MULTAN	313092	9505
17	RTO PESHAWAR	168324	10346
18	RTO QUETTA	53320	5525
19	RTO RAWALPINDI	289624	11396
20	RTO SAHIWAL	159918	4659
21	RTO SARGODHA	158706	4075
22	RTO SIALKOT	197815	16173
23	RTO SUKKUR	84677	2878
24	RTO-I KARACHI	183745	20363
25	RTO-II KARACHI	471737	17119
Total		3938502	223873

Source: IR-Ops (Rev.Bud) Wing, FBR

KPI-2:

Level of Automation

(1) PERCENTAGE OF PROCESSES THAT ARE COMPLETELY AUTOMATED

Table-8: Percentage of Processes (Inland Revenue) that are Completely Automated During FY 2022-23.

Sr.	Process Description	Percentage of Automation
1	Income Tax Return for Tax Year 2022	100%
2	Declaration of Capital Assets u/s 7E Implemented in Income Tax Return	100%
3	Withholding Statement for Tax Year 2023	100%
4	Declaration and Payment of Capital Value Tax (CVT)	100%
5	Automation of Capital Value Tax (CVT) Recovery Process	100%
6	Automation of Super Tax (u/s 4C) Recovery Process	100%
7	Online registration of Pakistan Origin Card (POC) holders	100%
8	Synchronized Withholding Administration & Payment System (SWAPS)	40%
9	Litigation Management System	95%
10	Automation of BTB Registration Process	100%
11	BTB Business Intelligence Dashboard	100%
12	Implementation of STGO 12/(2022) for Steel and Oil & Ghee Manufacturers	100%
13	FBR Integration with Track and Trace System	20%
14	Automation of Supervisory Engagement Process in Online Portal for Designated Non-Financial Businesses and Professions	100%
15	Inspection Process implemented in Online Portal for Designated Non-Financial Businesses and Professions	100%
16	Automation of De-Registration Process in Online Portal for Designated Non-Financial Businesses and Professions	100%
17	Implementation of Finance (Supplementary) Act, 2023	100%
18	Implementation of Sales Tax SRO 297(1)/2023	100%
19	Implementation of Sales Tax SRO 178(1)/2023	100%
20	Addition of minimum tax rates for Annex-K	100%

Cont...

Cont...

Table-8: Percentage of Processes (Inland Revenue) that are Completely Automated During FY 2022-23.

Sr.	Process Description	Percentage of Automation
21	Restoration of Annex-I	75%
22	Sales Tax Return 2023	75%
23	Income Tax Return for Tax Year 2023	100%
24	Withholding Payments for Tax Year 2024	100%
25	Automation of CIR Appeals process for Sales Tax and Federal Excise	100%

Source: IT Wing (IR), FBR

Table-9: Percentage of Processes (Pakistan Custom) that are Completely Automated during FY 2022-23.

Sr.	Process Description	Percentage of Automation
1	Capital Value Tax at import stage	100%
2	Afghan Commercial Reverse - Containerized cargo through NLC Ghulam Khan	100%
3	One Customs Hybrid Import, Afghan NLC Ghulam Khan to Wahga	100%
4	Automation of Petroleum products	100%
5	Elimination of EIF & EFE	100%
6	Configuration of collectorates.	100%
7	Export Bulk (Solid)	100%
8	Configuration of AngoorAdda Collectorate - Imports & Exports	100%
9	PSW-LPCO Number of OGA	100%
10	Export Processing Zone	100%
11	Gems & Jewellery	100%
12	UNDP-Digital Dashboards for Pakistan Complaint Management System	100%
13	Air to Land Transshipment	100%
14	Afghan Transit Cross-Stuffing, On-Dock Terminal, Gwadar	100%
15	Gwadar Free Zone- Export from Tariff Area to Zone	100%

Cont...

Cont... Table-9: Percentage of Processes (Pakistan Custom) that are Completely Automated during FY 2022-23.

Sr.	Process Description	Percentage
16	Elimination of EIF & EFE	100%
17	Mobile levy Budget Change	100%
18	RMS	100%
19	Currency Declaration System	100%
20	Transshipment Without NTN	100%
21	Barter Trade	100%
22	Complaint Management System	100%
23	Digital Dashboards for Collectors and Chief Collectors	100%
24	PSW Real-Time Payment	100%
25	Multimodal TIR Transit-Land Border to Sea Port	100%
26	Multimodal TIR Transit-Sea Port to Land Border	100%
27	Collectorate Configuration	100%
28	Gwadar Free Zone	100%
29	Gwadar Free Zone (GFZ) - Import From Abroad	100%
30	Gwadar Free Zone (GFZ) - Export to abroad	100%

Source: Customs Wing, FBR

(2) PERCENTAGE OF PROCESSES THAT ARE RE-DESIGNED FOR EFFICIENCY:

Table-10: Percentage of processes redesigned for efficiency (Inland Revenue) During FY 2022-23

Sr.	Process Description	Percentage
1	PSID generation directly from Income Tax Return	100%
2	Web Application Firewall (WAF) implemented	100%
3	Oracle Exadata implemented	100%
4	Enhanced version of FBR Maloomat	100%

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Sr.	Process Description	Percentage
5	Complete shift of manual payments to ADC payments	100%
6	Multi-factor authentication for Tax Officers Login process	100%
7	Disallowance of Credit notes and linking of Debit/Credit notes with original invoices	100%
8	Enhancement of CIR Appeals process	100%
9	Iris 2.0	80%

Source: IT Wing (IR), FBR

**Table-11: Percentage of processes redesigned for efficiency (Pakistan Custom)
During FY 2022-23**

Sr.	Process Description	Percentage
1	Assessment	100%
2	Currency Declaration System (CDS)	100%
3	Changes in Examination Module	100%
4	EFS - Transfer of Raw Materials	100%
5	EFS - Transfer of Finished Goods	100%
6	Capital Value Tax Related Enhancements	100%
7	Import Quota Issuance by IR	100%
8	EFS - Toll Manufacturer-Export	100%
9	EFS - Toll Manufacturer-Import	100%
10	Elimination of EIF & EFE	100%
11	PSW User Management System, Child IDs Creation	100%
12	SRO Management Changes	100%
13	Warehousing GD Related Enhancements	100%
14	Automated Duty Drawbacks	100%
15	Budgetary Changes (2022 - 23)	100%
16	Re-Assessment Module Changes	100%
17	Transit Trade	100%
18	E-Auction Related Changes	100%
19	Export Facilitation Scheme	100%

Cont..

Cont..

Sr.	Process Description	Percentage
20	PSW SD Import Cancellation	100%
21	Disputed GDs for Re-Assessment	100%
22	IOCO Quota under SRO 565 and 5th Schedule.	100%
23	Payment Management	100%
24	PSW-OGA Clearance	100%
25	Transit Trade	100%
26	PSW-Payment Confirmation from 1 Link.	100%
27	Budget 2022-23 Duties & Taxes	100%
28	Regulatory Bodies Change Request	100%
29	DTRE	100%
30	Uzbekistan Transit Trade	100%
31	PSW-PD Account	100%
32	Ex-bond GD Expiry Period	100%
33	Export Development Surcharge (EDS)	100%
34	Regulatory Duty (RD) Related Changes	100%
35	Duties & Taxes Calculation	100%
36	IOCO-IR Quota Issuance	100%

Source: Customs Wing, FBR

(3) NUMBER OF IT SYSTEMS DEVELOPED, EQUIPPED AND LAUNCHED:

Table-12: IT systems that were developed, equipped and launched during FY 2022-23

Sr. No.	Process Description	Percentage
1.	FBR Fleet Management System for FBR Admin Wing	100%
2.	Case Management for Directorate of Intelligence & Investigation	100%
3.	Phase-3 of the Portal for Designated Non-Financial Businesses and Professions (DNFBPs)	100%

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

(4) NUMBER OF ONLINE FACILITIES LIKE MOBILE APPLICATION INTRODUCED:

Table-13: Online facilities/mobile applications that were introduced during FY 2022-23

Sr. No.	Process Description	Percentage
1.	Online facility to search Sales Tax ATL Status/ Compliance Level in Tax Asaan Mobile App	100%
2.	FBR Mahfooz Mobile Application launched	100%
3.	PASSTRACK mobile APP for Currency	100%

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

(5) NUMBER OF INITIATIVES TAKEN FOR REDUCING DWELL TIME AT PORTS BY PAKISTAN CUSTOMS:

Table-14: Initiatives taken for reducing dwell time at ports during FY 2022-23

Sr. No.	Process Description	Percentage
1.	Roll out Configuration of new Collectorates of remote areas of KPK and Balochistan.	100%

Source: Customs Wing, FBR

KPI-3: (1) PERCENTAGE OF TAXPAYERS REPORTING SATISFACTION WITH POINT OF CONTACT SERVICES

Taxpayer's Facilitation

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, calling the helpline UAN, and also by visiting the FBR's website 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 January 2023 to June 2023 CRM System received and replied 189 900 emails. The satisfaction indicator of taxpayers was 84% for CRM and 87% for complaints received through PMDU

Source: IT Wing(IR), FBR

TAX PAYER EDUCATION AND FACILITATION

Following steps were taking by FBR on Tax Payers education and Facilitation:

Conferences, workshops, seminars for tax education and awareness sessions held at:

- Comsats University, Islamabad
- General Health Practice Institute, Islamabad
- Mobilink Pakistan Mobile Communication Limited

Signing of Memorandum of Understanding (MOUs) for tax education and awareness sessions with:

- Higher Education Department, Government of Punjab, Lahore
- Higher Education, Archives and Libraries Department, Government of KPK, Peshawar
- University of the Punjab, Lahore
- Quaid-I-Azam University, Islamabad
- National University of Sciences & Technology (NUST), Islamabad
- Air University, Islamabad

Work plans and coordination with stakeholders for tax education and awareness sessions:

- Women University, Rawalpindi
- University of Central Punjab, Lahore

E-Kachehri (Online Courthouse) with Chairman FBR

Chairman FBR personally hears taxpayers' grievances through PR Wing's Helpline & CRM system as monthly activity

FBR Website-Metrics for FY2023 (1st July, 2022 – 30th June, 2023)

- 52,46,846 Users accessed the FBR website
- 69,238,036 Sessions of FBR website
- 17,892,224 Page views on FBR website

■ Urdu version of FBR's website launched during the period under review. Moreover, FBR website regularly features among the Top 50 website in Pakistan on the Alexa ranking scale

■

Major Issues Resolved through Complaint Redressal Mechanism (CRM)

- Provided guidance for ATL related issues (especially procedure for inclusion in ATL)
- Assistance for payment of Surcharge for ATL
- Provided guidance for newly launched Online ST Registration application
- Provided directions for newly launched Biannual Income Tax Withholding Statement
- Facilitation for ST Return launched for the new financial year
- Assistance for Annual Employer Statement u/s 149
- Assistance for Registration of Builders and Developers
- Assistance for the Registration of Designated Non-Financial Businesses & Professions
- Assistance for the Registration of Non-Profit Organizations (NPOs)

Complaints / representations u/s 7 of the FBR Act, 2007

Taxpayers approached the FBR u/s 7 of the FBR ACT, 2007 to resolve various issues, such as, selection of audit, maladministration, condonation of time limit, refund, among others.

- Total representations received: 61
- Disposed of: 46

Applications under Right of Access to Information Act, 2017

- Received: 34
- Disposed of: 26

Contact Center

Contact center established at the FBR Headquarters to facilitate and educate the taxpayers responded to 2,59,519 telephonic queries and 1,81,181 emails. Guidance was provided on the number of issues including the following:

- Income Tax Return information
- Income Tax Withholding (technical filing queries)
- Sales Tax and FED Return Information
- Sales Tax Return for Withholding Agent (technical filing queries)
- Filing of Tax Appeals
- E-payments (technical filing queries)
- Computerized payment Receipt (CPR) Correction queries
- Tax Law related queries
- Registration/De-registration (ST, IT, NPO, Gratuity Fund, Greenfield Status, Builders/Developers and change in particulars in profile) related queries
- DNFBP Registration
- Refund Related queries
- Customs related queries
- Active Taxpayers' List (IT, ST)
- Miscellaneous

Source: PR Wing (IR), FBR

(2) EASE IN FILING OF TAX RETURNS

Owing to introduction of successful administrative changes and technological improvements in the online portal for filing of tax returns - IRIS -the time to file the tax returns has reduced by 30% during the period under review.

Source: PR Wing (IR), FBR

(3) REFUND CLAIMS PROCESSED THROUGH IT SYSTEMS DEVELOPED BY FBR

Table-15: IT Refunds Processed Through IRIS

Period	Orders	Avg. Days
Jul-Dec 2022	6,590	679
Jan-Jun 2023	6,345	459

Source: IT Wing (IR), FBR

**Table-16: ST Refunds Processed Through FASTER**

Period	Orders	Avg. Days
Jul-Dec 2022	10,320	43
Jan-Jun 2023	13,945	90

Source: IT Wing (IR), FBR

(4) IMPROVEMENT IN PAYING TAXES INDICATOR

Marked improvement was noted in the number of active taxpayers which points to the success of reforms / steps taken to facilitate the taxpayers aiming at increasing the tax base.

Table-17: ATL Status

Tax Type	As On 30-Jun2023	As On 31-Dec-2022
Income Tax ATL	3,999,457	3,896,274
Sales Tax ATL	197,309	188,818

Source: IT Wing (IR), FBR

(5) REDUCTION IN AVERAGE TIME REQUIRED TO PROCESS INCOME TAX AND SALES TAX REFUNDS

Percentage reduction in average time required to process Income Tax Refund and Sales Tax refund was 83% and 95%, respectively, during the period which shows the successful implementation of fully automatic FASTER System.

Source: IT Wing (IR), FBR

(6) REDUCTION IN PHYSICAL EXAMINATION OF GOODS TO FACILITATE TRADE ACROSS BORDERS

During the Fiscal Year 2022-23, the physical examination of goods was decreased by 0.2% and 0.01% respectively for processing of imports and exports as compared to the last Fiscal Year 2021-22.

Source: (PRAL Karachi)

(7) INCREASES EFFICIENCY OF POST CLEARANCE AUDITS AND INTERNAL AUDIT

The table below shows that there was marked increase in issuance of contravention reports – 10 percentage points as compared to the last year - and the amount involved despite 76% reduction in selection of cases for post-clearance audit which shows significant improvement in the successful targeting of the potential cases involving loss of revenue.

Table-18: Percentage increase in post clearance audits and Internal Audit

FY	No of Audits	Audit observations	Amount in Observations	Contravention Reports		Amount involved
				Issued	%age of audit obs.	
2022-23	153,460	2219	109,921.493	287	13	4,996.491
2021-22	640,831	12,768	10,352.68	395	3	2,519.15
Percentage Increase/ Decrease	-76%	- 82.62%	961.76%	-27.52		98.34%

Source: Post Clearance Audit, Customs Karachi

(8) NUMBER OF PROCESSES AUTOMATED TO STRENGTHEN (RISK MANAGEMENT SYSTEM) RMS FOR FACILITATING TRADE

The Directorate has undertaken various measures to automate new processes and enhance the efficiency/ effectiveness of earlier steps with a view to strengthen the RMS and facilitate international trade. Salient features of fresh and earlier initiatives are as under:

- (i) A newer iteration of predictive analysis algorithm, namely Import Risk Evaluation Engine (IREE), based on an updated machine learning cycle was implemented in FY 2022-23. It has significantly improved the ability of RMS to selectively target risky consignments leading to an increase in the RMS targeted red marking to 80%, thereby, marking only risky consignments for physical examination.
- (ii) A system based assessment of Goods Declarations was introduced through "Virtual Assessment" module which has been modified in FY 2022-23 by enhancing the scope of selection criteria to achieve the objectives of faceless assessment and quick clearance of consignments. Resultantly, the percentage of Virtual Assessment GDs rose to 9% in FY 2022-23 as compared to 1% during FY 2021-22. Several additional measures are already under development which will further raise the system based assessments even further.
- (iii) In order to facilitate the clearance of diplomatic consignments under Privileged Persons Goods Declaration type (PP GD) and to safeguard against any misuse of this facility, a new module has been developed in FY 2022-23 which links the digital uploading of exemption certificate by the relevant certificate issuing authority, i.e. Ministry of Foreign Affairs (MOFA) through its authorized WeBOC User ID. This is expected to reduce the clearance time of this GD type which was utilized earlier by providing physical copies of the certificates manually.
- (iv) With a view to further reduce human-interface in processing of exporter's duty drawback claims, an automated module entailing selectivity criteria was developed in RMS for auto processing / sanctioning of such claims with direct payments to exporters' bank accounts through State Bank of Pakistan. During FY 2022-23, 80.73% rebate claims were processed through green channel (automated) as compared to 77.04% in FY 2021-22.
- (v) To augment the Non-intrusive inspections, 'Blue Channel facility' was 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 WCO SAFE Framework of Standards. A total of 2019 GDs were processed through blue channel during FY 2022-23 compared to 588 GDs in FY 2021-22.
- (vi) 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 been a requirement vis-a-vis Article No.7 of Trade Facilitation Agreement (TFA). During FY 2022-23, a total 6,341 consignments have been cleared before arrival of goods at ports as compared to 8,491 GDs in FY 2021-22.

Source: Customs Wing FBR/RMS, Karachi

KPI-4:

Integration of FBR with other Revenue Agencies & Departments

(1) NUMBER OF FUNCTIONAL DATA BRIDGES ESTABLISHED WITH PROVINCIAL REVENUE AGENCIES AND OTHER PROVINCIAL DEPARTMENTS ACROSS THE NATION

Around 75 functional data bridges were established with provincial revenue agencies and other government departments across the nation such as Banks/NADRA/SECP/PITB/AGPR/SBP/I-LINK/ TELCOS, Punjab Land Record/KPRA/SMEDA/Ministry of Interior/ E&T Islamabad/E&T Sindh/E&T Punjab/DRAP as tabulated below.

Table-19: FBR External Bridges During FY 2022-23

Sr. No.	Area	No. of Organizations
1.	Federal	7
2.	Punjab	4
3.	Sindh	2
4.	KPK	2
5.	Balochistan	2
6.	Other	58
Total		75

Source: IT Wing (IR), FBR

(2) NUMBER OF DATA GENERATING PROCESSES INITIATED WITH OTHER AGENCIES

Number of data generating processes initiated with other agencies are 02.

Source: IT Wing (IR), FBR

(3) INTEGRATION OF THIRD PARTY DATABASES INFLOWING DATA INTO IRS SYSTEM

SECP and PITB (third party) databases inflowing data into IRS system were integrated with IRS system.

Source: IT Wing (IR), FBR

(4) PERCENTAGE OF BUSINESSES INTEGRATED WITH POS SYSTEM

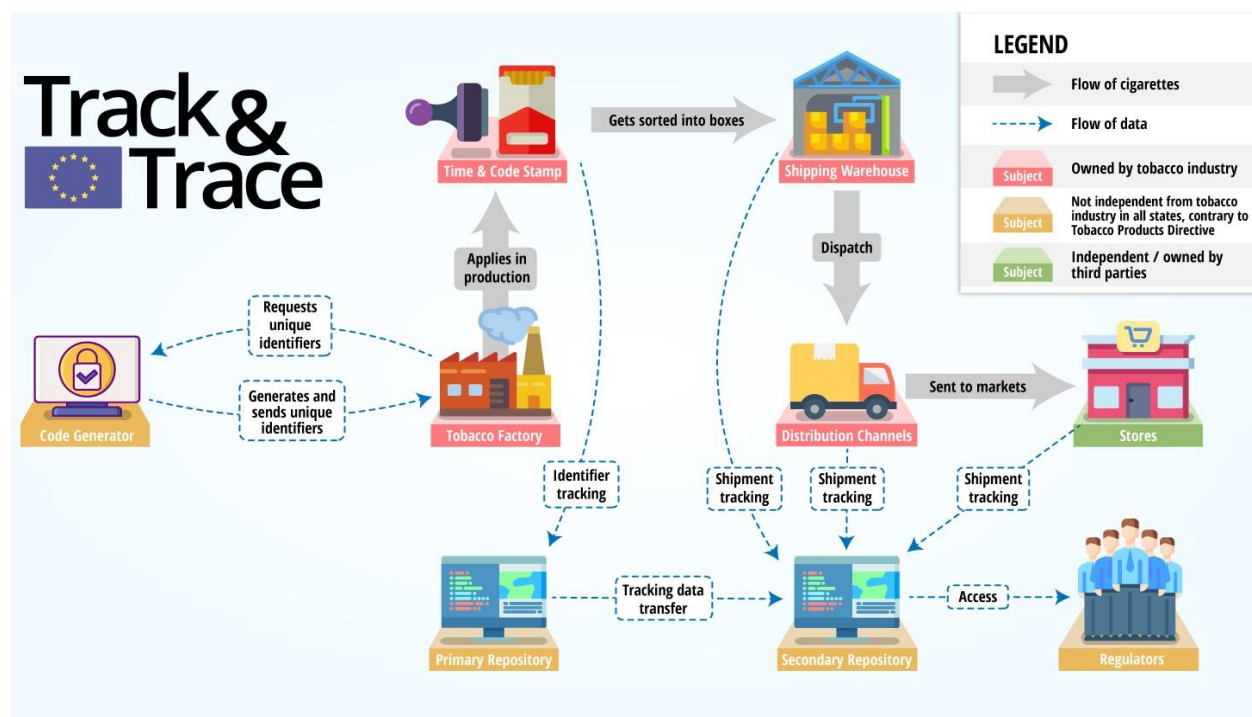
Percentage of POS Systems integrated in different regions/provinces during FY2022-23 is 47%.

Source: IT Wing (IR), FBR

(5) PERCENTAGE OF DESIGNATED IMPORTS AND DOMESTIC PRODUCTION TRACK AND TRACED.

Track and Trace system rolled out during FY 2021-22 is gradually expanded to cover all the imports and domestic production of designated sectors. During the period under review 20% of imports and domestic production of such sectors has been brought under its purview.

Source: IT Wing (IR), FBR



KPI-5:

Revenue Laws Simplification

(1) NUMBER OF WITHHOLDING LINES REDUCED DURING FY 2022-23

Two Withholding sections have been omitted from the withholding lines

Section. 236I:

Collection of advance tax by educational institutions.

Section 236Q:

Payment to residents for use of machinery and equipment.

Source: IR Policy Wing, FBR

(2) NUMBER OF TARIFF LINES RATIONALIZED DURING FY 2022-23

Table-20: Number of tariff lines rationalized during FY 2022-23

Number of Tariff lines Rationalized	Rate of Customs Duty during 2021-22 (Before Rationalizing)	Rate of Customs Duty during 2022-23 (After Rationalizing)
44	20	16
1	20	0
12	16	11
14	11	3
5	3	0
6	0	11

Source: Customs Wing, FBR

The above table shows that in continuation of Tariff Rationalization, FBR has further reduced the customs duty on import of industrial inputs / raw materials falling under 82 PCT codes during FY 2022-23.

KPI-6:

Risk Based Audits Conducted by FBR

(1) NUMBER OF CASES SELECTED BY FBR THROUGH RANDOM BALLOTING

No cases have been selected by FBR during the FY 2022-23.

(2) PERCENTAGE OF RISK BASED AUDITS COMPLETED DURING FY 2022-23

Percentage of Risk Based Audits cases that were completed during the FY2022-23 is 51.26%



(3) MONTHLY EVALUATION OF PERFORMANCE REPORTS IN RESPECT OF AUDIT CASES UNDER SECTION-214C OF INCOME TAX ORDINANCE, 2001, UNDER SECTION 72B OF SALES TAX ACT, 1990, AND UNDER SECTION-42B OF FEDERAL EXCISE ACT, 2005

Table-21: Evaluation of Performance Reports in respect of Audit cases under Section 214 C of Income Tax Ordinance, 2001 during FY 2022-23

(Rs. in Million)

S. No.	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)
1	Jul-22	8,904	444	155	110	9,083	2,378.00	176.59
2	Aug-22	9,083	78	30	197	8,934	1,062.22	4.52
3	Sep-22	8,934	74	7	142	8,859	491.40	9.66
4	Oct-22	8,859	186	156	217	8,672	4,444.21	9.53
5	Nov-22	8,672	16	343	347	7,998	2,029.12	11.71
6	Dec-22	7,998	29	33	209	7,785	9,973.12	6.15
7	Jan-23	7,785	155	5	218	7,717	628.83	6.97
8	Feb-23	7,717	57	44	198	7,532	2,174.00	15.00
9	Mar-23	7,532	33	6	186	7,373	220.24	16.65
10	Apr-23	7,373	6	49	163	7,167	207.79	5.38
11	May-23	7,167	195	190	339	6,833	1,394.00	57.00
12	Jun-23	6,833	679	2,105	1,987	3,420	14,257.00	121.00
TOTAL		8,904	1,952	3,123	4,313	3,420	39,259.93	440.16

Source: Audit & Accounting, IRS Wing, FBR

Table-22: Evaluation of Performance Reports in respect of Audit cases u/s 72B of Sales Tax Act, 1990 during the FY 2022-23

(Rs. in Million)

S. No.	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)
1	Jul-22	2,240	44	29	52	2,203	719.54	0.67
2	Aug-22	2,203	24	105	69	2,053	497.65	4.07
3	Sep-22	2,053	16	2	51	2,016	511.64	5.16
4	Oct-22	2,016	43	114	38	1,907	1,447.88	0.34
5	Nov-22	1,907	6	3	37	1,873	1,906.46	7.92
6	Dec-22	1,873	39	7	26	1,879	823.77	1.40
7	Jan-23	1,879	5	4	18	1,862	567.09	1.62
8	Feb-23	1,862	7	0	27	1,842	423.92	2.85
9	Mar-23	1,842	0	0	21	1,821	144.29	0.54
10	Apr-23	1,821	6	0	14	1,813	151.16	0.06
11	May-23	1,813	22	73	32	1,730	571.46	13.82
12	Jun-23	1,730	34	87	327	1,350	773.87	50.81
TOTAL		2,240	246	424	712	1,350	8,538.72	89.25

Source: Audit & Accounting, IRS Wing, FBR

Table-23: Monthly Evaluation of Performance Reports in respect of Audit cases under Section u/s 42B of Federal Excise Act, 2005, during FY 2022-23

S. No.	Month	Opening Balance of Audit Cases	Added During the Month	Deleted During the month	Finalized During the month	Pending
1	Jul-22	20	0	3	0	17
2	Aug-22	17	0	0	0	17
3	Sep-22	17	0	0	0	17
4	Oct-22	17	0	0	0	17
5	Nov-22	17	0	0	0	17
6	Dec-22	17	0	0	0	17
7	Jan-23	17	0	0	0	17
8	Feb-23	17	0	0	0	0

Cont.

Cont.

S. No.	Month	Opening Balance of Audit Cases	Added During the Month	Deleted During the month	Finalized During the month	Pending
9	Mar-23	17	0	0	0	0
10	Apr-23	17	1	0	0	18
11	May-23	18	1	3	4	12
12	Jun-23	12	0	0	0	12
TOTAL		20	2	6	4	12

Source: Audit & Accounting, IRS Wing, FBR

KPI-7: (1) EXECUTION & SUCCESSFUL IMPLEMENTATION OF ANNUAL BUDGETARY PROPOSALS RELATED TO CUSTOMS/INLAND REVENUE LAWS, RULES, PROCEDURES AND ALLIED LAWS.

Formulation of National Tax /Customs Policy

- Annual budgetary proposals related to Customs laws, rules and procedures successfully executed and implemented during the FY 2022-23 are given below:

Tariff Measures

- Customs duties have been exempted on import of specific papers, Art card and board for Printing of Holy Quran.
- In order to incentivize the pharmaceutical sector and to encourage local production of drugs, 03 New PCT codes for APIs Moxifloxacin HCL, Sitagliptin Phosphate Monohydrate, and Trimethoprim have been created.
- To align Foreign Investment (Promotion and Protection) Act, 2022, new entry has been inserted at serial number 8a, of Part-I of Fifth Schedule to the Customs Act, 1969.
- The existing condition against Sr. No.113, Part-III of Fifth Schedule has been rectified by substituting the word "hemodialyzers", with the words "fluids and powders for use in hemodialyzers".
- Exemption of customs duties on import of plant, machinery and equipment for setting up of industries in erstwhile FATA Areas under serial number 26 of Part-I of Fifth Schedule has been extended till 30th June, 2024.
- To align Auto Industry Development and Export Policy (AIDEP) 2021-26, existing Part-V to the Fifth Schedule has been omitted and vehicles mentioned at Sr. No. 6 and 7 have been added

under Part V(B) of the Fifth Schedule. Furthermore, concession available on Agricultural Tractors mentioned at Sr.No. 1 and 2 of Part-V has been retained by adding Part-V(C) of Fifth Schedule, to promote Agriculture Sector.

7. To protect the local industry, customs duty on import of carbides of calcium (PCT code 2849.1000) has been increased from 3% to 11% with levy of 5% RD.
8. Regulatory duty has been exempted on import of special steel round bars and rods of non-alloy steel exceeding diameter 50 mm and exceeding 50 mm (PCT code 7214.9990) by the seamless pipes manufacturers under para 2(g) of SRO 966(I)/2006.
9. To protect the local manufacturers of glass products, regulatory duty (RD) has been increased from 15% to 30% and 15% to 30% on import of articles of glass falling under PCT codes 70.05, 7006.0020 and articles of glass falling under PCT codes 7013.4900, 7013.9100, 7013.9900, respectively. RD @ 30% has also been levied on articles of glass falling PCT code 7020.0090.
10. In order to save the electricity and discourage the use of inefficient Tungsten filament incandescent bulbs, Regulatory Duty @ 20% was levied on import of these bulbs and their parts.
11. Regulatory duty on Chloroparaffins liquid (3824.9980) has been levied @10% to protect the local industry.
12. Regulatory duty on @ 10% has been levied on Tubes of other glass having a linear coefficient of expansion not exceeding 5×10^{-6} per Kelvin within a temperature of 00C to 3000C.
13. Export Regulatory Duty on the export of Molasses (PCT codes 1703.1000 and 1701.9000) has been increased from 10% to 15%.
14. In order to avoid classification disputes, a separate PCT code 8517.6280 for Smart watches has been created in Pakistan Customs Tariff.
15. In order to stem the misclassification a separate PCT code 4421.9950 for wooden splints for matches has been created in Pakistan Customs Tariff.
16. To encourage export of pink salt, description of "Himalayan rock salt", has been replaced with "Pink Rock Salt" against PCT code "2501.0021.
17. To protect the local industry, description against PCT code 8544.6010, has been replaced as "for a voltage exceeding 1,000 V but not exceeding 72,000 V".
18. Necessary changes have been made in descriptions of PCT codes of localized auto-parts of vehicles to align the description of localized auto-parts of vehicles with SRO 693(I)/2006 dated 1st July, 2006.
19. Import of Caustic Soda (Liquid) (PCT Code 2815.1200) was subject to specific rate of

- Rs.4000/PMT. To protect the local industry from the cheap import, the specific rate has been replaced with 16% ad-valorem customs duty
20. Obsolete PCT Code "8501.3290" had been mentioned against Serial number 1(d) and 3(a) of Part V(A) of Fifth Schedule. Furthermore, at Sr. 2(c) of Part V(A), PCT code 8501.3290 was mentioned for "Electric motor with axle", whereas it is classifiable under PCT Code "8711.6050" Therefore, necessary correction of PCT codes has been done against serial numbers 1(d), 2(c) and 3(a) of Part V(A) of Fifth Schedule.
 21. Capping of the fixed duties and taxes on the import of old and used vehicles of Asian Makes above 1300 CC under SRO 577(I)/2005 dated June 06, 2005 has been withdrawn by omitting serial number 4,5 and 6 of the said SRO.
 22. The export facilitation schemes like Manufacturing Bound Scheme, DTRE and EOU shall completely merge into Export Facilitation Scheme 2021 w.e.f. 14th August, 2023; therefore, the current exemption of export RD available to these Schemes has also been extended to Export Facilitation Scheme 2021.

Legislative Changes:

The following legal changes have been made in the Customs Act, 1969: -

- a. In order to enable Pakistan Customs to have legal cover to the anti-smuggling operations within municipal limits, the expression "anywhere within the territorial jurisdiction of Pakistan" has been inserted in section 2(s) of the Customs Act, 1969.
- b. The use of "PCA" for Pakistan Customs Academy was creating confusion as the abbreviation "PCA" already exists for the Directorate General of Post Clearance Audit in Section 3DD of the Customs Act. Therefore, the name of Pakistan Customs Academy (PCA) has been replaced with Customs Academy of Pakistan (CAP) to avoid duplication in nomenclature.
- c. Pakistan Customs frequently requires assistance of Provincial Levies and Khasadar Force as these forces have vast jurisdiction than that of Police in major parts of Khyber Pakhtunkhwa and Baluchistan- the two smuggling prone provinces. Section 7 of the Customs Act, 1969 has been amended accordingly to include Provincial Levies and Khasadar Force in the list of departments which are bound to provide assistance to Customs, whenever requested.
- d. Amendment in Section 19 of the Customs Act, 1969;
 - i. There are certain cases where the Government of Pakistan enter into an agreement with an entity for the exemption of Customs duties or remitting fine, penalty, charge or any other amount recoverable under this Act, but cannot do so because of absence of any enabling provision

- in the Customs Act, 1969. Therefore, sub-section (1) of Section 19 has been amended which will help implement such agreements of the Government of Pakistan.
- ii. The provisions of sub-section (5) of section 19 of the Customs Act, 1969 was inserted through Finance Act, 2017 which provide that the notifications issued under Section 19 would automatically lapse after the expiry of the financial year, if not rescinded earlier. Therefore, to give continuity to the notifications issued under section 19 during the financial year, and not rescinded by the Federal Government, the amendment mentioning the end of next financial year 2024 has been made.
 - e. Prices available in internationally acclaimed publications, periodicals, bulletins etc. are an important tool to determine truth and accuracy of the declared values of imported goods. Therefore, such prices need to be duly consulted / relied upon to determine their customs values, but cannot be incorporated straightaway due to minor differences in quantities, qualities, and time lag which need to be taken into account to determine customs values of such goods. Therefore, the proviso to Section 25-A of Customs Act, 1969 has been amended which shall be harmonious with Section 25, 25-A of the Act *ibid* and the WTO Valuation Agreement.
 - f. At border Customs stations, mostly the clearing agents and importers do not file GDs immediately after arrival of goods, which creates congestion at the border customs stations. To ease out congestion, and to legally bind the traders to file goods declaration within three days of arrival of goods at the border Customs station, a new proviso has been added to section 79 of the Customs Act, 1969.
 - g. The current economic condition of our country has created the problems of cash flow for traders hence they are unable to pay upfront duty and taxes at the time of import. Furthermore, the list of perishable items is given in SRO 125(I)/99 dated 27.02.1999 and most of the items in the list are imported in packed condition with an expiry period of more than twelve months. Therefore, in order to facilitate the trade, Section 98 has been amended to enhance the existing warehousing period for perishable items from one month to three months.
 - h. In order to facilitate the passengers travelling as a group, baggage declaration through a representative of the members of the group has been made possible by amending section 139, wherein, after the word "crew" the words "ora representative on behalf of a group of passengers" has been inserted.
 - i. Amendments in Section 156 of the Customs Act, 1969;
 - i. Pre-defined slabs of penalties mentioned under sub-serial (ii) & (iii) of Sr. No. 1 of Section 156(1) of the Customs Act, 1969 were inconsistent when compared to the pattern of penalties mentioned in other clauses of the said section. Therefore, sub serial (ii) has been omitted and sub-serial (iii) of section 156(1) of the Customs Act, 1969 has been amended to rationalize the penalties in line with the international best practices.
 - ii. Penal provisions at clause (b), (c), (d) and (e) of Serial No. 8(i) of the Table of section 156(1) of the Customs Act, 1969 have been made more stringent

- in relation to smuggling of essential commodities.
- iii. Penal provisions at Serial No. 9 of the Table of section 156(1) of the Customs Act, 1969 have been made more stringent in relation to evasion of duties and taxes in violation of section 15 and 16 of the Customs Act, 1969.
 - iv. Penal provisions at Serial No. 89 of the Table of section 156(1) of the Customs Act, 1969 have been made more stringent with reference to smuggling of goods as defined in section 2(s) of the Customs Act, 1969.
 - v. Penal provisions at Serial No. 90 of the Table of section 156(1) of the Customs Act, 1969 have been made more stringent with reference to the evasion of duties and taxes through attempts like illegal removal of goods from the bonds etc.
 - j. To save time and to speed up adjudication without any further disputes, the respondents have been given option to opt for automated adjudication by adding a new proviso to Section 179 of the Customs Act, 1969.
 - k. To enable Pakistan Customs to utilize the confiscated conveyance and any other useful equipment for anti-smuggling operations subject to rules, section 182 has been amended.
 - l. To ensure completion of investigation of the criminal cases on merit Section 185D has been amended.
 - m. There was no provision to file an appeal against the Appellate orders of Chief Collectors. A new clause (g) has been inserted in Section 194A (1) to enable aggrieved person to file appeal against Chief Collector's Orders in Appeal, before the Appellate Tribunal, in line with Chapter 10 of the revised Kyoto Convention which require that after an initial appeal to the Customs, a right of appeal to any authority independent of Customs administration is to be provided, and, thereafter, the appellant shall have the right of appeal to a judicial authority.
 - n. To ensure ease of doing business, early recovery of the agreed upon outstanding dues and to reduce the burden of litigation on Courts, Sub-section (2) of Section 195C has been amended.
 - o. The option of self-filing of GD is often exploited by the unscrupulous elements. In order to allow self-filing of GD to the compliant tax payers a new proviso in section 208 has been inserted.
 - p. Clause (iii) of sub-section (2) of section 212B was in contradiction with the key objective of WCO pre-entry Advance Ruling program to provide decision by Customs administration of a country in areas, such as, classification, origin and valuation for an Economic Operator planning a foreign trade operation. In order to prevent this to be construed differently by importers/ exporters and to approach the committee for a ruling on interpretation of any statute concerning levability of customs duty, sales tax and federal excise duty etc. in respect of their ongoing transactions, which otherwise lies in domain of FBR and falls outside the purview of Advance Ruling, clause (iii) of section 212B (2) has been omitted.

Source: Customs Budget Wing, FBR

- b) Annual budgetary proposals related to Inland Revenue laws, rules and procedures successfully executed and implemented during the FY 2022-23 are narrated below:

REVENUE MEASURES:

Increase in rate of taxes for banking companies

The Finance Act, 2022 has introduced enhanced rates of tax on taxable income of banks attributable to investment in Federal Government securities. The enhanced rates for tax year 2022 are 55%, 49% and 35% if gross advances to deposit ratio was upto 40%, 40-50% or above 50% respectively. For tax year 2023, and onwards tax rates will be 55%, 49% and 39% if gross advances to deposit ratio is upto 40%, 40 -50% or above 50% respectively.

Super tax on High Earning Persons

A new section 4C has been introduced through Finance Act, 2022 applicable for tax year 2022 and onwards. Except for the persons whose income as envisaged in this section is below Rs. 150 million, all other persons including those assessed under Fourth, Fifth and Seventh Schedules to the Ordinance are liable to pay super tax on graduated rates ranging from 1 to 4% based on graduated income slabs.

Tax on Deemed Income from Immovable Property

A new section 7E has been introduced through Finance Act, 2022 whereby for tax year 2022 and onwards, a resident person is treated to have derived income equal to five percent of fair market value of the capital assets situated in Pakistan which will be taxable @ 20% of the deemed income.

Minimum Tax on Turnover

Minimum tax on turnover was allowed to be carried forward for five succeeding tax years which has now been restricted to three years.

Collection of Tax from Persons Remitting Amounts Abroad

Section 236Y was omitted vide Finance Act, 2021. Now this section is reinserted. Every banking company will collect this adjustable advance tax at the time of remitting money outside Pakistan on behalf of a person who has completed a credit card, debit card or prepaid card transaction with a person outside Pakistan. The rate will increase by 100% in case of persons not on Active taxpayers list.

Capital Gain on Disposal of Securities

A separate block of taxation of capital gains on disposal of securities is available under the Ordinance. Earlier, flat tax rate of 12.5% was applicable on gain on disposal of securities irrespective of holding period. Now graduated tax rates have been provided with respect to securities acquired after 1st day of July, 2022. However, gain on disposal of securities acquired on or before 30th day of June, 2022 will continue to be charged to tax at the earlier flat rate of 12.5% irrespective of the holding period.

Imposition of Capital Value Tax 2022(CVT):

Capital Value Tax 2022 has been imposed under Section 8 of the Finance Act, 2022 for tax year 2022 and onwards. In case of a motor vehicle held in Pakistan, CVT is to be charged and collected from the 1st day of July, 2022.

Capital Gain on Disposal of Immovable Properties and Other Capital Assets

Earlier, the gain arising on the disposal of immovable property after the holding period of 4 years was exempt from tax. Now the holding period concession will separately apply which is, six years for open plots, four for constructed property and two years for flats. Further, whole amount of gain on disposal of immovable property will be taxable at the prescribed graduated rates.

Advance Tax on Sale/Transfer(u/s 236C] or Purchase of Immovable Property (u/s 236K]

The rate of advance tax on sale or transfer and on purchase or transfer of immovable property has been enhanced from 1 % to 2%. Advance tax on sale or transfer of immovable property will be collected under this section irrespective of holding period. In case of purchaser of immovable property who is not appearing on the active taxpayers list, rate of tax to be collected under section 236K will increase by two hundred and fifty percent of the given rates in the Ordinance.

Taxation of Certain Payments to Non-Resident:

The exchange companies have been made liable to deduct tax at the time of making payment of service charges or commission or fee to the global money transfer operators, international money transfer operators or such other persons engaged in international money transfers or cross• border remittances for facilitating outward remittances.

Similarly, every banking company has been made liable to deduct tax at the time of making payment to card network company or payment gateway or any other person, on any transaction fee or licensing fee or service charges or commission or fee by whatever name called or interbank financial telecommunication services. This tax is the final discharge of the tax liability of the non- residents.

MEASURES FOR EASE OF DOING BUSINESS

Disclosure of Beneficial Ownership.

Previously companies and AOPs were not required to disclose the natural individuals who are ultimate beneficial owners. Thus beneficial ownership could be hidden through intervening companies and trusts. To bring transparency and to remove this obscurity, as per best international practices, companies and AOPs are now required to disclose details of their beneficial owners who are natural persons.

Depreciation and Initial Allowance

Finance Act, 2020 introduced restriction on claim of depreciation deduction by fifty percent on a depreciable asset used in a person's business for the first time. In continuation thereof, the person was allowed fifty percent depreciation deduction in the year of disposal of such depreciable assets. This restriction has been lifted and a person who introduces a depreciable asset in his business for the first time will be entitled to claim hundred percent depreciation deduction. The corresponding entitlement to claim fifty percent depreciation deduction during the year of disposal has been withdrawn.

Furthermore, the cost of a depreciable asset being passenger transport vehicle not plying for hire was restricted to two and half million rupees for the purpose of depreciation deduction. This limit has been enhanced to seven and half million rupees.

Immovable property or structural improvement to the immovable property have been excluded from the definition of eligible depreciable asset for the purposes of initial allowance.

Export of services

A special regime u/s 154A for export of IT and IT enabled services was introduced through Finance Act, 2021 whereby 1 % final tax was collected on realization of export proceeds of these services. Moreover, hundred percent tax credit was available against this final tax to the exporters of IT and IT enabled services u/s 65F upon fulfilling certain conditions mentioned therein.

In order to simplify the tax regime for exporters of IT and IT enabled services, the 100% tax credit regime under section 65F has been withdrawn and a reduced rate of final tax of 0.25% has been provided for exporters of IT and IT enabled services who are registered with the Pakistan Software Export Board (PSEB).

Previously, the amount of foreign commission due to an indenting commission agent was charged to tax, at the rate of 5%, which has now been reduced to 1 %.

Elimination of certain tax credits and deductible allowance

Tax credits available to an individual u/s 62 for investment in shares and insurance, u/s

62A for investment in health insurance and deductible allowance u/s 60C for profit on debt have been omitted. Corresponding change in section 149 has also been incorporated accordingly.

Minimum tax

The rate of minimum tax on turnover of Oil Marketing Companies has been reduced from 0.75% to 0.5%.

Revamping of Alternate Dispute Resolution Mechanism

Through the Finance Act, 2022, the mechanism of alternate dispute resolution has been revamped. Major departure points from previous regime are highlighted as under:

- a. Disputes involving tax liability of one hundred million or above are eligible for settlement.
- b. Disputes involving questions of both fact and law can now be brought by a taxpayer for settlement by the committee subject to the condition that decision by the committee will not be cited or taken as a precedent in any other case or in the same case for a different tax year.
- c. The taxpayer can nominate a member from a panel notified by the Board in this regard or an Officer of Inland Revenue Service who has retired in BS 21 or above or a reputable business person as nominated by a Chamber of Commerce and Industry.
- d. Taxpayer or the Chief Commissioner Inland Revenue having jurisdiction over the case either individually or both as the case may be, will withdraw their appeal pending before a court of law or appellate authority.
- e. The decision by committee will be binding on both the taxpayer and Chief Commissioner Inland Revenue having jurisdiction over the case.
- f. The changed procedure of dispute resolution will ensure that it is focused on high revenue yielding cases and does not result in wastage of time and resources for the taxpayer as well as field formations by being an effective alternative and not a parallel mechanism to the appeal process.

Withholding Tax on Imports for Industrial Undertaking:

Following changes have been incorporated with regard to WHT on import under section 148 of the Ordinance.

- i. Tax collectible from an industrial undertaking on import of all goods for own use has been made adjustable.
- ii. Tax collectible under section 148 on import of edible oil, packaging material, paper and paper board, and plastics has been made minimum tax whether imported by an industrial undertaking for own use or by a commercial importer.
- iii. The rate of withholding tax on import of goods falling in Part II of Twelfth

Schedule of the Ordinance has been enhanced from 2% to 3.5% for commercial importers, which shall be minimum tax.

Automated System of Collection and Deduction of Withholding Taxes

In order to streamline withholding tax collection and deduction mechanism, enabling provision for the placement of a fully automated system by the name Synchronized Withholding Administration and Payment System (SWAPS) has been introduced under section 164A of the Ordinance. A withholding agent notified under section 164A will be called a SWAPS agent. The notified SWAPS agent will be integrated with Board and withholding tax will be deposited in government treasury on real time basis simultaneously at the time of making third party payment processed through SWAPS by the SWAPS agent. It will also result in auto populated withholding statements thereby saving time and reducing cost of compliance for the business.

Source: IR Policy Wing, FBR

(2) TAX TREATIES EXECUTED WITH FOREIGN COUNTRIES IN ORDER TO FACILITATE INVESTMENT DURING FY 2022-23

1. Tax Treaties and Convention

- i. Pakistan and Norway held the first round of negotiations in Oslo from 28-30 November, 2022 for the revision of the existence Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income;
- ii. Pakistan and Afghanistan held the third round of negotiation at Islamabad from 1st – 3rd February, 2023 on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and the Agreement was initiated;
- iii. Pakistan and Lithuania held the third round of negotiation at Vilnius from 30.05.2023 to 02.06.2023 on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and the Agreement was initialed;
- iv. Pakistan's Model draft agreement on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income was approved;
- v. Protocol updating Article on Exchange of Information in the existing Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income between Pakistan and Tajikistan was notified;
- vi. Pakistan Successfully completed Peer Review under BEPS Action 5 (Countering harmful tax practices with the focus on improving transparency);
- vii. Pakistan Successfully completed Peer Review under BEPS Action 6 (prevention of tax treaty abuse); and
- viii. Pakistan successfully completed Peer Review on Mutual Agreement Procedure under BEPS Action 14.



Delegations of Pakistan and Germany met at FBR House from 18-22 September, 2023 for re-negotiations on the Agreement for the Elimination of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion and Avoidance between both countries.



Delegations of Pakistan and Iraq met at FBR House from 7-9 August, 2023, for the Elimination of Double Taxation with respect to Taxes on Income and on Capital and the Prevention of Tax Evasion and Avoidance.


Table-24: Exchange of Information (EOI)

S.No.	Head/Task	July 2022 – June 2023
1.	Number of Inward EOI Requests processed.	22
2.	Number of Outward EOIRs sent to other Jurisdictions	10
3.	Second Round of Peer Review on Exchange of Information on Request	<p>Phase-2 of Second Round of Review was conducted during which the EOI office of International Taxes, performed the following tasks: -</p> <ul style="list-style-type: none"> Coordinated with all stakeholders of the review i.e. SCEP, SBP, FMU, Trust Authorities, ICAP, ICMAP, CDNS, DNFBP and prepared the Questionnaire for phase-2 of Second Round of Review. Coordinated with stockholders of the review for the onsite visit of the assessment team from Global Forum for Second Round of Review: As a result: - Addressed several recommendations that Pakistan received during 1st Phase of Review (2016) Improved Pakistan's rating from "Largely Compliant" to "Compliant" on C-3 (Confidentiality) Improved from "Partially Compliant" to "Largely Compliant" on C-5 (Quality & timelines of responses), while maintaining overall rating of "Largely Compliant" despite the fact the complex concept of Beneficial Owners was introduced in standards of review through TORs of 2016. Preparation of EOI Manual for Pakistan

Source: International Taxes Wing (IR), FBR

Table-25: Country-by-Country Reports

Outward Transmission of local filing	478 records
Inward Assignment of reciprocal filing	469 records
Installation of OECD TREAT Tool at FBR	Completed
Successfully Completed Peer Review of CbCR under OECD	Completed



Arranged and Conducted Training for Officers of Directorate General International Taxes/AEOI Zones/Directorate General Intelligence & Investigation on Transfer Pricing and Exchange of Country-by-Country Reports under HMRC capacity support initiative	12 officers attended the training
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Source: International Taxes Wing (IR), FBR

Table-26: Automatic Exchange of Information

Outward Transmission of filing	1159 records
Inward Assignment of reciprocal filing	3500 records

Source: International Taxes Wing (IR), FBR

INTERNATIONAL CUSTOMS

Table-27: List of Mutual Assistance Agreements/MoUs between Pakistan Customs and other Customs Administrations

Sr. No.	Name of Country	Details of Mutual Assistance Agreements Between Pakistan Customs and other Customs Administrations	Signing date
1.	China	Frame work Agreement Between The General Administration of Customs of the People's Republic of China and the Customs of the Islamic Republic of Pakistan on Single Window Cooperation in International Trade.	31-10-2022
2.	Tajikistan	Memorandum of Understanding Between The Customs Service under the Government of the Republic of Tajikistan And Pakistan Customs Service (Federal Board of Revenue) of the Islamic Republic of Pakistan of Establishment of Electronic Data Interchange.	14-12-2022
3.	Republic of Mauritius	Agreement between the Government of the Islamic Republic of Pakistan and the Government Republic of Mauritius on Mutual Administrative Assistance in Customs Matters.	19-12-2022
4.	Russia	Agreement between the Government of the Islamic Republic of Pakistan and the Government of the Russian Federation regarding Cooperation and Mutual Assistance in Customs Matters.	20-01-2023
		Protocol between Pakistan Customs of the Federal Board of Revenue of the Islamic Republic of Pakistan and the Federal Customs Service (Russian Federation) on Exchange of Documents and Data on Customs Value of Goods Transported between the Russian Federation and the Islamic Republic of Pakistan.	20-01-2023

Source: International Custom Wing, FBR

KPI-8:

FBR Outreach & Human Resource Development

(1) NUMBER OF FIELD PROJECTS COMPLETED DURING FY 2022-23

Table-28: Details of Field Projects Completed During the FY 2022-23

S. No.	Name of Project	Amount in Rs. Million	Status
1.	Construction of State Warehouse at Custom Office Shikarpur Road, Sukkar	74.123	Completed
2.	Extension of DGTR's "LA MASION" Hostel building @ Old Customs House Karachi	106.605	Completed
3.	Provision of RCC Flooring, Plinth Platform, Roof of Examination Hall & Electrification / Fire Fighting System @ IC-3 Port Qasim Custom Karachi	49.050	Completed
4.	Purchase of Land of Construction of Residential Accommodation for Collectorate of Customs Faisalabad (Revised)	67.250	Completed

Source: Projects Wing (IR)/Admn Wing, FBR

(2) NUMBER OF OFFICERS SENT ABROAD FOR OFFICIAL TRAININGS DURING FY 2022-23

Table-29: Number of officers received official trainings during FY 2022-23

Time Period	Type of Training	No. of Officers
During FY 2022-23	International Training/ Workshop/ Meetings/ Event/ Session/ Conference (Pakistan Customs Service)	83
	Foreign Training through Singapore Regional Training Institute (Inland Revenue Service)	50
	Foreign Training through EAD (Inland Revenue Service)	19
	Public Finance Course 2023: One Year Master Degree Program in Tax Course at GRIPS, Japan	3
TOTAL		155

Source: Admin/ HR/IR/Customs Wing, FBR

(3) NO. OF CASES IN WHICH DISCIPLINARY ACTION UNDER E&D RULES HAS BEEN TAKEN DURING FY 2022-23

Table-30: Disciplinary action under E&D Rules taken during FY 2022-23

BPS of Officers	Number of Cases Where Disciplinary Action Taken During FY 2022-23
19-22	11
17-18	20
16	62
Total	93

Source: HR/Admn (IR/Cus) Wing, FBR

(4) NUMBER OF REWARD CASES PROCESSED UNDER REWARD RULES

The Custom Wing informed that they have outlined the policy of rewards according to following criteria:

- Reward in terms of Rule-3(2) of Customs Reward Rules, 2012 Sanctioned/Approved During FY 2022-23 (Pakistan Custom)

Table-31 (a): Basic Pay(s) Rewarded during FY 2022-23

Period	Number of Basic Pay(s) Rewarded
July-Aug	2 Basic Pays across the field formations
Sep-Oct	Sanctioned as per category (A=2.5 Basic Pay; B+=1.5 Basic Pay %; B=0.5 Basic Pay)
Nov-Dec	Sanctioned as per category (A=2 Basic Pay; B+=1 Basic Pay; B=0.5 Basic Pay)
Jan-Jun	Sanctioned as per category (A=2 Basic Pay; B+=1.5 Basic Pay; B=1 Basic Pay)

Source: Admn/HR/Custom Wing, FBR

- ii. The value of seizures made by Pakistan Customs during FY 2022-23 and the corresponding period of the FY 2021-22, is as follows:

Table-31(b): Value of Seizure during FY 2022-23

FY	Value of Seizure (Rs. in million)
2022-23	89,958
2021-22	69,252
Growth	30% Increase

Source: Admn/HR/Custom Wing, FBR

- iii. Keeping in view trade facilitation and operational efficacy, the following four new field formations have been created vide SRO 2301(I)/2022 dated 22.12.2022:
- Collectorate of Customs (Enforcement), Sargodha.
 - Collectorate of Customs (Enforcement), Khuzdar.
 - Collectorate of Customs (IIAP), Islamabad.
 - Collectorate of Customs (Appraisement-West), Lahore.
- iv. Pass-Track App for Currency Declaration, has been launched and the media campaign carried out by the PR Wing.

(5) NUMBER OF MEDIA CAMPAIGNS LAUNCHED FOR TAXPAYERS FACILITATION

Table-32: Media campaigns were launched for taxpayers' facilitation During FY 2022-23

Media Campaigns	Medium	Dates
Fix Tax Scheme	Print	29th July, 2022
Income Tax Return Filing, 2022	Print	11 th to 30 th September, 2022
	Electronic	11 th to 30 th September, 2022
	Radio	11 th to 30 th September, 2022
Media Campaign on Tobacco Growers	Print	8 th October, 2022

Cont.

Cont.

Media Campaigns	Medium	Dates
Media Campaign on Unregistered Tobacco	Print	12 th September, 2022
Media Campaign on Sales of Sugar without stamp	Print	14th January, 2023
Media Campaign on Illicit Sales of Tobacco	Print	18th January, 2023
Media Campaign on Currency Smuggling	Print	3rd to 05th February, 2023
	Electronic	3rd to 05th February, 2023

Source: PR Wing, FBR

(6) NUMBER OF TAXPAYERS COMPLAINTS REDRESSED DURING THE YEAR 2022-23

Table-33: Number of taxpayers' complaints redressed during FY 2022-23

Period	During FY 2022-23
Total Number of PMDU Complaints Received	4461
Total Number of PMDU Complaints Resolved	3800
Percentage of Resolution	85.2%
Citizen Satisfaction Level	54%

Source: PR Wing, FBR



Post Budget Media Briefing, June 09, 2023



FBR Budget Duty, 08 June 2023



FBR Budget Duty, 08 June 2023



British High Commission's Development Director, Jo Moir, met Chairman FBR, Mr. Asim Ahmad, along with Economic Practice team on Mar 07, 2023, to discuss continued cooperation with FBR through the Revenue Mobilisation, Investment and Trade (REMIT) Programme.



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

Table-34: Representation of cases where FBR (HQS) is the sole respondent, During FY 2022-23

Sr. No.	Forum	Total Number of Cases	Representation/CPLAS/WPS/Tax Ref	
			Filed	Not Filed
1.	Supreme Court	0	0	0
2.	High Court	15	15	0
3.	Federal Tax Ombudsman	14	13	1
Total		29	28	1

Source: Legal Wings, FBR

- (2) INDIVIDUAL PERFORMANCE APPRAISAL OF EACH PANEL ADVOCATE AND SPECIAL PUBLIC PROSECUTORS THROUGH DEVISED SOP ON YEARLY BASIS.

Mechanism for individual performance appraisal of each Panel Advocate & Special Public Prosecutors was devised during First Half of FY 2022-23 and their performance is given in Table below:

Table-35: Performance appraisal of each Panel Advocate & Special Public Prosecutors (Inland Revenue)

Total Number of Panel Advocates / Special Public Prosecutors	Performance Evaluation of Panel Advocates during FY 2022-23		
	Good	Satisfactory	Unsatisfactory Below Average
*766	0	158	0

* As per the report received from the field formations for the period 2022-23, out of 766 Advocates on the Panel, 608 were not assigned any case during the period under consideration.

NOTE:

As per policy, performance evaluation is on annual basis by seeking the performance report from the field formations which is due on 1st July 2023. Presently, the information for FY 2021-22 is available and is being shared.

Source: Legal IR Wing, FBR

Table-36: Performance appraisal of each Panel Advocate & Special Public Prosecutors (Customs)

Total Number of Panel Advocates	Performance Evaluation (Success Rate) of Panel Advocates during the FY 2022-23				
	Good (80%+)	Satisfactory (50-79%)	Un-Satisfactory (33-49%)	Poor (0-32%)	Undetermined*
271	79	36	12	50	94

Source: Legal Customs 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

All working papers pertaining to PAC meetings were timely prepared and submitted to the PAC for settlement of audit paras during FY 2022-23, as mentioned below.

Table-37: Submission of Working Papers in PAC for settlement of Audit Paras (Customs Wing) during FY 2022-23

S.No.	Date of PAC Meeting	Date of submission of Working Papers to PAC	Timely submission of Working Papers to PAC
1.	18.08.2022	15.08.2022	100%
2.	19.10.2022	17.10.2022	100%
3.	23.12.2022	20.12.2022	100%

S.No.	Date of PAC Meeting	Date of submission of Working Papers to PAC	Timely submission of Working Papers to PAC
4.	28.12.2022	23.12.2022	100 %
5.	31.01.2023	27.01.2023	100 %
6.	07.03.2023	04.03.2023	100 %
7.	16.05.2023	12.05.2023	100 %

Source: Legal & Accounting Customs Wing, FBR

b) Performance of IR Wing

Table-38: Submission of Working Papers in PAC for settlement of Audit Paras (IR Wing) During FY 2022-23

S.No.	Date of PAC Meeting	Date of submission of Working Papers to PAC	Timely submission of Working Papers to PAC
1.	18.08.2022	17.08.2022	100%
2.	19.10.2022	17.10.2022	100%
3.	23.12.2022	22.12.2022	100%
4.	31.01.2023	30.01.2023	100%
5.	07.03.2023	06.03.2023	100%
6.	16.05.2023	15.05.2023	100%

Source: Accounting & Audit Wing, FBR

(2) TIMELY DISSEMINATION OF PAC DIRECTIVES AMONG FIELD FORMATIONS FOR COMPLETING REQUISITE ACTIONS.

a) Performance of Customs Wing

The following tables show that PAC directives were timely disseminated to the field formations for completing requisite actions during 2021-22.

Table-39: Dissemination of PAC directives among field formations
(Customs Wing) During FY 2022-23

S.No.	Date of PAC Meeting	Date of dissemination of PAC directives to field formations.
1.	18.08.2022	22.08.2022
2.	19.10.2022	21.10.2022
3.	23.12.2022	26.12.2022
4.	28.12.2022	16.01.2023
5.	31.01.2023	20.02.2023
6.	07.03.2023	31.03.2023
7.	16.05.2023	13.06.2023

Source: Legal & Accounting Customs Wing, FBR

b) Performance of IR Wing

Table-40: Dissemination of PAC directives among field formations
(IR Wing) During FY 2022-23

S.No.	Date of PAC Meeting	Date of dissemination of PAC Directives to Field Formations (Recorded Notes)
1.	18.08.2022	22.08.2022
2.	19.10.2022	21.10.2022
3.	23.12.2022	26.12.2022
4.	31.01.2023	02.02.2023
5.	07.03.2023	10.03.2023
6.	16.05.2023	19.03.2023

Source: Accounting & Audit Wing, FBR

Implementation of FBR's Reform Agenda

KEY ACHIEVEMENTS

Pakistan achieved the revised budget target for FY 2022-23 despite weak economic indicators, namely, floods, inflation in the developed economies reducing demand for imports, persistent supply bottlenecks – local as well as global – and unstable domestic political scenario.

PAKISTAN RAISES REVENUE (PRR)

FBR has made commendable progress under Pakistan Raises Revenue (PRR) project funded by the World Bank during the reporting period in broadening the tax base and facilitating compliance. Some of the key achievements under Pakistan Raises Revenue Program areas follows:

1. FBR has added 1.07 million active taxpayers to the tax base. The total of new taxpayers over 4 years i.e., FY 2019-20 to FY 2022-23 is 1,079,194, which is more than the cumulative target for 4 years against DLR 5.1 - 5.4 i.e. 1,050,000 new taxpayers.
2. The culture of data driven informed decision making and transparency continued to flourish in FBR. FBR has compiled the Tax Expenditure Report and Evidence Based Revenue Forecast Report.
3. FBR has completed 53 comprehensive field audits of large taxpayers for cases selected by the risk-based selection tool and monitored by the Compliance Unit through AMIS with associated reports submitted to FBR management.
4. FBR signed data-sharing MoUs with all 4 provinces and concluded agreement with the provincial tax authorities to further

- The harmonization agenda between FBR and provinces.
5. WebBOC generated reports show that that 33.42 % of GDs, (17.09% for exports and 45.13% for imports), have gone through red and yellow channels, which is within the FY 2022-23 target of 35% of GDs going through the red and yellow channels.
 6. Under Business Process Improvement, FBR has completed 5 processes (15 steps) under BPI, which includes; tracking delays in filing, issuing notices to taxpayers, tracking & collection of tax arrears, cross-checking of tax declarations / GDs with FBR records and third party information, and risk-based selection and management of tax audit cases.
 7. FBR has published Bi-Annual KPI Report for the period of July to December 2022-23.

IMPLEMENTATION OF INTEGRATED TRANSIT TRADE MANAGEMENT SYSTEM (ITTMS)

The Customs Wing FBR is the Lead Executing agency for the Integrated Transit Trade Management System (ITTMS) Project under the Central Asia Regional Economic Cooperation (CAREC) and Regional Improvement of Border Service (RIBS) Programme financed by the Asian Development Bank (ADB) (US\$ 300 million at three Border Crossing Points (BCPs) of Torkham, Chaman, and Wahga. The facilities include multi-agency



administration, Business Center, Warehouses, and Cold Storages. This also includes a multi-agency accommodation building at Chaman. The construction activities are in full swing at Torkham and Chaman BCPs. These facilities will have well-equipped Import and Export Customs Control Zones (CCZs) with the installation of Gantry, Pass-Through, dual-view inspection scanning equipment and cargo surveillance systems. The facilities will have a capacity to process 2400 cargo vehicles per day with a dwell time of less than 30 minutes. A multi-

story passenger terminal to cater for 12000 passengers per day equipped with e-Gates for passenger facilitation, etc. is also being constructed at Torkham and Chaman. In addition, the Pakistan Land Port Authority (PLPA) is being established under the CAREC-RIBS (ITTMS) component as a critical milestone for the ADB for handing over of the BCP assets and the Project's formal closure as required by the ADB. The PLPA Consultants are also in the process of carrying out training needs assessment and training module outline development, whose content will be developed through a separate technical assistance.



IMPLEMENTATION OF THE NATIONAL SINGLE WINDOW SYSTEM

Pakistan is a signatory to WTO's Trade Facilitation Agreement (TFA). Article 10.4 of the TFA requires member states to establish a Single Window for Trade. In 2017 The Prime Minister of Pakistan was pleased to designate Pakistan Customs as lead agency to establish the Single Window in Pakistan.

Pakistan Customs took the assignment as a challenge and started the process with a complete environmental scan of the trade regulatory framework in Pakistan including the government agencies and other stakeholders. The analysis revealed that in addition to Customs, 77 Government departments regulate trade under various national and provincial laws. Based on the



above investigation, Customs developed a project design document which provided recommendations on the design of the single window system and the governance and operating framework supporting the single window implementation. Subsequently, the PSW Act 2021 was enacted by the Parliament which paved the way for notifying the Pakistan Single Window Company as the operating entity of the PSW system.

The Pakistan Single Window was formally launched on 30th June 2022 in line with the timeline committed under the TFA. Phase 2 completion was achieved on June 30, 2023. The PSW Platform has integrated Customs with 29 Commercial Banks, 10 OGAs, 6 Laboratories, and 7 PSI companies. In addition a Trade Information Portal called 'Tradeverse' (www.tipp.gov.pk) has been launched in fulfillment of yet another commitment under the TFA.

INTEGRATION OF ELECTRONIC CARGO CLEARANCE SYSTEM WITH PSW

Pakistan Customs electronic cargo clearance system (WeBOC) has been fully integrated with the Pakistan Single Window. The Declaration has been modified to include information requirements of other government agencies (OGAs) for issuance of licenses, permits, certificates, and other documents. The OGAs also have better access to the customs clearance data which allows them to coordinate

better for the efficient clearance of goods from the port areas. Through the single window platform, the WeBOC system will be connected to the PSW Port Community System planned to be implemented at all airports, seaports, dry ports, and land border crossings which will help bring all public and private sector entities engaged in international trade on a single platform.

UTILIZATION OF CUSTOMER RELATIONSHIP MANAGEMENT (CRM) SOFTWARE

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 calling the helpline UAN and by visiting the FBR's website www.fbr.gov.pk. From

the period July-2022 to June-2023, a total of 181181 emails and 259519 calls have been responded by our call center. FBR also has points of contact with taxpayers through FBR's CRM and Prime Minister Delivery Unit (PMDU). From July-2022 to June-2023 3800 complaints out of 4461 were resolved through the PMDU portal.

Source: PRR/PSW/ITTMS/PR Wings, FBR



CONCLUSION

FBR has been playing a pivotal role not only in collection of taxes but also in expanding the tax base through various policy and administrative reform interventions. But increasing tax revenues is not an easy task, and entails careful review of the tax laws, administrative processes and procedures within the broader contours of national policy and the socio-economic environment. The delivery against Key Performance Indicators - such as, level of automation, taxpayer's facilitation, integration of FBR with other revenue agencies & departments, simplification of tax laws and risk-based audits by FBR - was on track during the period under review. This requires consistent raising of level of performance by FBR in key areas, such as, broadening of tax base, facilitating compliance, enhancing automation, streamlining core operations, effective use of data analytics and third-party data, providing clarity and certainty about tax obligations, modernizing the infrastructure and rigorous performance benchmarking and monitoring. In this quest to get greater compliance and improve effectiveness and efficiency, this effort of benchmarking the performance and understanding its own performance can help FBR to create an environment where citizens have a strong will to discharge their tax liabilities honestly with much ease, and where the tax administration is seen as legitimate and fair.

*For more information on the
Federal Board of Revenue
(FBR) and its activities,*

visit online at:

www.fbr.gov.pk

Or Call:

051-111-772-772

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



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