

FBR Response Queries for Tender

Hiring of Legal Firm for Provision of Legal Services

Questions	FBR Response on queries
<p>1</p> <p>Eligibility Criteria – Sales Tax Registration.</p> <p>We would like to begin by addressing the eligibility criteria stated in Clause 2.1.3 of the “Instructions to Bidders” and the introductory paragraph of the Invitation to Bid. It has been mentioned that bidding law firms must be registered with both the Income Tax and Sales Tax departments. We respectfully submit that, as per the attached decision of the Islamabad High Court, sales tax is not applicable to lawyers or law firms in the provision of legal services. Therefore, sales tax registration should not be a mandatory requirement for eligibility. We request that this condition be removed from Clause 2.1.3 accordingly.</p>	<p>Sales Tax on Services on legal practitioners for provision of legal services is levied and chargeable on lawyers under the respective Sales Tax on Services Acts of all provinces and Islamabad Capital Territory. You have provided Lahore High Court judgment. However, the judgement relates to Sales Tax on Goods levied u/s 3(9) of Sales Tax Act, 1990 and therefore not applicable in this instant.</p> <p>The bidders are required to be registered with respective provincial authorities. For bidders in North region, Islamabad High Court stay does not bar law firms from being registered with Sales Tax Authorities of Punjab and KP province where successful bidder from North will also be delivering their services.</p>
<p>2</p> <p>Incomplete Regional Listings in Packages</p> <p>Regarding the regional categorization of FBR offices, it is noted that the Invitation to Bid lists Gilgit-Baltistan under the North Package and DG Khan under the Central Package. However, these locations are not reflected in the description of packages under Clause 3(2) of Section III (Terms of Reference). We kindly request clarification on this discrepancy.</p>	<p>As amended in the Addendum-1</p>
<p>3</p> <p>LLM Requirement for Legal Advisors</p> <p>Clause 5.2 of Section III (Terms of Reference) requires legal advisors to hold an LLM from a reputable university and possess two years of post-LLM experience. As discussed in the pre-bid meeting, we believe this criterion may be misplaced. An LLM is an academic qualification that typically focuses on a specific subject, and unless the degree is in tax law and particularly Pakistani tax law, it may not add meaningful value to the advisor’s practical capabilities. In Pakistan, there is currently no LLM program specifically tailored to our tax laws.</p> <p>If the goal is to ensure that legal advisors are more qualified than a standard LLB holder, we suggest that the requirement of being a Barrister-at-Law also be considered. Barristers receive formal training in legal advisory and strategic litigation, which is more aligned with the responsibilities required for this engagement.</p> <p>Additionally, the requirement of only two years of post-LLM experience appears insufficient, considering that tax and customs law are specialized fields. We recommend increasing the experience threshold to ensure meaningful expertise.</p>	<p>As amended in the Addendum-1</p>
<p>4</p> <p>Conflict of Interest – Past Representation Against FBR</p> <p>We propose that law firms which have previously represented taxpayers against FBR or appeared before courts/tribunals in such cases should not be eligible to bid or qualify for this assignment. Since firms on FBR’s</p>	<p>The point is already interested in Bid Data Sheet under “Screening/eligibility criteria” under Bid Evaluation Criteria 2.1.3 & 2.5.8. Furthermore, we have introduced further amendments to the bidding document through Addendum-1</p>

FBR Response Queries for Tender

Hiring of Legal Firm for Provision of Legal Services

	<p>panel are already prohibited from acting against FBR, we believe this restriction should also form part of the eligibility criteria. Allowing such firms to simultaneously advise FBR while representing clients against it presents a clear conflict of interest.</p>	
5	<p>Payment Terms and Process</p> <p>We also wish to raise concerns regarding Clauses 9.2, 9.9, and 9.11:</p> <ul style="list-style-type: none"> • Clause 9.2 requires service providers' work to be deemed satisfactory by FBR before payments are processed. • Clause 9.9 requires payments to resources by the 5th of each month, with a 5% penalty for non-compliance. • Clause 9.11 allows FBR a 30-day window to process payments after receiving the invoice. <p>When read together, these clauses create an impractical payment mechanism. Firstly, the internal payment arrangements between the service provider and its staff should not be under FBR's purview. Secondly, it is unreasonable to expect service providers to pay their resources within five days when FBR retains the right to release its own payments within 30 days.</p> <p>The requirement of regularly obtaining a "satisfactory report" from multiple officials for invoice clearance further complicates matters and introduces delays. In our experience, legal fee clearances already take considerable time even under standard procedures.</p>	<p>To the extent of "Satisfactory Performance", amendments have been introduced in the bidding document through Addendum-1. Existing conditions of the bidding document will prevail for rest of the points raised.</p>
6	<p>Termination and Performance Guarantee</p> <p>Clause 9.8 grants FBR the right to terminate the contract for unsatisfactory performance, which could lead to forfeiture of the performance guarantee and imposition of liquidated damages (Clause 15). We believe these clauses disproportionately empower FBR and place service providers in a vulnerable position.</p> <p>We suggest these penalties should be relaxed and there should also be establishment of a joint operational and dispute resolution committee to handle issues objectively and ensure fairness rather than terminating the contract in the very first instance. The right to terminate the contract should also be given to the service provider. Moreover termination of the contract by either party should be governed by clear conditions and safeguards to ensure mutual accountability and protect both parties' interests.</p>	<p>As per bidding document. For resolution of disputes, procedure has already been defined in Special Conditions of Contract in pursuance to Clause 20 of General Conditions of Contract.</p>
7	<p>The Sales Tax Registration requirement for law firms be withdrawn immediately from the bidding documents to bring the process into conformity with the Islamabad High Court's judgement and the mandatory Public Procurement</p>	<p>Sales Tax on Services on legal practitioners for provision of legal services is levied and chargeable on lawyers under the respective Sales Tax on Services Acts of all provinces and Islamabad Capital</p>

FBR Response Queries for Tender

Hiring of Legal Firm for Provision of Legal Services

	Regulatory Authority (PPRA) framework	Territory. The bidders are required to be registered with respective provincial authorities. For bidders in North region, Islamabad High Court stay does not bar law firms from being registered with Sales Tax Authorities of Punjab and KP province where successful bidder from North will also be delivering their services.
8	The deadline for submission of bids may be suitably extended to afford all eligible law firms including those previously restricted a fair and reasonable opportunity to participate.	As amended in Addendum-1
9	As stated in S.No. 2.1.3 (i), the bid is open to law firms that are registered and licensed. However, it is noted that there is no requirement for any additional licensing beyond the registration with the Bar Councils of the High Courts or the Supreme Court. Please provide clarification on this matter.	Partners of the firm will be required to be registered with their local bar associations. Same has been amended through Addendum-1
10	According to S.No. 2, sub-heading Number 3, titled "Deliverables" in Section III (Terms of Reference) [P/30], It is mentioned that the Federal Board of Revenue (FBR) seeks to engage three law firms to provide comprehensive legal services across various field formations. Three packages are specified in this section. Our reading of this clause indicates that only one firm will be awarded the contract for each package, and that firm will be responsible for delivering all the services outlined in the scope of work, which includes the provision of Legal Opinions (5.1), the provision of Legal Advisors (5.2), Technical Support for Case Law Repository Development (5.3), Technical Support for Decision Tree/Archetype Development (5.4), Legal Training for Field Officers (5.5), and Advisory Services (5.6). Please confirm if our understanding is correct.	For deliverables at 5.3 and 5.4, Case Law Repository Development and Decision Tree/Archetype respectively, FBR may assign these deliverables in full or in part as per the FBR needs and firm's expertise. These two deliverables may be assigned to successful bidders across different packages as well. Successful bidders will be required to deliver all the rest of the services in addition to deliverables at 5.3 and 5.4, if assigned.
11	In S. # 5.5 of Section V, titled "General Conditions of Contract," there is a reference to a "third party appointed by the Service Provider." This implies that the selected law firm, acting as the service provider, may delegate some or all of its work to a third party. However, the service provider will retain legal responsibility for service delivery and will continue to meet all other contractual obligations. Please confirm if our understanding is correct.	Yes. However, any third party will only be engaged after express approval of FBR.