**FBR: Raising the Bar**

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Federal Board of Revenue, Pakistan’s premier tax collecting organization, has manifested an exceptional performance in not only maximizing revenue potential but also in broadening the tax base. It has already exceeded the assigned revenue target in the first quarter of FY 2021-22 by collecting Rs.189 Billion in excess to the fixed target. This commendable growth of 38.5 % in revenue collection for the first quarter with net revenue collection of Rs. 1,399 Billion, exceeding the set target for the first quarter, has also been generously appreciated by the Prime Minister. With its focus on ensuring ease of doing business, FBR is all set to digitize and automate the processes involved in tax collection in order to minimize human interaction with taxpayers and thereby ensure transparency in the system. The recent launch of Track and Trace System to digitally monitor important sectors like Tobacco, Fertilizers, Sugar, Beverages, and Cement from manufacturers to the end users, is yet another milestone achieved by FBR. Furthermore, Point of Sales System (POS) introduced by FBR is aimed at ensuring real time monitoring of actual sales of Tier-one retailers to plug revenue leakages and thus increase the revenue collection, significantly. About 14,000 point-of-sale terminals have been integrated with real time reporting system of FBR. In collaboration with NADRA, plans are also afoot to use Artificial Intelligence (AI) and Mathematical Modelling (MM) in order to ascertain real income and thus determine actual tax liability. These are some of the key initiatives which would broaden the tax base, ensure transparency, and promote accountability within FBR. Team FBR is fully determined to not only achieve the maximum revenue during the second quarter but is also geared to exceed the staggering target of Rs. 5,829 Billion, set for the current FY 2021-22.

It is pertinent to mention that on June 30, 2021, FBR registered historic growth of 19 % in Financial Year 2020-21 with net revenue collection of Rs. 4,745 billion, exceeding the target of Rs. 4, 691 billion by Rs. 54 billion. Similarly, the amount of refunds disbursed was Rs. 251 billion compared to Rs. 135 billion paid last year, showing an increase of 86%. This clearly reflects on FBR’s resolve to fast-track refunds to prevent liquidity shortages in the industry. The improved revenue performance becomes even more significant due to adoption of ‘no-undue’ advances policy as well as effective enforcement by field formations. It is also a reflection of growing economic activities in the country despite the daunting challenges posed by COVID-19 pandemic. To reinforce the enforcement measures, Directorate General of Intelligence & Investigation-IR showed commendable performance during Tax Year, 2021. During this period, Directorate General forwarded 1,608 investigation reports and red alerts to the field formations, involving revenue amounting to Rs. 244 billion. The directorate filed 71 complaints under Anti-Money Laundering Act, 2010 worth more than Rs. 62 billion revenues. It also seized 8,754 cartons containing 87,540,000 cigarette sticks during the same period. Furthermore, the Directorate of Anti-Benami Initiative (ABI) has stepped up its operations against white collar crimes and has unearthed and attached more than 70,000 Kanals of land, over a dozens of luxury vehicles, bank accounts, and shares in companies. Over 100 references of assets worth more than Rs. 45 Billion have been filed which are at various stages of adjudication. Besides, another 200 high value potential cases are under investigation with team ABI. This crackdown will significantly contribute to documentation of economy and discourage the criminal tendency of creating benami assets out of ill-gotten money.

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In yet another watershed development on 15th October, 2021, FBR has received the highest number of returns, ever in its history. As the fifteen days extended deadline ended, FBR had already received a staggering number of 2.6 Million returns and collected Rs. 48.6 Billion tax with returns as against 1.8 Million returns and 29.6 Billion tax paid with returns on 8th December, 2020, the closing date, last year. This signifies 45% growth in filing of tax returns while 64% growth in tax paid with returns. However, FBR had received only 0.5 Million returns and Rs. 9.8 Billion tax with returns on 15th October, 2020, registering almost five times higher growth both in returns filed & tax paid with returns on the same date, last year. Therefore, it is quite reassuring to witness that FBR is already zeroing in on 3.0 Million total returns received and 54.7 Billion tax collected with returns against the entire TY-2020, as on 30th June, 2021. This phenomenal growth has been made possible through a robust strategy and a comprehensive print and electronic media campaign launched by FBR. It was further reinforced by a vibrant campaign launched through national heroes, celebrities and public figures whose video messages went viral on social media. In yet another innovative initiative, FBR had mobilized all cellular companies to deliver a bilingual customized SMS to their combined 128.6 Million subscribers across the country. Likewise, eminent columnists and writers were also engaged to promote a culture of tax compliance through their op-eds and columns, published in the leading national newspapers.

Building further on its ongoing drive for digitization and automation of various processes involved in revenue collection, Federal Board of Revenue (FBR) has developed Single Sales Tax Portal to facilitate the taxpayers and ensure the ease of doing business. This watershed initiative of the Single Tax Portal developed by FBR has been made possible by virtue of successfully negotiations between FBR and the provincial revenue authorities. FBR has already offered this portal to the provincial revenue authorities in order to facilitate the taxpayers through one-link facility. The portal is in the final stages of testing and is likely to be launched soon. It is pertinent to mention that till now, Sales Tax registered persons had to file their monthly Sales Tax returns separately to every tax jurisdiction where they conducted business, such as FBR, Sindh Revenue Board, Punjab Revenue Authority, Khyber Pakhtunkhwa Revenue Authority and Baluchistan Revenue Authority. Some of the taxpayers had to file returns with revenue authorities of Azad Jammu & Kashmir and Gilgit-Baltistan. This was a cumbersome task, which often led to complications and disputes over jurisdiction. Single Sales Tax Portal will also help in simplification of the tax procedures. It will enable the taxpayers to save time and effort, and reduce their compliance costs. The single portal system is a significant milestone towards taxpayers’ facilitation and a big leap forward towards harmonization of taxes between the federal government and the provinces.

To the surprise of many, FBR has already completed actions on DNFBPs under the FATF action plan in just one reporting cycle and one year ahead of the deadlines in September, 2022. In June 2021, the FATF plenary had approved a seven-actions new action plan for Pakistan, focusing on combating money laundering. This contained two actions specific to DNFBPs, in particular, related to the real estate agents and Dealers in Precious Metals and Stones (DMPS). FBR was already designated as AML/CFT regulatory authority for real estate agents, DPMS and accountants other than those registered with ICAP and ICMAP under the Anti-Money Laundering Act, 2010, through amendments made in September, 2020. Since designation of FBR as the AML/CFT regulatory authority, FBR issued AML/CFT regulations for its regulated entities and also embarked upon an extensive outreach to educate and facilitate the DNFBPs on implementation of the new AML/CFT regime. A dedicated portal was made available on FBR website, which contains comprehensive guidance documents and other information for the DNFBPs. FBR also launched a customized mobile App for the registration by DNFBPs, screening the lists of proscribed /designated persons and generating Suspicious Transaction Reports (SRTs). A detailed supervisory plan was chalked out for offsite and onsite supervision of the DNFBPs. Since June 2021, FBR has carried out onsite inspections of a large number of DNFBPs and imposed a wide range of penalties on the delinquent entities. The real estate associations were also taken on board for implementation of the AML/CFT obligations. FBR stands fully committed to implement the AML/CFT regulations in order to curb the menace of money laundering through the real estate and precious metals and stones, including gold and jewelry.

It is always by treading the road not taken which does make the real difference. There is far more in addition to the above enlisted innovative and out of box measures, supported by verifiable numbers, which amply testify to the fact that FBR has come back with vengeance and has chosen to speak through actions and accomplishments. The growth trajectory both in revenue collection and returns filing clearly indicates that FBR, with every passing day, is getting closer to achieving the historic high Rs. 6 Trillion in revenues and 4 Million of tax returns by June 30, 2022. Thus, FBR is all set to give more surprises and thereby rewrite history. Those who live will see it happening, soon.

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