**FBR’s quest for in-house cleaning**

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November 22, 2020

According to a Press release, the Federal Board of Revenue(FBR)issued terms of references (ToRs) for Integrity Management Cell (IMC). According to the ToRs, the IMC will be headed by a grade 21/22 officer of Inland Revenue Service (IRS)or Customs, “who will be assisted by two Chiefs (one each from Customs & IRS), two Secretaries (one each from Customs & IRS) and as much supporting staff as is required. All the chairpersons of regional Integrity Committees (RICs) shall report directly to the head of IMC in all matters.

The complaint against an employee can be submitted in person to the IMC at FBR (Head Quarters) or to any of the designated RIC through email or in writing along with credentials of the complainant including his name, CNIC, cell number, mailing address and an affidavit in writing, certifying the genuineness/correctness of the contexts of complaint”.The complaint can also be lodged by at complaints@fbr.gov.pk, or by submitting a hard copy of the complaint through post addressed either to Chairman FBR, In-charge IMC or Chairperson of the RIC. The complainants can also be forwarded from Prime Minister Complaint CellPortal.

The ToRs have also mentioned about the establishment of a “Probe Committee” comprising Chief (IMC), Chief (Management) concerned, Second Secretary/Secretary (IMC) and a representative from the field formation if required. They also define the general principles for inquiry/ probing complaints. The RICswill have to submit a monthly report including the total number of complaints received, disposed and pending to the IMC.

Chief Collector Customs (North), heading IMC also, in a letter dated September 22, 2020, wrote: “*With a view to giving easy access to the general public for redressal of their grievances and transforming FBR into an accountable, fair and responsive organization, an “Integrity Management and Performance Management System were established at FBR (HQ) in 2014. The system was aimed at combating corruption within the organization and providing checks to ensure the integrity of its employees. Nevertheless, the accountability mechanism remained sluggish and slow owing to various HR and other related issues*”.

The Head of MIC further said, “Integrity management committees at the field formation-level have also been notified by the Board. All field formations of the FBR are, therefore, expected to follow a policy of zero tolerance for corruption and take every possible step to curb this menace”.

However, it is not disclosed in any documents of FBR about the output, effectiveness and weaknesses of the Integrity Management and Performance Management System established six years back.

The World Bank is running ‘Pakistan Raises Revenue (PRR) project, aimed at helping Pakistan to substantially increase revenues by broadening the tax base and making it easier for citizens and businesses to pay their taxes

As usual, the FBR has used the oft-repeated claim of a zero-tolerance policy towards corruption. After becoming “FBR” from “CBR” (Central Board of Revenue) through an Act of Parliament [Federal Board of Revenue Act, 2007], the magnitude of corruption has increased manifolds as hundreds of news reports confirm. For refuting these reports, no empirical data is published, except mentioning of some recent suspensions of officials/officers. This, according to FBR, “clearly establishes our resolve against corrupt elements”.

The so-called resolve again corruption has always been there under “Mission Statement” posted on FBR’s website: www.fbr.gov.pk. The Head of IMC in his letter said, “Recently the FBR geared up its efforts in line with the policy of the government to curb corruption and established internal integrity management system and accountability mechanism within the department”.In other words, he admitted that prior to that FBR was lax and relaxed about “corruption.FBR should publish the data about cases initiated under Government Servants (Efficiency and Discipline) Rules (E & D Rules) and punishment awarded under the law.

Time and again, FBR indulges in rhetoric about its “anti-corruption” efforts, but every other day some officer/official leaks to the Press about unearthing “mega tax frauds and scams” through “extraordinary efforts” of “outstanding officer(s)”. On November 17, 2020, just four days after the issuance of ToRs, a report appeared in a newspaper where a claim was made of detecting revenue loss of Rs. 1300 billion by the Directorate General of Internal Audit (Inland Revenue)”reflecting serious loopholes and irregularities in the working of income tax, sales tax, and federal excise departments of the FBR”.Reports about high handedness/harassment inflicted upon taxpayers are highlighted in annual reports of Federal Tax Ombudsman.

In cases of corruption and/or tax frauds, both the official(s) and the taxpayer(s) directly or through their unscrupulous advisers are involved. Why a beneficiary of collusive arrangement will file a complaint against FBR officer(s) and/or official(s). FBR has no authority to punish the other party, nor it has provided that the cases of corruption will be referred to National Accountability Bureau (NAB) for retrieval of loss of revenue and initiate proceedings against the guilty tax personnel, defined as “public officeholders in section 5(m) of National Accountability Bureau Ordinance, 1999 and the other beneficial party as a partner in financial crime.

In matters of non-compliance and/or deviation from law/harassing the taxpayers, the Member (Inland Revenue—Operations) has taken the right step, making the Chief Commissioners as IRS Omdurman to fast-track redressal of taxpayers’ grievances. The matter of corruption involving loss of revenue should be dealt by NAB or FIA. These cannot be dealt with under E&D Rules.

According to a report, in February 2020, the Customs Intelligence Department “unearthed a network of top officials involved in large-scale misdeclarations of description and value of imported goods in over 900 containers causing losses worth billions to the national exchequer”.

Can IMC deal with this case of mega corruption as it vows to uproot corruption in FBR? The answer is big NO. The beneficiaries will not file complaints. The report of a newspaper alleged: “The corruption in customs department has become so vivid at the collectorate level that DG Customs Intelligence Muhammad Zahid had sent several letters to FBR Chairman Shabbar Zaidi for taking action against the involved officials….A special report on fraud at Customs Station, Torkham was also sent to the Chairman of FBR on December 6, 2019….However, no action was taken against those officers involved in the corruption”.

Unfortunately, the upright/dedicated officer, Zahid Khokhar, died on June 14, 2020 due to coronavirus and pro-bono Chairman of FBR, a renowned chartered accountant/tax expert, removed on April 6, 2020. Now, he reportedly posted on social media about“corruption of billionaire MNAs”, terming it ‘state-sponsored corruption’, while allegedly took no action when in office. He must be summoned by House Committees of National Assembly and Senate on Finance and Revenue in a joint meeting to record his testimony unveiling their names. It will provide vital information to elected representatives of people, the nation, and FBR on how to counter corruption and outside pressures. The World Bank is running ‘Pakistan Raises Revenue (PRR) project, aimed at helping Pakistan to substantially increase revenues by broadening the tax base and making it easier for citizens and businesses to pay their taxes. The testimony of SyedShabbar Zaidiisalso necessary to know how World Bank’s US$ 400 million loan can help us to raise taxes for investments in infrastructure, education, and health, necessary to attain sustainable growth and revival of businesses during difficult circumstances of Covid-19, and why our own people cannot do it!

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