



**PERFORMANCE AUDIT REPORT
ON
INLAND REVENUE SERVICES OF
FEDERAL BOARD OF REVENUE
AUDIT YEAR 2018-19**

AUDITOR-GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

ATIR	Appellate Tribunal Inland Revenue
BTB	Broadening of Tax Base
CIR	Commissioner Inland Revenue
CIR(A)	Commissioner Inland Revenue (Appeals)
CREST	Computerized Risk based Evaluation of Sales Tax
CSTRO	Centralized Sales Tax Refund Office
DAC	Departmental Accounts Committee
FBR	Federal Board of Revenue
FED	Federal Excise Duty
GDP	Gross Domestic Product
IRIS	Inland Revenue Information System
ITMS	Integrated Tax Management System
KPI	Key Performance Indicator
LTU	Large Taxpayers Unit
PRAL	Pakistan Revenue Automation Limited
RTO	Regional Tax Office
SOPs	Standard Operating Procedures
STARR	Sales Tax Automated Refund Repository
TAMS	Taxpayers Audit Management System
TARP	Tax Administration Reforms Project

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 require the Auditor General of Pakistan to conduct audit of Expenditure and Receipts of Government of Pakistan. Performance Audit of Inland Revenue Services of Federal Board of Revenue (FBR) was carried out accordingly.

The Directorate General Audit, Inland Revenue & Customs (North), Lahore conducted Performance Audit of Inland Revenue Services of Federal Board of Revenue (FBR) during the period from September to November, 2018. Audit covered a period of five years starting from the financial year 2013-14 to 2017-18, with a view to reporting significant findings to stakeholders. The Audit Report includes recommendations, if implemented, will help the FBR in enhancing its efficiency and effectiveness through better tax collection in future.

Performance Audit Report is submitted to the President of Pakistan in pursuance of Article 171 of the Constitution of the Islamic Republic of Pakistan, 1973 for causing it to be laid before the both Houses of Majlis-e-Shoora [Parliament].

Dated: 24 June 2019

Javaid Jehangir
Auditor-General of Pakistan

EXECUTIVE SUMMARY

The Directorate General of Audit Inland Revenue & Customs (North), Lahore conducted Performance Audit of Inland Revenue Services of Federal Board of Revenue (FBR) to evaluate the efficiency and effectiveness of various tax functions being performed by FBR. The audit covered FBR (HQ), Islamabad and seven field tax offices i.e. RTO/LTU. Auditors collected and analyzed the information/data of five (5) years.

FBR is a Federal Government body responsible for tax administration in Pakistan. It has two major wings: Inland Revenue & Customs. The Inland Revenue Service which was created in 2009 administers domestic taxation including Sales Tax, Income Tax and Federal Excise Duty. On the other hand, the Pakistan Customs Service administers import duties including international trade etc. During the performance audit being reported, an effort has been made by this Directorate to gauge the performance of Inland Revenue Services of FBR taking into account various tax functions/activities being performed in the field tax offices.

There is a general perception that total tax collection of FBR mainly comprises of withholding taxes and a smaller portion is being collected through FBR's own efforts. This prevailing perception has been diagnosed with the help of given supporting data and its results are embodied in the report.

Audit Objectives

The Performance Audit of Inland Revenue Services of FBR was conducted with a view: -

- To gauge the efficiency of various tax collection activities/functions of FBR and its field tax offices i.e. RTO/LTU.
- To evaluate the effectiveness of FBR and its field offices in achieving inland annual revenue targets.
- To evaluate the performance of revenue assessing officers of FBR and to measure their actual contribution in total collection of taxes.

Scope of Audit

The audit was conducted during the period from September to November, 2018 at FBR (HQ) office, Islamabad and the seven (7) field tax

offices i.e. RTO or LTU. The data/information obtained from these offices pertained to five (5) year period starting from the financial year 2013-14 to 2017-18. Most of the data included Monthly Performance Reports (MPRs) pertaining to both Direct Taxes i.e. Income Tax, and Indirect Taxes i.e. Sales Tax & Federal Excise Duty. However, due to time constraint, the examination and analysis of data remained confined to Income Tax and Sales Tax collection over the five year period.

Audit Methodology

After obtaining the requisitioned data/information from the FBR and other related offices like Finance Division, AGPR etc., Auditors used data analysis, trend analysis of the 5 year period and analytical reviews etc. in order to draw meaningful audit observations against the target Key Performance Indicators (KPIs) as developed by FBR to evaluate the performance of tax officers. Data was drawn from the following: -

- Economic Survey of Pakistan (5 year period).
- FBR, AGPR, Finance Division etc.
- Monthly Performance Reports (MPRs) of RTOs/LTUs.
- Various articles on tax issues published in newspapers, magazines etc.
- Any other document relevant to the subject assignment.
- The collected data/information was reviewed in the light of Laws, Rules and Regulations including Income Tax Ordinance 2001, Sales Tax Act 1990, Sales Tax Rules 2006 and Federal Excise Act 2005.

Key Audit Findings

The key audit findings are given below:

- Tax mix still unchanged despite several reform agendas launched in FBR.¹
- Non-achievement of annual revenue targets by field tax offices.²
- Cost of Tax Administration/Expenditure even beyond the Tax Revenue collected by the field tax offices with their own effort.³

¹Para 1.1; ²Para 1.2 & 1.10; ³Para 1.3

- Both direct tax and indirect tax collection due to FBR's own efforts being much lower.⁴
- High ratio of deletion & low ratio of collection of tax demand after having been assessed by tax authorities.⁵
- Weak enforcement measures taken for BTB, non-filing and desk audit.⁶
- Inefficient disposal of refund claims causing accumulation/pendency of refunds having ultimate impact on revenue picture.⁷
- Weak monitoring over timely and due submission of withholding statements.⁸
- Weak enforcement measures taken for new registration & non-filing in the area of Sales Tax.⁹
- Poor performance in settling CREST discrepancies and low recovery ratio against detected Sales Tax revenue.¹⁰

Recommendations

- The proportion of direct taxes in total collection needs to be enhanced by taking policy measures by FBR.
- FBR is suggested to consider the prevailing economic conditions at the time of setting revenue targets so that these are realistic and practicable for achievement.
- Infrastructure rationalization is required to be taken by FBR in order to reduce the cost of tax administration besides accelerating the revenue efforts in the future.
- Revenue collection efforts are to be accelerated through better assessment mechanism and effective recovery measures.
- For better revenue collection, FBR needs broader tax base, strong enforcement mechanism and efficient audit system.
- Undue delay in issuance of the refund be minimized so as to reflect the true revenue picture.

⁴Para 1.4 &1.11; ⁵Para 1.5; ⁶Para 1.6; ⁷Para 1.8; ⁸Para 1.9 &1.18; ⁹Para 1.14; ¹⁰Para 1.15

- FBR's authorities are to take the strong enforcement measures for timely submission of withholding tax statements by withholding agents.
- FBR needs to improve its sales tax collection through better assessment procedures, efficient enforcement mechanism and effective recovery measures.

1 AUDIT FINDINGS

1.1 Tax mix still unchanged despite several reform agendas launched in FBR

In all of the reform agendas launched in FBR whether through TARP in 2005 or as earlier as in late nineties, the main thrust remained there to make FBR a modern, progressive, effective and IT driven service delivery organization as practiced in the developed countries where the proportion of direct tax in the total tax collection is higher i.e. at least 55 percent of total tax revenue as per IMF's working paper titled "Unlocking Pakistan's Revenue Potential".

During the course of performance audit of FBR conducted during September to November 2018, it was observed that FBR's tax collection mainly comprised of indirect taxes i.e. Sales Tax, Federal Excise Duty and Customs Duty etc. instead of direct taxes which are against the commitments made by FBR on a number of occasions. The ratio of direct vs. indirect taxes was still revolving around the same figure as it was during 10 years ago. As evident from table below, this ratio remained around 40% - Direct Taxes and 60% - Indirect Taxes even recently in 2017-18.

(Rs. in Billion)

Year	Total Collection	Collection of Direct Taxes	% Share in Total Collection	Collection of Indirect Taxes	% Share in Total collection
2013-14	2,254.5	877.3	38.9 %	1,377.2	61.1 %
2014-15	2,590.0	1,033.7	39.9 %	1,556.3	60.1 %
2015-16	3,112.5	1,217.5	39.1 %	1,895.0	60.9 %
2016-17	3,367.9	1,344.2	39.9 %	2,023.7	60.1 %
2017-18	3,842.1	1,536.6	40.0 %	2,305.5	60.0 %

Source: FBR's Year Books

The above position indicated poor performance on the part of FBR's authorities for not accelerating the proportion of direct taxes in total collection and having more reliance on indirect taxes thereby penalizing the general public for the negligence on the part of top authorities.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are asked to explain the reasons for this stagnant ratio and eventually having more reliance on indirect taxes. The proportion of direct taxes in total collection needs to be enhanced by taking policy measures by FBR.

[A.O No.03]

1.2 Non-achievement of annual revenue targets of Direct Taxes by field tax offices

Any field tax office is required to achieve its annual revenue target fixed by FBR. The target KPI developed by FBR in this regard has been set as 100 % achievement of the revenue targets by the field tax office by the end of each fiscal year thereby ensuring basic the standards of efficiency and effectiveness of any revenue collecting agency.

During the course of performance audit of FBR conducted during September to November 2018, it was observed that seven (7) field tax offices i.e. RTOs/LTUs miserably failed to achieve their annual revenue targets of Income Tax as fixed by FBR over the 5 year period mentioned against each as below.

Field Tax Office	Periods of Non-achievement of Annual Revenue Targets	Percentage of Achievement against target of 100 %
RTO, Rawalpindi	2013-14 to 2017-18	94 %; 98 %; 85 %; 79 % & 92 %
RTO, Peshawar	2014-15 & 2015-16	92.10 % & 92.41 %
RTO, Abbottabad	2013-14 to 2017-18	68 %; 93 %; 96 %; 93 % & 97 %
RTO, Sargodha	2013-14, 2015-16 & 2016-17	92 %; 95 % & 75 %
RTO, Bahawalpur	2013-14 & 2016-17	93 % & 88 %
RTO, Islamabad	2013-14 to 2017-18	98 %; 89 %; 90 %; 75 % & 95 %
LTU, Islamabad	2014-15 to 2017-18	75 %; 73 %; 85% & 82 %

The above position reflected poor performance on the part of tax authorities including FBR's top management for not meeting the revenue targets especially in the wake of present economic crisis faced by our country. On the other hand, the top authorities of FBR are held responsible if the targets were not set realistically considering the hard business and economic conditions of the country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the non-achieving of the annual revenue targets by field tax offices despite drawing of attractive salaries and other benefits like special allowance, cash reward and budget honorarium and efficiency honorarium etc. FBR is also suggested to consider the prevailing economic conditions at the time of setting revenue targets so that these are realistic and practicable for achievement.

[A.Os No.7,21,34,48,62,76 &89]

1.3 Cost of Tax Administration/Expenditure even beyond the Tax Revenue collected by the field tax offices with their own effort

Any field tax office is required to collect tax revenue from general public on behalf of the government but its administrative cost should remain within reasonable limits ensuring thereby the basic standards of efficiency, economy and effectiveness of tax collecting agency. According to Bird & Zolt (2003), increasing tax revenue requires effective tax administration. Tax revenues yield is influenced by both tax policy and tax administration (Shome 1995).

During the course of performance audit of FBR conducted during September to November 2018, it was observed that out of the total size of tax revenue, a very small portion of tax is being created by assessing authorities with their own effort; the remaining major portion was system based collection which includes withholding taxes, voluntary payments etc. This small portion of tax demand once created is further deteriorated or deleted due to various departmental procedures like write off, rectification of assessed demand, deletion due to appeal effect, as well as non-vigorous pursuance of the cases by departmental representatives at various stages of appeal process etc. Eventually, the net collection out of created tax demand also diminishes due to low recovery ratios. On the other hand, the expenditure budget of each tax office is

continuously on rise owing to double salaries and other benefits drawn by assessing officers.

While making comparison of tax collection (direct taxes) with the cost of tax administration (expenditure) over the five year period, it was observed that majority of the field offices of FBR incurred expenditure which remained at level with the amount of tax revenue it collected from general public on account of direct taxes. More than that, in case of five (5) field tax offices during some of the years as shown in the table as follows, the figure of expenditure even went beyond the tax revenue collected by the tax office.

Field Tax Office	Periods during which Cost of Tax Administration (Expenditure) even beyond Tax Collection	Cost of Tax Administration in % age of Tax Collection
RTO, Rawalpindi	2013-14 & 2016-17	137 % & 104 %
RTO, Peshawar	2016-17 & 2017-18	145 % & 154 %
RTO, Abbottabad	2013-14	139 %
RTO, Sargodha	2013-14 & 2016-17	126 % & 133 %
RTO, Bahawalpur	2013-14	113 %

The above position indicated poor performance on the part of tax authorities for such low collection even not meeting the monetary benefits drawn by employees on account of double salaries, cash reward, budget honorarium etc. especially in the wake of present economic crisis faced by our country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are requested to explain such low collection of direct taxes even not meeting the cost of its collection. The austerity measures are required to be taken by FBR as far as cost of tax administration is concerned. Further, the real potential of direct taxes in Pakistan needs to be explored.

[A.Os No.8,22,35,49 & 63]

1.4 Direct Tax collection due to own efforts by tax authorities being much lower

According to various enacted provisions of the Income Tax Ordinance 2001, the tax authorities are to ensure proper assessment of taxable income of taxpayers, adopt efficient enforcement mechanism and take effective recovery measures remaining within the reasonable limits of efficiency, economy and effectiveness of tax collecting agency. The Pakistan's estimated tax effort—the ratio between actual revenue and tax capacity—0.56 in 2016, is still significantly below the average of comparator developing countries (0.64) and high-income countries (0.76) as per IMF's working paper titled "Unlocking Pakistan's Revenue Potential".

During the course of performance audit of FBR conducted during September to November 2018, it was observed that the majority of manpower of FBR is from Income Tax side but its share in total collection is much lesser. Further, out of the total size of Income Tax revenue, a very small portion of tax is being created by assessing authorities by their own efforts; the remaining major portion is system based collection which includes withholding taxes, voluntary payments etc.

Data of Income Tax collection over the five year period in the following table clearly depicts that total Income Tax collection has although increased from Rs.877.3 billion during 2013-14 to Rs.1,536.6 billion during 2017-18 but its major portion (ranging from 88% to 93%) is basically system based collection i.e. withholding taxes, voluntary payments due to self- assessment etc. which does not require FBR's efforts and only a meager portion-remaining collection (ranging from 7 % to 12% of total direct tax collection) is coming due to FBR's own efforts. It is also to relate that over the past 5 years, collection due to FBR's efforts has also continuously declined from 9.2 % in 2013-14 to 6.8 % in 2017-18, although the expenditure budget of FBR remained on continuous rise during this period.

(Rs. in Billion)

Year	Collection of Direct Taxes	Collection through withholding taxes, advance tax & voluntary payment (self-assessment)	% Share in Direct Tax Collection	Collection through FBR's Efforts (assessment by Tax Authorities)	% Share in Direct Tax Collection
1	2	3	$4=3/2*100$	$5=(2-3)$	$6=5/2*100$
2013-14	877.3	796.7	90.8 %	80.6	9.2 %
2014-15	1,033.7	918.2	88.8 %	115.5	11.2 %
2015-16	1,217.5	1,129.6	92.8 %	87.9	7.2 %
2016-17	1,344.2	1,251.4	93.1 %	92.8	6.9 %
2017-18	1,536.6	1,432.5	93.2 %	104.1	6.8 %

Source: FBR's Year Books

Also a similar trend was observed in case of seven (7) field tax offices i.e. RTO/LTU, where out of total direct tax collection, a very small portion, even below 10 %, can be attributed towards efforts of tax authorities and the remaining major portion is system based collection such as withholding taxes, voluntary payments etc. which does not require FBR's efforts.

Field Tax Office	Periods of Tax Collection	Collection due to own efforts as % age of Total Collection (Direct Taxes)
RTO, Rawalpindi	2013-14 to 2017-18	1 % to 2 %
RTO, Peshawar	2013-14 to 2017-18	2 % to 12 %
RTO, Abbottabad	2013-14 to 2017-18	4 % to 6 %
RTO, Sargodha	2013-14 to 2017-18	3 % to 5 %
RTO, Bahawalpur	2013-14 to 2017-18	3 % to 7 %
RTO, Islamabad	2013-14 to 2017-18	4 % to 9 %
LTU, Islamabad	2013-14 to 2017-18	7 % to 12 %

This small percentage of collection by way of assessment by the assessing officers of FBR raises question marks on the efficiency of tax authorities including FBR's top management having oversight of all activities being executed in the field tax offices for enhancing tax base and accelerating the revenue collection efforts especially in the wake of present economic crisis faced by our country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the above sad position especially in the scenario of double salaries and other monetary benefits like cash reward, efficiency honorarium etc. drawn by tax officers from the exchequer of government of Pakistan. Efficiency of assessing officers be enhanced through adoption of better assessment procedures, enforcement mechanism and recovery process.

[A.Os No.02,9,23,36,50,64,77 & 90]

1.5 High ratio of deletion & Low ratio of collection of tax demand after having been assessed by tax authorities

The required KPI target developed by FBR for collection of tax demand after having been assessed by tax authorities have been set at 70% in case of arrear tax demand and 80% in case of current tax demand. Further, in order to ensure the quality of decisions taken by tax officers in terms of application of knowledge & skill pertaining to tax laws, the expected KPI target has been set which describes that at least 60% of the decisions at 1st forum of appeal should come in favour of the Department.

During the course of performance audit of FBR conducted during September to November 2018, it was observed from the trend of direct tax collection over the five year period that each year a substantial portion of the tax demand (both arrear & current) once created by tax authorities gets deleted very soon at initial level due to the various reasons including write off, appeal effect, rectification and some other reasons leaving behind a lesser figure of collectable tax demand which furthers diminishes without being recovered and to be denoted as 'disputed irrecoverable demand' mainly owing to the improper or weak pursuance by tax authorities. It is also to observe that major portion of tax demand gets deleted due to 'appeal effect' which shows poor application of knowledge and skill by assessing authorities at the time of first creation of tax demand.

The table below depicts the trend of deletion ratio in case of seven (7) field tax offices. It clearly reflects that the deletion ratio in case of arrear tax demand is much high, even touching the percentage of 94% in case of RTO, Abbottabad. Likewise, the deletion ratio in case of current tax demand is also as high as 79% in case of RTO, Rawalpindi. This is quite alarming when taking in to account the efficiency of assessing officers working in scale 17/18 in FBR.

Field Tax Office	Deletion Ratio in case of Arrear Tax Demand	Deletion Ratio in case of Current Tax Demand
RTO, Rawalpindi	21 % to 72 %	12 % to 79 %
RTO, Peshawar	22 % to 55 %	19 % to 46 %
RTO, Abbottabad	44 % to 94 %	22 % to 62 %
RTO, Sargodha	24 % to 57 %	6 % to 19 %
RTO, Bahawalpur	39 % to 67 %	12 % to 27 %
RTO, Islamabad	32 % to 64 %	18 % to 52 %
LTU, Islamabad	41 % to 59 %	16 % to 48 %

It can also be observed from the table below that the collection ratio in case of arrear tax demand as percentage of collectable tax demand is much lower if compared with the target ratio of at least 70%. Similarly, the collection ratio in case of current tax demand is also very low in case of almost all field tax offices against the set KPI target of 80%.

Field Tax Office	Target Collection Ratio in case of Arrear Tax Demand	Achieved Collection Ratio	Target Collection Ratio in case of Current Tax Demand	Achieved Collection Ratio
RTO, Rawalpindi	70 %	14 % to 33 %	80 %	15 % to 40 %
RTO, Peshawar	70 %	3 % to 42 %	80 %	6 % to 48 %
RTO, Abbottabad	70 %	1 % to 24 %	80 %	13 % to 40 %
RTO, Sargodha	70 %	5 % to 18 %	80 %	21 % to 34 %
RTO, Bahawalpur	70 %	4 % to 22 %	80 %	21 % to 58 %
RTO, Islamabad	70 %	10 % to 34 %	80 %	7 % to 33 %
LTU, Islamabad	70 %	2 % to 18 %	80 %	7 % to 17 %

The above position indicated poor performance on the part of tax authorities for inefficient application of legal provisions, weak enforcement mechanisms, less effective audits and lethargic recovery efforts especially in the wake of present economic crisis faced by our country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the above sad position with regard to poor assessment, high deletion ratio and low recovery ratio for direct taxes. Revenue collection efforts are to be accelerated through better assessment mechanism and effective recovery measures.

[A.Os No.10,24,37,51,65,78 & 91]

1.6 Weak enforcement measures taken for BTB, non-filing and desk audit

The target KPI developed by FBR in order to boost up the revenue drive of the government has required that there should be at least 10 % annual increase in existing number of tax payers, with further increase of 10 % in return filing each year. Further, 100 % returns are required to be enforced from non-filers through serving notices u/s 114(4) of the Income Tax Ordinance, 2001. The desk audit of at least 75 % of received tax returns is required to be conducted.

During the course of performance audit of FBR conducted during September to November 2018, it was observed from the trend of last 5 years that almost all field tax offices as mentioned below have miserably and continuously failed to achieve the set target of BTB of at least 10 %. A considerable percentage of already existing taxpayers remained non-filers but tax authorities remained negligent to take strong enforcement measure like issuing of notices to the non-filers as required u/s 114(4) of the Income Tax Ordinance, 2001. In almost all field offices except RTO, Rawalpindi and LTU, Islamabad, such enforcement measures were reported as 0 % although the set target for enforcement measures to be taken against non-filers is 100 %. Similarly, desk audit was not given due importance as reflected from the trend over the period of last 5 years. A very small number of received tax returns were subjected to initial scrutiny/desk audit (around 1 % to 5 %) against the set target of 75 % as disclosed from the last column of the table as follows.

Field Tax Office (RTO/LTU)	BTB Target	BTB Achieved	Non-filers in % age of Existing Taxpayers	Enforcement Target against Non-filers	Enforcement taken against Non-filers	Target for Desk Audit	Achieved Desk Audit % age
Rawalpindi	10 %	0 %	63% to 73%	100 %	2% to 35%	75 %	1 %
Peshawar	10 %	Below 1%	59% to 87%	100 %	0 %	75 %	0 % to 5 %
Abbottabad	10 %	0 %	16% to 69%	100 %	0 %	75 %	0 % to 4 %
Sargodha	10 %	0 % to 2%	52% to 59%	100 %	0 %	75 %	0 %
Bahawalpur	10 %	0 % to 2%	45% to 89%	100 %	0 %	75 %	0 %
Islamabad	10 %	0 % to 3%	65% to 83%	100 %	0 %	75 %	0 % to 1 %
Islamabad	10 %	2% to 16%	Around 50%	100 %	Below 100 %	75 %	Below 75 %

The above position reflected poor performance on the part of tax authorities for not meeting the BTB targets, not taking strict enforcement measures against non-filers and quite lower percentage of desk audit achieved in the environment of self assessment.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the measures taken by tax authorities for broadening of tax base, enforcement mechanism adopted by tax offices and the lethargic efforts taken for desk audit. For better revenue collection, FBR needs broader tax base, strong enforcement mechanism and efficient audit system.

[A.Os No.11,25,38,52,66,79 & 92]

1.7 Poor application of knowledge & skills at the time of assessment of revenue and further improper follow-up of revenue cases by departmental representatives at various appellate fora

In order to ensure the quality of decisions taken by tax officers in terms of application of knowledge & skill pertaining to tax laws, the expected KPI as developed by FBR has required that at the 1st forum of appeal, at least 60 % of the decisions should come in favour of the Department.

During the course of performance audit of FBR conducted during September to November 2018, it was observed from the information/data pertaining to appeal cases before CIR (Appeals) over the five year period that a large number of appeal cases are being piled up every year although with reasonable disposal by the appellate authorities. Further analysis of the 'disposed of cases' in seven (7) field tax offices as given in the following table reflected that quite a lesser number of cases are being decided in favour of the Department (far below the expected target of 60 %) leaving behind a large reciprocal percentage of cases having been decided against the Department i.e. in favour of the taxpayers. This shows lack of knowledge and skills applied by assessing officers at the time of creating tax demand at initial level as well as at the prosecution level by the departmental representative.

Field Tax Office	Expected Target of Decisions in favour of Department	Achievement of Decisions in favour of Department
RTO, Rawalpindi	60 %	21 % to 34 %
RTO, Peshawar	60 %	20 % to 27 %
RTO, Abbottabad	60 %	Far below 60 %
RTO, Sargodha	60 %	11 % to 35 %
RTO, Bahawalpur	60 %	0 % to 12 %
RTO, Islamabad	60 %	10 % to 31 %
LTU, Islamabad	60 %	19 % to 39 %

Another aggregate information/data provided by the legal wing of FBR revealed that as on 30.06.2018, a large number of revenue cases i.e 30,877 cases involving an amount of Rs 908,045 million were lying pending with various appellate authorities including High Courts and Supreme Court of Pakistan as reflected in the following table. Auditors are of the view that such situation arises mainly due to improper and non-vigorous pursuance of the cases by the departmental representatives in the court of law.

Supreme Court		High Court		ATIR		CIR (Appeal)		Total	
No. of Pending cases	Amount involved Million	No. of Pending cases	Amount involved Million	No. of Pending cases	Amount involved Million	No. of Pending cases	Amount involved Million	No. of Pending cases	Amount involved Million
1854	66,393	7850	432,244	12188	229,043	8985	180,365	30,877	908,045

This showed the inefficient adoption and application of available legal provisions of tax laws by the assessing authorities as well as departmental representatives at various fora causing most of the decisions of cases against the department and further blockage of huge potential revenue chunks.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to ensure the quality of assessment orders passed by assessing officers without compromising the revenue interests of government when country is already in severe financial crunch. The pending revenue cases in various courts of law are required to be vigorously pursued by the departmental representatives so as to safeguard the public revenue.

[A.Os No.04,12,26,39,53,67,80&93]

1.8 Inefficient disposal of refund claims causing accumulation/pendency of refunds having ultimate impact on revenue picture

In order to ensure the timely clearance of refund claims, FBR has developed target KPI in the light of relevant provision of law which requires that refund claims should be cleared/disposed off within 60 days of the filing of its application with the refund sanctioning authority.

During the course of performance audit of FBR conducted during September to November 2018, it was observed from the information/data of refund cases (Income Tax) over the five year period that refund sanctioning authorities of seven (7) field tax offices have failed to ensure timely disposal of refund claims each year which has resulted in piling up of huge refunds applications pending with the tax authorities. As evident from the table as follows, the disposal ratio of the available refund cases indicates quite a lesser percentage. In most of the cases, it remained below 50 % which means that remaining large reciprocal percentage of refund cases was emerging in the shape of pendency of refund claims at the end of each year. As on 30.06.2018, a large amount of refunds as reflected in the last column of the table remained pending for payment. It is relevant to mention that refund is a minus (deduct) receipt and its pendency leads to the deceptive picture of tax revenue in terms of overstatement of revenue figures.

Field Tax Office	Expected Clearance Time of Refund Cases after filing of Claim	Range of Annual Disposal Ratio of Refund Claims	Pending Refunds in million as on 30.06.2018
RTO, Rawalpindi	Within 60 days	9 % to 24 %	422.730
RTO, Peshawar	Within 60 days	16 % to 44 %	220.713
RTO, Abbottabad	Within 60 days	18 % to 50 %	90.803
RTO, Sargodha	Within 60 days	16 % to 41 %	568.724
RTO, Bahawalpur	Within 60 days	01 % to 08 %	1,264.908
RTO, Islamabad	Within 60 days	13 % to 48 %	201.417
LTU, Islamabad	Within 60 days	12 % to 40 %	21,377.025

The above position indicated inefficient performance of refund sanctioning authorities eventually impacting the overall revenue picture of FBR.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the unusual pendency of refund claims and enquiring the reasons for undue delaying the refund payments probably with the deliberate intent of overstating the revenue figures. Undue delay in issuance of the refund be minimized so as to reflect the true revenue picture.

[A.Os No.13,27,40,54,68,81&94]

1.9 Weak monitoring over timely and due submission of withholding statements

In order to get ensured the timely compliance from withholding agents, FBR has developed the target KPI regarding enforcement of withholding statements in corporate cases which has been set at 95 % of the total withholding statements falling due whereas this target percentage is slightly less as 90 % in non-corporate cases meaning thereby the tolerable for non compliance remains

only 10 %. Further, the desk audit/initial scrutiny of withholding statements has to be conducted as 100 % of the received withholding statements.

During the course of performance audit of FBR conducted during September to November 2018, it was observed from the data of monitoring of withholding statements submitted by various withholding agents in seven (7) field tax offices over the five year period that a very considerable percentage of the monthly withholding statements, up to 68 %, although due yet were not being filed by the respective withholding agents which indicates abnormal level of non-compliance against the set tolerable limit of at least 10 %. The tax authorities also remained negligent for getting enforced the submission of the withholding statements from the consecutive non-filers which has resulted in much higher level of non-compliance by the withholding agents. Similarly, non-compliance level of annual withholding statement is much higher almost 100 % in case of all tax offices. These percentages are quite alarming keeping in view the proportion of withholding taxes in total direct tax collection.

Field Tax Office	Tolerable limit of Non-Compliance of Withholding Statements	Observed level of Non-Compliance of Withholding Statements (Monthly)	Observed level of Non-Compliance of Withholding Statements (Annual)
RTO, Rawalpindi	10 %	Up to 48 %	100 %
RTO, Peshawar	10 %	34 % to 58 %	100 %
RTO, Abbottabad	10 %	24 % to 59 %	90 %
RTO, Sargodha	10 %	48 % to 58 %	100 %
RTO, Bahawalpur	10 %	5 % to 13 %	100 %
RTO, Islamabad	10 %	19 % to 68 %	100 %
LTU, Islamabad	10 %	6 % to 23 %	100 %

The above position indicated weak monitoring mechanism of FBR over submission of withholding statements by withholding agents.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are to take the strong enforcement measures for timely submission of withholding tax statements by withholding agents and ensuring strong monitoring mechanisms in this regard.

[A.Os No.14,28,41,55,69,82&95]

1.10 Non-achievement of annual revenue targets of Sales Tax by field tax offices

Any field tax office is required to achieve its annual revenue target fixed by FBR. The target KPI developed by FBR has required 100 % achievement of the revenue target by each field tax office by the end of each fiscal year for ensuring the standards of efficiency and effectiveness of any revenue collecting agency.

During the course of performance audit of FBR conducted during September to November 2018, it was observed from the data/information pertaining to annual revenue collection of Sales Tax that seven (7) field tax offices have miserably failed to achieve their annual revenue targets as fixed by FBR over the 5 year period as detailed in the table below.

Field Tax Office	Periods of Non-achievement of Annual Revenue Targets	Percentage of Achievement against target of 100 %
RTO, Rawalpindi	2016-17	72.81 %
RTO, Peshawar	2013-14 to 2017-18	88 %; 90 %; 95 %; 80 % & 75 %
RTO, Abbottabad	2017-18	82.68 %
RTO, Sargodha	2013-14 & 2016-17	87.35 % & 92.85 %
RTO, Bahawalpur	2014-15,2015-16 & 2017-18	98.25 %, 75.35 % & 75.72 %
RTO, Islamabad	2014-15 & 2015-16	89.79 % & 95.98 %
LTU, Islamabad	2013-14 to 2017-18	78 %; 80 %; 90 %; 73 % & 85 %

The above position reflected poor performance on the part of tax authorities including FBR's top management for not meeting the revenue targets especially in the wake of present economic crisis faced by our country. On the other hand, the top authorities of FBR are held responsible if the targets were not set realistically considering the hard business and economic conditions of the country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are asked to explain the position for non-achieving the annual revenue targets despite drawing of attractive salaries and other benefits like special allowance, cash reward, budget honorarium and efficiency honorarium etc. FBR is also required to consider the prevailing economic conditions at the time of setting revenue targets so that these are realistic and practicable for achievement.

[A.Os No.15,29,42,56,70,83 &96]

1.11 Sales Tax Collection due to FBR's own efforts being much lower

According to various enacted provisions of the Sales Tax Act 1990, the tax authorities are to ensure proper adjudication proceedings, adopt efficient enforcement mechanism and take effective recovery measures remaining within the reasonable limits of efficiency, economy and effectiveness of tax collecting agency.

During the course of performance audit of FBR conducted during September to November 2018, Audit has been able to segregate the total tax revenue into one portion coming through the system and the other portion being collected due to FBR's own efforts creating tax demand by way of assessment procedures as provided in law. The collection coming through the system mainly includes withholding taxes, voluntary payment, self-assessment etc. From the trend of 5 year period in case of seven (7) field tax offices as given in the following table, it was revealed that out of total Sales Tax collection, a very small portion, even below 10 % except in RTO Islamabad, can be attributed towards efforts of tax authorities; the remaining major portion is system based collection such as withholding taxes, voluntary payments etc. which does not require FBR's efforts. This small percentage of collection by way assessment by the assessing officers of FBR raises question marks on the efficiency of tax authorities especially working in grade 17 and 18 who are the mainstream assessing officers in any field tax office.

Field Tax Office	Periods of Tax Collection	Collection due to FBR's own efforts as % age of Total Collection (Indirect Taxes)
RTO, Rawalpindi	2013-14 to 2017-18	1 % to 5 %
RTO, Peshawar	2013-14 to 2017-18	3 % to 11 %
RTO, Abbottabad	2013-14 to 2017-18	0 % to 4 %
RTO, Sargodha	2013-14 to 2017-18	2 % to 6 %
RTO, Bahawalpur	2013-14 to 2017-18	0 % to 1 %
RTO, Islamabad	2015-16 to 2017-18	18 % to 27 %
LTU, Islamabad	2013-14 to 2017-18	1 % to 5 %

This small percentage of collection of due to FBR's own efforts i.e. by way of assessment by the assessing officers raises question marks on the efficiency of tax authorities including FBR's top management having oversight of all activities being executed in the field tax offices for enhancing tax base and accelerating the revenue collection efforts especially in the wake of present economic crisis faced by our country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the above sad position especially in the present economic scenario. Efficiency of assessing officers needs to be enhanced through adoption of better assessment procedures, enforcement mechanism and recovery process.

[A.Os No.16,30,43,57,71,84 &97]

1.12 Recovery of Sales Tax as a result of assessments made by tax authorities u/s 11 of the Sales Tax Act, 1990 being much lower than the expected target

The KPI developed by FBR has set the target for collection of tax demand after having been assessed by tax authorities at 70 % in case of arrear tax demand and 80% in case of current tax demand.

During the course of performance audit of FBR conducted during September to November 2018, it was observed from the trend of the Sales Tax assessment proceedings u/s 11 of the Sales Tax Act, 1990 going on in seven (7) field tax offices over the 5 year period that there were hardly any kind of SOPs or minimum criterion available for initiating, processing, finalizing and realizing the quantum of audit cases against the target taxpayers. From the given trend, it seemed that a random number of proceedings are initiated each year at the sweet choice of tax authorities. A large number of proceedings remain pending with tax authorities awaited for their finalization. The finalized cases however give rise to substantial amounts of detected tax revenue but the recovery percentage is quite low when measured against the KPI targets. From the trend of 5 year period in seven (7) field tax offices as depicted from the table below, a very low recovery ratio has been observed which is far below the expected target of at least 80 % in case of current Sales Tax demand.

Field Tax Office	Target Collection Ratio against Current Sales Tax Demand	Actual Collection/Recovery Ratio of Sales Tax over the period of last 5 years
RTO, Rawalpindi	80 %	2 % to 14 % (except 2014-15)
RTO, Peshawar	80 %	0 % to 14 %
RTO, Abbottabad	80 %	0 % to 3 %
RTO, Sargodha	80 %	0 % to 6 %
RTO, Bahawalpur	80 %	0 % to 13 %
RTO, Islamabad	80 %	1 % to 11 %
LTU, Islamabad	80 %	Below 1 %

The above position indicated poor performance on the part of tax authorities for inefficient adjudication proceedings and thereafter weak recovery efforts especially in the wake of present economic crisis faced by our country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the above sad position especially in the scenario of double salaries and other monetary benefits like cash reward, efficiency honorarium etc. drawn by tax officers from the exchequer of government of Pakistan. FBR needs to improve its sales tax collection through better enforcement measures.

[A.Os No.17,31,44,58,72,85&98]

1.13 Low ratio of collection of arrear Sales Tax demand after having been assessed by tax authorities

The KPI developed by FBR has set the target for collection of arrear tax demand after having been assessed by tax authorities at 70 % of the total finalized/assessed tax demand. Further, in order to ensure the quality of decisions taken by tax officers in terms of application of knowledge & skill pertaining to tax laws, the expected KPI target has been set which requires that at least 60 % of the decisions at 1st forum of appeal should come in favour of the Department.

During the course of performance audit of FBR conducted during September to November 2018, it was observed that in seven (7) field tax offices every year a substantial portion of the Sales Tax demand once assessed by tax authorities gets deleted very soon at initial level due to the various reasons including write off, appeal effect, rectification and some other reasons leaving behind a lesser figure of net collectable Sales Tax demand.

From the trend of last 5 years as given in the table below, it appeared that the deletion ratio in case of arrear Sales Tax demand is much higher, even up to 71% as in case of RTO Bahawalpur. It has also been observed that due to persistent non-pursuance by the tax authorities well in time, a large portion of the tax demand stands as 'disputed irrecoverable demand'. A considerable portion of the remaining demand, even up to 98 % as in case of RTO Sargodha, goes in the various courts of law being stayed or subjudice. It was also observed that the collection ratio in case of arrear Sales Tax demand as percentage of collectable Sales Tax demand is much low as depicted in the following table against the set KPI target of 70%.

Field Tax Office	Deletion Ratio in case of Arrear Sales Tax Demand	Ratio of subjudice or stayed arrear Sales Tax Demand	Collection Ratio in case of Arrear Sales Tax Demand	Target Collection Ratio for Arrear Sales Tax Demand
RTO, Rawalpindi	13 % to 68 %	17 % to 62 %	4 % to 21 %	70 %
RTO, Peshawar	Up to 56 %	Up to 87 %	1 % to 6 %	70 %
RTO, Abbottabad	Up to 65 %	Up to 55 %	0 % to 4 %	70 %
RTO, Sargodha	Up to 44 %	44 % to 98 %	0 % to 4 %	70 %
RTO, Bahawalpur	13 % to 71 %	Up to 46 %	1 % to 9 %	70 %
RTO, Islamabad	17 % to 69 %	75 % to 88 %	14 % to 30 %	70 %
LTU, Islamabad	14 % to 68 %	45 % to 96 %	0 % to 4 %	70 %

The above position indicated poor performance on the part of tax authorities for inefficient application of legal provisions, weak enforcement mechanisms, less effective audits and lethargic recovery efforts especially in the wake of present economic crisis faced by our country.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the above sad position with regard to poor assessment, high deletion and low collection ratio of tax arrears. FBR needs to improve its sales tax collection through better assessment procedures, efficient enforcement mechanism and effective recovery measures.

[A.Os No.18,32,45,59,73,86 & 99]

1.14 Weak enforcement measures taken against non-filing and new registration in the area of Sales Tax

In order to boost up the revenue efforts, FBR has developed the target KPI which requires at least 10 % annual increase in Sales Tax registration, with further increase of 10 % in return filing each year. Further, 100 % Sales Tax returns are required to be enforced from non-filers through serving notices as provided in tax law/rules.

During performance audit of FBR conducted during September to November 2018, it was observed from the given data of Sales Tax over the 5 year period that most of the field tax offices have miserably failed to achieve the set KPI target of at least 10 % annual increase in Sales Tax registration during most of the last 5 years. A large number of existing registered persons remained non-filers of Sales Tax returns but tax authorities remained negligent to issue notice to the non-filers as required under the rules. A very small number of non-compliant taxpayers were served upon notice by tax authorities although the set target for enforcement measures to be taken against non-filers is 100 %. In response to the notices, the compliance level of non-filers also remained very poor as depicted from the last column of the following table.

Field Tax Office (RTO/LTU)	BTB Target for Sales Tax Registration	BTB Achieved	Enforcement Target against Sales Tax Non-filers	Enforcement actually taken against Non-filers	Compliance after Enforcement
Rawalpindi	10 %	1 % to 5 %	100 %	4 % to 7 %	8 % to 37 %
Abbottabad	10 %	-1 % to 6 %	100 %	15 % to 96 %	0 % to 1 %
Sargodha	10 %	0 % to 4 %	100 %	40 % to 66 %	13 % to 48 %
Bahawalpur	10 %		100 %	15 % to 75 %	7 % to 78 %
Islamabad	10 %	Around 10 %	100 %	2 % to 8 %	7 % to 26 %
Islamabad	10 %	-7 % to 13 %	100 %	69 % to 100 %	13 % to 59 %

The above position reflected poor performance on the part of tax authorities for not meeting the BTB targets for Sales Tax, not taking strict enforcement measures against non-filers and less effective audits in the environment of self assessment.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the measures taken by tax authorities for broadening of tax base, weak enforcement mechanism in tax offices and high level of non-compliance by taxpayer. FBR needs to improve its

sales tax collection through better assessment procedures, efficient enforcement mechanism and effective recovery measures.

[A.Os No.19,46,60,74,87 & 100]

1.15 Poor performance in settling CREST discrepancies and low recovery ratio against detected Sales Tax revenue

In order to ensure the timely clearance of discrepancies pointed out by CREST, the required time period for settlement has been prescribed as maximum 90 days. Further the recovery ratio against the amount detected by CREST has been expected as minimum 20% of the total amount held under objection.

During performance audit of FBR conducted during September to November 2018, it was observed from the data of CREST (Sales Tax) over the 5 year period that in all field tax offices, every year a large quantum of various discrepancies was being pointed out by the system involving huge sums on account of Sales Tax revenue. The detailed position in this regard pertaining to seven (7) field tax offices reflected that quite a large number of system reported CREST discrepancies remained pending for resolution/finalization with the tax authorities. Further, the recovery ratio against the pointed out amount has also been reported as very low as depicted from the last column of the table below against the expected target of 20 %.

Field Tax Office	Minimum Expected Recovery Ratio against Detection under CREST	Actual Recovery Ratio under CREST 5 year period
RTO, Rawalpindi	20 %	3 % to 15 %
RTO, Peshawar	20 %	0 % to 2 %
RTO, Abbottabad	20 %	Below 1 %
RTO, Sargodha	20 %	0 % to 5 %
RTO, Bahawalpur	20 %	Below 1 %
RTO, Islamabad	20 %	1 % to 15 %
LTU, Islamabad	20 %	0 % to 1 %

The above position reflected poor performance on the part of tax authorities for not timely resolving the CREST discrepancies and low recovery ratios against the expected target.

Management Response

The Department did not furnish reply till finalization of the report.

DAC Decision

The para was not discussed in the DAC meeting due to non-submission of working papers by the Department.

Audit Recommendations

FBR's authorities are required to explain the long outstanding pendency of CREST discrepancies and low recovery ratio against the detected Sales Tax revenue. FBR needs to improve its recovery measures.

[A.Os No.20,33,47,61,75,88 &101]

1.16 Miscellaneous Issues relating to Inefficiency and Ineffectiveness in FBR

The tax administration collects revenues, interprets and enforces tax laws and facilitates the taxpayers. Majority of the tax economists support the view that tax administration has great significance in the tax system. The tax collection is influenced by both tax policy and tax administration. All of the reform agenda taken up in FBR from time to time including TARP focused on increasing effectiveness of FBR and improving skills and integrity of the workforce and facilitation of taxpayers. Organizational reforms also included re-organization of FBR on functional lines, reduction in number of tiers and reduction in workforce.

During the course of performance audit of FBR conducted during September to November, 2018, the following issues which add towards inefficiency and effectiveness have been observed: -

- i. FBR's cost of tax administration is continuously on rise. From the Table-1 below, it is evident that FBR's actual expenditure incurred on its administration during the year 2012-13 was Rs.16.39 billion which has now reached to Rs.25.48 billion during the year 2017-18. This showed an unusual increase of 55 % over a period of previous 05 years.

Table-1

(Rs. in Billion)

Year	FBR's Expenditure on Tax Administration	Percentage increase
2012-13	16.39	-
2013-14	18.51	12.95 %
2014-15	19.39	4.74 %
2015-16	20.45	5.47 %
2016-17	24.15	18.08 %
2017-18	25.48	5.50 %

Source: Green Book of Finance Division & AGPR's Financial Statements

ii. FBR's total budget comprises 77 % salary dominated expenditure. At present the majority of FBR's manpower, around 80%, is from Income Tax background after the creation of Inland Revenue Service in 2009. Administrative set-up of FBR is dominated by IRS officers in the top management of FBR. On the other hand, revenue contribution from Income Tax side is still around 40 % of total revenue which is questionable in the present scenario of ever increasing administrative cost mostly due to IRS service group.

[A.O No.01]

iii. In most of RTOs/LTUs, the deployed staff at operational level as well as fresh officer in Grade-17 & 18 are unskilled in application of relevant legal provisions in the present IT environment although the skill requirement at this operational level has become must especially after the introduction of self-assessment scheme which has necessitated the initial scrutiny/desk audit of tax returns but unfortunately FBR is lacking too much in this area. This is adding towards inefficiency of FBR carrying unnecessary cost in the shape of double salaries as compared with other governments departments.

[A.O No.05]

iv. FBR has never been able to channelize its manpower towards effective utilization of IT system. Although reasonably efficient & effective IT systems like IRIS, ITMS, TAMS, STARR etc. were got developed by FBR at the cost of heavy fees and benefits to various IT consultants. It was also observed that most of the staff as well as officers in grade-17/18 are not properly skilled towards objective utilization of the developed IT systems. The majority of the FBR's senior level officers are IT avoiders hence unduly relying on the personnel of PRAL whenever any query or issue regarding availability or reporting of any sensitive data/information was urgently required from FBR. There was found a lack of ownership of sensitive data by the IT wing of FBR especially in the areas of Sales Tax refund paid through centralized Sales Tax refund (CSTRO). So it is a matter of serious concern to be considered while gauging the efficiency parameters of FBR.

[A.O No.06]

Audit Recommendations

Austerity measures are required to be taken to reduce the cost of tax administration besides revenue accelerating efforts in the future years. FBR's authorities are asked to justify the under-utilization of various IT systems in FBR and having undue reliance on PRAL especially with regard to handling the sensitive data in FBR. The IT Wing of FBR needs to be strengthened taking ownership of the data/information instead of relying on PRAL.