



**AUDIT REPORT  
ON  
THE ACCOUNTS OF  
FEDERAL BOARD OF REVENUE  
(INLAND REVENUE & CUSTOMS)  
AUDIT YEAR 2021-22**

**AUDITOR-GENERAL OF PAKISTAN**



## **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.

The Report is based on compliance with authority audit of receipts in respect of Inland Revenue, Customs and expenditure of the Federal Board of Revenue for the Financial Year 2020-21. The Report also includes observations relating to previous year. The Directorates General Audit Inland Revenue and Customs, Lahore and Karachi conducted audit during the audit year 2021-22 on test check basis with a view to reporting significant findings to the stakeholders. The main body of the Audit Report includes the systemic issues and material audit findings. Relatively less significant issues are listed in the Annexure-I of the Audit Report which shall be pursued with the Principal Accounting Officer separately at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through next year's audit report.

Thematic Audit – a new concept, has been introduced and made part of this report at Chapter-9. It is an attempt to improve organization's performance through critically reviewing its business processes by identifying those risks which are hindering it from achieving its intended objectives.

Audit findings indicate the need for adherence to regularity framework besides instituting and strengthening internal controls to avoid recurrence of violations and irregularities.

Audit observations included in this report have been finalized in the light of departmental response and discussions in DAC meetings held in December 2021.

The 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 both Houses of the Majlis-e-Shoora [Parliament].

Islamabad  
Dated: 24 February 2022

Muhammad Ajmal Gondal  
**Auditor General of Pakistan**





## TABLE OF CONTENTS

	Page
ABBREVIATIONS & ACRONYMS	i
EXECUTIVE SUMMARY	iii
CHAPTER-1 PUBLIC FINANCIAL MANAGEMENT ISSUES	1
CHAPTER-2 FEDERAL BOARD OF REVENUE	5
2.1 <i>Introduction</i>	5
2.2 <i>Classified Summary of Audit Observations</i>	16
2.3 <i>Comments on the Status of Compliance with PAC Directives</i>	16
CHAPTER-3 NON-PRODUCTION OF RECORD	21
CHAPTER-4 INCOME TAX	23
CHAPTER-5 SALES TAX	47
CHAPTER-6 FEDERAL EXCISE DUTY	65
CHAPTER-7 CUSTOMS DUTY	71
CHAPTER-8 EXPENDITURE	93
CHAPTER-9 THEMATIC AUDIT	113
Part-I Efficacy of SROs issued by FBR to grant exemptions of duty / taxes on imported goods	113
Part-II Broadening of Tax Base (BTB)	136
Annexure-1 MFDAC	151
Annexures (2-75) PERTAINING TO AUDIT PARAS	171



## **ABBREVIATIONS & ACRONYMS**

AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AC	Assistant Collector
ACL	Audit Command Language
AFU	Air Freight Unit
AOP	Association of Persons
ATIR	Appellate Tribunal Inland Revenue
BPS	Basic Pay Scale
BTB	Broadening of Tax Base
CGA	Controller General of Accounts
CGO	Customs General Order
CNG	Compressed Natural Gas
CTO	Corporate Tax Office
DAC	Departmental Accounts Committee
DAO	District Accounts Office
DDO	Drawing and Disbursing Officer
DR&S	Director Research and Statistics
DTRE	Duties Taxes Remission for Export
ECC	Economic Coordination Committee
FED	Federal Excise Duty
FBR	Federal Board of Revenue
FTN	Free Tax Number
FTR	Final Tax Regime
FY	Financial Year
GD	Goods Declaration
GDP	Gross Domestic Product
GFR	General Financial Rules
HQ	Head Quarters
ICT	Islamabad Capital Territory
I&I	Intelligence and Investigation
IR	Inland Revenue
IOCO	Input Output Co-efficient Organization
IT	Information Technology
ITP	Import Trade Price



IPO	Import Policy Order
KIBOR	Karachi Inter Bank Offered Rate
LTO	Large Taxpayers Office
MCC	Model Customs Collectorate
MFDAC	Memorandum for Departmental Accounts Committee
MR	Management Report
MTO	Medium Taxpayers Office
NAB	National Accountability Bureau
OPD	Out Patient Department
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCT	Pakistan Customs Tariff
POL	Petroleum Oil & Lubricants
PMBQ	Port Muhammad Bin Qasim
PPRA	Public Procurement Regulatory Authority
PRAL	Pakistan Revenue Automation Limited
RTO	Regional Tax Office
SAP/R3	Systems Applications and Products
SBP	State Bank of Pakistan
SRO	Statutory Regulatory Order
STA	Sales Tax Appeal
WPPF	Worker's Profit Participation Fund
WWF	Workers' Welfare Fund

## **EXECUTIVE SUMMARY**

Directorates General of Audit Inland Revenue and Customs, Lahore and Karachi carried out audit of Federal Receipts pertaining to the Federal Board of Revenue (FBR). The receipts include taxes, duties and levies regarding Income Tax, Sales Tax, Custom Duties, Federal Excise Duty (FED), Workers' Welfare Fund (WWF) and Workers' Profit Participation Fund. Audit of expenditure incurred by the FBR and Revenue Division was also undertaken by Directorates General.

Directorates General Audit had a human resource of 152 with 28,297 available mandays during the audit year. The expenditure incurred by Directorates General was Rs 261.42 million for the Financial Year 2020-21. Directorates General are mandated to conduct Regularity Audit (Financial Attest Audit and Compliance with Authority Audit), Performance/Special Audit and audit of Foreign Aided Projects pertaining to FBR.

The objective of audit was to examine if the government revenue was accurately assessed, charged, collected and deposited into the government treasury according to prevailing laws. Furthermore, to see whether systems were in place to unearth incorrect declaration made by the taxpayers followed by retrieval of revenue through invoking relevant provisions of taxation laws. In addition to this, the objective was to ascertain that the expenditure incurred was consistent with the nature of the appropriation to which it related and in accordance with applicable legislation, the rules and regulations.

### **a. Scope of Audit**

Directorates General Audit are mandated to conduct audit of 441 formations under FBR's jurisdiction. For FY 2020-21, FBR's total receipts were Rs 4,745.00 billion whereas it incurred an expenditure of Rs 71.20 billion including an amount of Rs 40.00 billion which was expended to pay off refunds. Out of total formations, Audit covered 137 formations with receipts of Rs 3,601.15 billion and 84 formations with an expenditure of Rs 24.82 billion pertaining to FY 2020-21. Audit coverage is 15% for receipts and 25% for expenditure on the basis of selected sample size.

The Audit Report also includes audit observations resulting from the audit of expenditure of twelve (12) formations with expenditure of Rs 2.63 billion and fifty (50) formations of receipt with revenue of Rs 623.41 billion pertaining to the Financial Year 2019-20.

**b. Recoveries at the Instance of Audit**

As a result of audit, recovery of Rs 418,436 million was pointed out in this report, while Rs 25,566 million has been recovered and verified by Audit before the publication of the report. In addition to above, an amount of Rs 37,662 million has also been recovered from January 2021 to December, 2021 at the instance of audit.

**c. Audit Methodology**

Risk based analytical approach was adopted during planning phase to identify priority areas in terms of risk in receipts and expenditure. Auditable record was retrieved from SAP/R-3 system and applied ACL to find out initial observations and draw samples in respect of expenditure audit. In respect of receipts, risk based desk audit checks were applied to draw sample and frame initial observations. Data of taxpayers was categorized on the basis of their profiles/business entity (Corporate, AOP or Sole proprietor). In addition to above, field audit teams also drew samples from the data available with the field formations.

**d. Comments on Internal Audit and Internal Controls**

This office requisitioned internal audit report for the financial year 2020-21. Department, however, replied that the report was under finalization and would be sent accordingly. In the absence of information in respect of internal audit, the Audit was unable to directly comment on the performance of internal audit functions of FBR. However, the recurrence of audit observations on similar issues over the years indicates weaknesses in internal audit mechanism of FBR.

Internal controls are the policies, rules, and procedures implemented by an organization to ensure the truth and fairness of financial information contained therein. Besides complying with laws and regulations and preventing taxpayers from tax evasion and tax avoidance, internal controls can help in improving operational efficiency.

The goal of FBR is to collect revenue through collective mechanism of various functions viz assessment, collection and prevention. To achieve the goal, internal controls must be put in place so that any leakage regarding collection of revenue could be avoided. The Audit, however, observed that almost similar nature of violations are repeated by auditee since long which

indicates that weak internal control system exists in the department and shows ineffectiveness of the same.

The Audit suggests that there is a strong need to devise an effective internal control mechanism which not only streamlines the basic functions of the department i.e. assessment, collection and prevention but also improves the liquidity position of the Government.

**e. Key Audit Findings of the Report**

- i) Less realization of income tax due to non finalization of proceedings under relevant head - Rs 19,094.74 million.<sup>1</sup>
- ii) Incorrect claim of tax credit - Rs 11,672.79 million.<sup>2</sup>
- iii) Incorrect adjustment of brought forward losses - Rs 23,189.90 million.<sup>3</sup>
- iv) Less levy of income tax due to allowing inadmissible expenses - Rs 40,791.37 million.<sup>4</sup>
- v) Loss of revenue due to concealment of income or assets - Rs 11,880.21 million.<sup>5</sup>
- vi) Less realization of sales tax due to non-apportionment/inadmissible adjustment of input tax - Rs 9,428.45 million.<sup>6</sup>
- vii) Loss of revenue due to non-collection of sales tax on taxable goods and services - Rs 1,170.87 million.<sup>7</sup>
- viii) Payment of refund in excess of input tax actually consumed in supplies of zero rated goods - Rs 856.69 million.<sup>8</sup>
- ix) Under valuation of imported goods resulting in loss of government revenue - Rs 3,480.73 million.<sup>9</sup>
- x) Blockage of revenue due to non-disposal of confiscated goods - Rs 6,818.99 million.<sup>10</sup>
- xi) Inadmissible expenditure on account of pay and allowances - Rs 117.68 million.<sup>11</sup>
- xii) Irregular expenditure on account of splitting of purchases - Rs 198.92 million.<sup>12</sup>

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<sup>1</sup>Para 4.1; <sup>2</sup>Para 4.2; <sup>3</sup>Para 4.7; <sup>4</sup>Para 4.11; <sup>5</sup>Para 4.18; <sup>6</sup>Para 5.1, 5.2, 5.3; <sup>7</sup>Para 5.5; <sup>8</sup>Para 5.19; <sup>9</sup>Para 7.1; <sup>10</sup>Para 7.16, <sup>11</sup>Para 8.1, <sup>12</sup>Para 8.7

Audit recommends to:

- i) Department should strengthen the system where taxpayers could be bound to assess their income under relevant head of income.
- ii) Validation checks should be applied in the system so that the taxpayers could claim only verified amount of tax deduction and collection.
- iii) Strengthen the system which should allow the adjustment of admissible brought forward losses.
- iv) System may be devised which could prevent the claim of inadmissible expenses.
- v) Strengthen the system where evaders and avoiders of the taxes could be unearthed through enforcement of legal provisions of the law.
- vi) Introduce online validation checks in the system so that claim of inadmissible input tax could be minimized.
- vii) Devise a system which could ensure payment of tax on supply of taxable goods and services at material time.
- viii) Strengthen the system to prevent the excess claim of input tax not consumed in zero rated supply of goods.
- ix) Strengthen the system which could ensure proper valuation of imported goods under the law.
- x) Devise a system which ensure timely disposal of confiscated goods.
- xi) Improve financial management in respect of lawful payment of pay & allowances.
- xii) Strengthen the internal controls to avoid splitting of purchase.

## **CHAPTER-1 PUBLIC FINANCIAL MANAGEMENT ISSUES**

This Chapter highlights significant issues relating to financial management, accounting and reporting at Federal Board of Revenue and State Bank of Pakistan/National Bank of Pakistan.

The primary accounting function based upon receipt vouchers relating to FBR's receipts is performed by FBR itself through departmental treasuries. FBR provided the collection record relating to its receipts (source document-reconciliation between FBR & AGPR). By analyzing Civil Accounts received from AGPR Islamabad and figures of tax receipts from main office of the State Bank of Pakistan, Karachi, and Head office of the National Bank of Pakistan Karachi, the Directorates General Audit Inland Revenue and Customs, Lahore & Karachi raised observations which are clubbed into the following paras:

### **01. Variation in Figures of Tax Receipts (Net) between FBR and SBP - Rs 13,323 million**

#### **Criteria**

According to Para 3.4.2.12 of Manual of Accounting Principles each entity is required to reconcile its books of accounts with bank record at close of each month. This reconciliation is to be performed in accordance with policies and procedures set out in the Accounting Policies and Procedure Manual, GFR and Federal Treasury Rules.

#### **Fact**

Scrutiny of record of SBP maintained by Main Office, Karachi and reconciliation statements upto the month of June (Final & Supplementary), 2021 provided by FBR showed that initially, there was a variation of Rs 81,480.44 million between figures of FBR and SBP at headquarters level in respect of net tax receipts summarized as follows:

(Rs in million)

S. No.	Head of Account	Collection figures of FBR **	Collection figures of SBP (NET) *	Variation
		A	B	B-A
1	Income Tax	1,711,583.15	1,658,903.74	(52,679)
2	Customs	748,389.8	743,070.47	(5,319)
3	Sales Tax	1,988,308.1	2,128,569.83	140,261
4	Federal Excise Duty	277,045.4	276,262.85	(782)
Total		4,725,326.45	4,806,806.89	81,480

\* Source: SBP figures for Financial Year 2020-21

\*\* Source: Reconciliation Statement of FBR with AGPR June (Final) 2021.

### Implication

This may not present a true and fair picture of financial statements because revenue receipts figures from external sources i.e., SBP were on higher side.

### Recommendation

FBR treasuries and Directorate of Research & Statistics (DR&S) FBR need to carry out reconciliation of tax receipts with SBP at headquarters and field office level for addressing the above-mentioned variations besides institutionalizing it in the system.

The Department replied that out of total variation of Rs 81,480 million, SBP got reconciled an amount of Rs 68,157 million leaving the difference at Rs 13,323 million. The department had further informed that there was no mechanism of reconciliation between FBR and SBP at headquarters level and same was endorsed by the SBP as well.

### Audit Comments

Audit is of the view that DR&S is entrusted with responsibility of reconciliation with all external sources i.e., AGPR, SBP and NBP. The interface of the dashboard/date-wise and bank branch wise data needs to be available to DR&S being the reporting/liason office. Further, interface of dashboard also be made available to SBP so that figures can be reconciled on daily basis.

The DAC may ask the department to get remaining differences of figures reconciled with State Bank of Pakistan and report progress to Audit at the earliest. Further, the DAC may direct quarters concerned to develop a

mechanism for real time reconciliation with SBP so that true picture of revenue receipts may be reflected.

### **DAC Directives**

The DAC held on 13.12.2021 directed that FBR may obtain the figures of SBP for remaining difference of Rs 13,323 million and find out the reasons of difference and report progress to Audit within three weeks.

### **Audit Recommendations**

Audit recommends implementation of the DAC directives in letter and spirit, besides improving system in this regard.

## **02. Variation in figures of refund of tax receipts between FBR & SBP - Rs 6,988.878 million**

### **Criteria**

According to Para 3.4.2.12 of Manual of Accounting Principles, each entity is required to reconcile its books of accounts with bank records at close of each month. This reconciliation is to be performed in accordance with policies and procedures set out in the Accounting Policies and Procedure Manual, GFR and Federal Treasury Rules.

### **Fact**

Scrutiny of refund record (Figures upto June Final, 2021 provided by Directorate of Research & Statistics FBR) revealed variations in figures of refunds on account of Income Tax, Customs Duty, Sales Tax and Federal Excise Duty of Rs 6,988.878 million, as tabulated below: -

(Rs in million)

<b>Refund</b>	<b>Figures of refund/rebate of FBR*</b>	<b>Figures of refund of tax receipts of SBP **</b>	<b>Variation</b>
	<b>A</b>	<b>B</b>	<b>B-A</b>
Income Tax	20,710.100	20,495.564	(214.536)
Customs	26,969.400	19,974.801	(6,994.600)
Sales Tax	209,642.900	209,862.987	220.087
Federal Excise Duty	0	0.171	0.171
<b>Total</b>	<b>257,322.4</b>	<b>250,333.523</b>	<b>(6,988.878)</b>

\* Source: Figures provided by DR&S, FBR.

\*\* Source: Figures provided by SBP for FY 2020-21.



**Implication**

This may not present true and fair picture of financial statements because the revenue receipts figures from external sources i.e., SBP were on lower side.

**Recommendation**

FBR treasuries and DR&S (FBR) may carry out reconciliation of refund/rebate payments with SBP at headquarters and field office levels for addressing the above-mentioned variations besides institutionalizing it in the system.

The department replied that DR&S reconciled net figures of revenue receipts with the office of AGPR Islamabad, as evident from the reconciliation statement of revenue receipts duly signed between FBR and office of the AGPR Islamabad. The department further informed that at present, there was no mechanism of reconciliation between FBR and SBP.

**Audit Comments**

Audit is of the view that after adjusting all transfer entries, there should be no variations left between the FBR/AGPR/SBP figures. The DAC may ask the department to get the figures of Refund/Rebate reconciled with the State Bank of Pakistan and report progress to Audit at the earliest. Further, the DAC may also direct FBR to develop a mechanism for reconciliation of FBR collections with SBP so that true picture of revenue receipts may be reflected.

**DAC Directives**

The DAC held on 13.12.2021 directed the DR&S to provide breakup of refunds/rebate of Rs 257.32 billion duly supported with evidence within three weeks to Audit for verification.

**Audit Recommendations**

Audit recommends implementation of the DAC directives in letter and spirit, besides improving system in this regard.

## **CHAPTER-2 FEDERAL BOARD OF REVENUE**

### **2.1 Introduction**

**A.** The Federal Board Revenue (FBR) is governed by the Federal Board of Revenue Act, 2007 and as per the Act FBR comprises not less than seven members, headed by a Chairman appointed by the Federal Government. The taxing powers of the FBR are currently embodied in the Income Tax Ordinance 2001, Sales Tax Act 1990, Federal Excise Duty Act 2005, Customs Act 1969 and Islamabad Capital Territory (Tax on Services) Ordinance, 2001. These statutory laws are amended through the Finance Acts/Ordinances in order to implement Budget proposals of the Federal Government. FBR operates as an attached department of the Revenue Division as per Rules of Business, 1973, within the hierarchy of the Federal Government.

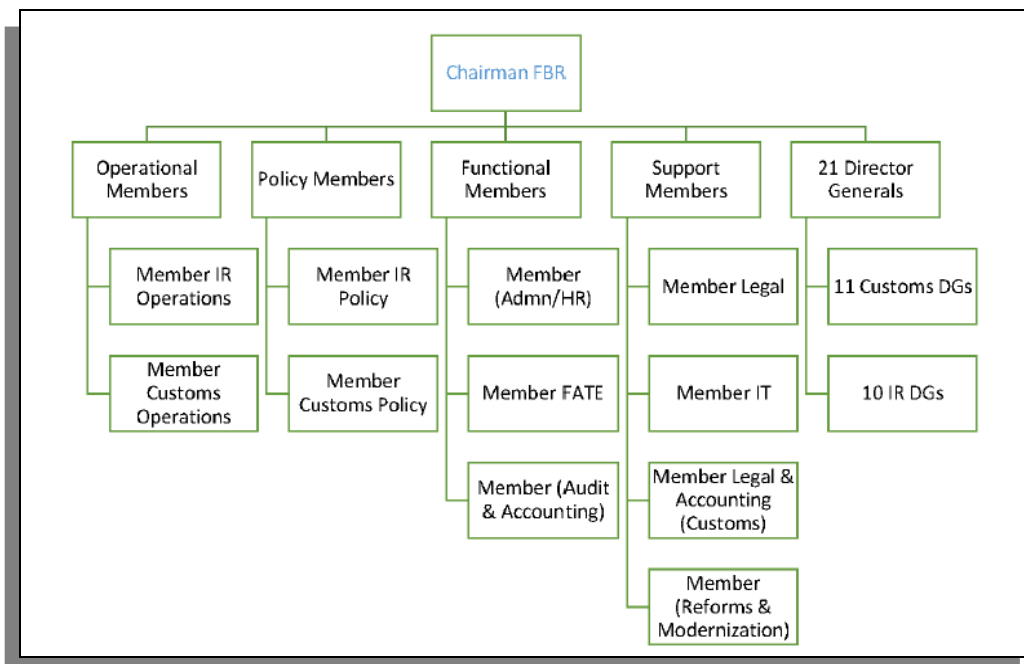
The FBR is responsible for the collection of income tax, sales tax, federal excise duty (FED), customs duty and tax on services rendered under the territorial jurisdiction of ICT. Besides, FBR is also responsible for collection of Workers' Welfare Fund under the Workers' Welfare Fund Ordinance, 1971 and Worker' Profit Participation Fund established under Workers' Participation Fund Ordinance, 1968.

Following are important powers and functions of FBR:

- i. To implement the provisions of all the fiscal laws for the time being in force and to take any action, make policy, issue rules or guidelines for the purpose;
- ii. To honour international obligations pursuant to a treaty, resolution or any international commitment;
- iii. To promote culture of voluntary tax compliance and to make the Board a service oriented organization in order to develop the Board into a modern efficient authority;
- iv. To enable electronic communication optimally effective in respect of all taxation matters such as e-filing, e-payments, e-notice, e-notification, digital imaging, protocols or agreements as may be prescribed from time to time;

- v. To set up mechanism and processes that facilitate removal of grievances and complaints of the tax payers;
- vi. To direct or advise, where necessary, investigation or inquiry into suspected duty tax evasion, tax and commercial fraud, money-laundering, financial crimes cases and to coordinate with the relevant law enforcement agencies;
- vii. To take appropriate measures including internal controls to combat corruption within the organizations under the Board and provide checks to ensure the integrity of employees that is verified periodically through applicable procedure which shall be made one of the criterion for promotion and incentives;
- viii. To grant additional allowances or any other incentives and rewards to the employees and members of the Board; and
- ix. To prepare an annual report of its activities and present it to the Prime Minister, the National Assembly and the Senate.

Currently, the Board has 15 members and 21 Directors General (11 for Customs and 10 for Inland Revenue), as detailed in Figure 1 below



The Inland Revenue Wing has 25 field offices, each headed by a Chief Commissioner, as detailed below:

- a. four (04) Large Taxpayer Offices (LTOs) at Karachi, Lahore, Islamabad and Multan;
- b. one (01) Medium Taxpayer Office (MTO) at Karachi;
- c. three (03) Corporate Tax Offices (CTOs) at Karachi, Lahore and Islamabad;
- d. seventeen (17) Regional Taxpayer Offices (RTOs) at Karachi (which has two), Hyderabad, Sukkur, Quetta, Lahore, Multan, Bahawalpur, Faisalabad, Sargodha, Gujranwala, Sialkot, Rawalpindi, Islamabad, Abbottabad, Peshawar and Sahiwal.

The Customs Wing consists of seven (7) Chief Collectors (Central and South-Appraisalment, Central and South-Enforcement, North Islamabad, Balochistan and Khyber Pakhtunkhwa) and twenty one (21) Collectorates of Customs in Islamabad, Karachi (7), Hyderabad, Lahore (3) Sialkot, Faisalabad, Multan, Peshawar (2), Quetta (2), Gawadar, and Gilgit-Baltistan. In addition, there are Collectorates of Adjudication, Appeals and Directorates General of Intelligence & Investigation, Training & Research, Internal Audit, Post Clearance Audit, Transit Trade, Valuation and Input Output Co-Efficient Organization.<sup>1</sup>

## **B. Comments on Budget and Accounts**

As per reconciliation between FBR and AGPR, tax revenue for the financial year 2020-21 (June Final, 2021) was Rs 4,745.00 billion including WWF and WPPF of Rs 19.67 billion. An expenditure of Rs 31.20 billion was incurred by FBR to collect this revenue. An amount of Rs 40.00 billion was also obtained as supplementary grant (Grant No.69) which was expended for payment of refunds to the taxpayers (IB0799 object code A03909).

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<sup>1</sup> Source: FBR's website ([www.fbr.gov.pk](http://www.fbr.gov.pk))

An overview of Appropriation Accounts is tabulated below:

*Table 1:* (Rs in million)

<b>Demand/ Grant No.</b>	<b>Original Grant</b>	<b>Suppl. Grant</b>	<b>Surrender</b>	<b>Final Grant</b>	<b>Actual Exp.</b>	<b>Excess/ (Savings)</b>
67- Revenue Division	73.90	0	32.30	41.61	41.79	0.181
69- FBR	4,463.25	41,367.72	350.00	45,480.97	45,356.86	(124.11)
70- Customs	8,482.37	700.00	0	9,182.37	9,077.64	(104.73)
71- Inland Revenue	14,769.67	450.51	222.30	14,997.88	14,852.10	(145.78)
168-Development Grant of Revenue Division	1,697.07	456.64	164.84	1,988.87	1,873.96	(114.91)
<b>Total</b>	<b>29,486.26</b>	<b>42,974.87</b>	<b>769.44</b>	<b>71,691.70</b>	<b>71,202.35</b>	<b>489.35</b>

*Source: Budget for the financial year 2020-21 provided by AGPR*

FBR obtained supplementary grant of Rs 41,367.72 million, which included an amount of Rs 40,000.00 million expended to pay refunds to the taxpayers. Audit observed, with concern, that the refund is a deduct receipts and its payment was required to be reduced from the overall collection of the FBR rather than obtaining supplementary grant from consolidated fund. By this arrangement, FBR unlawfully managed to show net collection on higher side, but when critically analysed, distribution of the funds to the provinces was incorrectly allocated.

Moreover, the above data depicted that supplementary grant was obtained in all the heads, except in Grant No. 70 (Customs) which was not expended by the close of financial year and reflected saving of Rs 489.35 million in all the heads. This showed weak budgetary planning and controls on expenditure.

### **C. Sectoral Analysis of Auditee Organization**

This sectoral analysis the main function i.e. "Collection of Tax and Duties" of the auditee organization. Purpose of the analysis is to review of its overall performance towards collection of taxes during FY 2020-21 viz-a-viz performance of the auditee organization and then specific discussion on certain

areas of concern which reflects real performance of the department, namely collection of tax on demand i.e. amendment of assessment under self-assessment.

FBR is responsible to collect federal taxes, besides collection of Workers' Welfare Fund and Worker' Profit Participation Fund. Total expenditure of an amount of Rs 31.20 billion was incurred under four heads and able to collect Rs 4,734.30 billion for the financial year 2020-21 with utilization of almost 32,000 personnel. However, an expenditure of Rs 40.00 billion was also debited (Grant No. 69) to FBR which was expended on account of payment of refunds.

**(i) Current Year Performance (FY 2020-21)**

Original target of FBR collection under all heads was at Rs 4,963.00 billion which was revised to Rs 4,691.00 billion during the financial year 2020-21. FBR achieved the revised target with collection of Rs 4,734.30 billion under all the heads. FBR, however, was not able to meet the revised revenue target in respect of income and lagged behind by Rs 63.00 billion as shown in the table-2 given below:

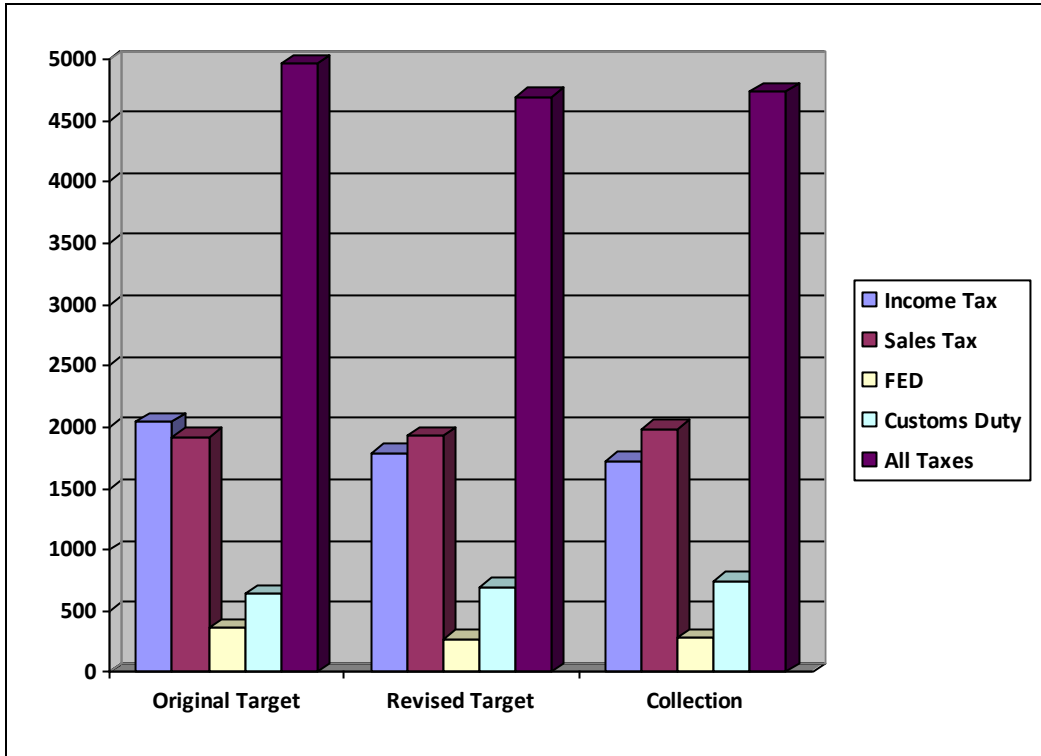
Table 2: FBR Collection Targets FY 2020-21

(Rs in Billion)

Tax Head	Target		Collection	Achievement (Revised Target)	
	Original	Revised		Absolute	Percentage
<b>Direct Tax</b> (including WWF)	<b>2,043.00</b>	<b>1,789.00</b>	<b>1,726.00</b>	<b>-63.00</b>	<b>96.50</b>
<b>Indirect Taxes</b>	1,919.00	1,927.00	1,981.40	54.40	102.80
Sales Tax	361.00	275.00	279.60	4.60	101.70
FED	640.00	700.00	747.30	47.30	106.80
Customs Duty					
<b>Total (IDT)</b>	<b>2,920.00</b>	<b>2,902.00</b>	<b>3,008.30</b>	<b>106.30</b>	<b>103.66</b>
<b>All Taxes</b>	<b>4,963.00</b>	<b>4,691.00</b>	<b>4,734.30</b>	<b>43.30</b>	<b>100.90</b>

Sources: FBR Year Book 2020-21

**Figure 2 presents FBR’s Targets and collection as a bar chart:**



**(ii) Overall Performance**

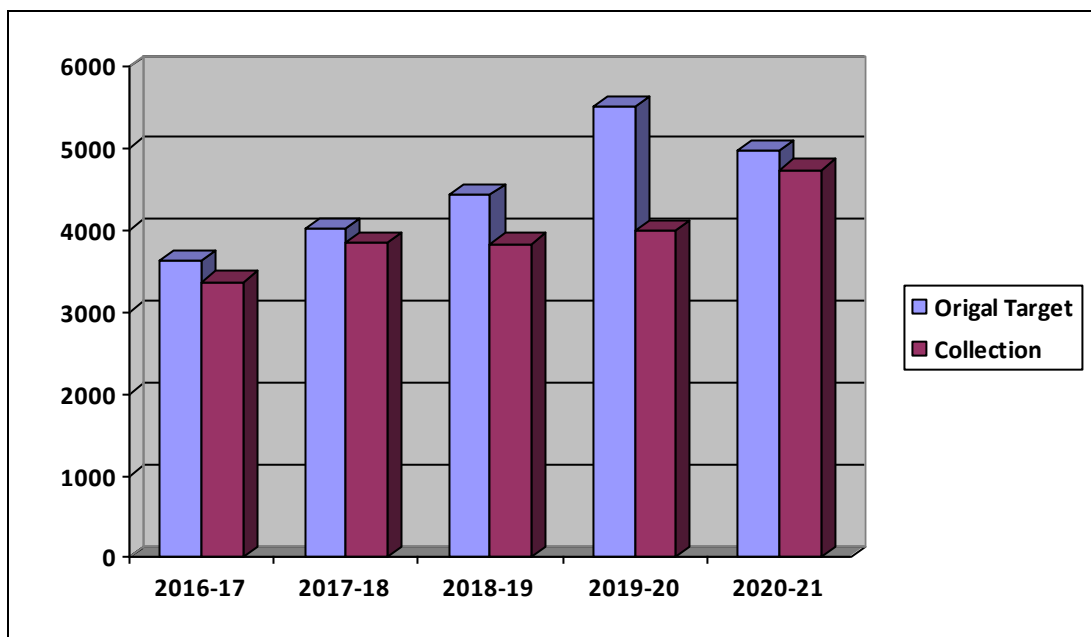
FBR was unable to meet proposed budget of Rs 4,963.00 billion for the FY 2020-21, therefore, budget was revised at Rs 4,691.00 billion before the close of the year. Against the revised budget, an amount of Rs 4,734.30 billion was collected. Audit observed that, as per history, the FBR was again unable to achieve the original target fixed through Finance Act, 2020. Audit further observed that the FBR has tendency to lag behind the original target and thereafter get the target revised to an amount likely to be achieved by the end of the financial year as shown in the table-3 given below:

*Table 3: FBR Original Vs Collection* (Rs in Billion)

Financial Year	Original Target	Achieved
2020-21	4,963.00	4,734.30
2019-20	5,503.00	3,996.70
2018-19	4,435.00	3,828.50
2017-18	4,013.00	3,842.10
2016-17	3,621.00	3,367.90

Sources: FBR’s Year Books

Figure 3 presents FBR’s original and revised targets as a bar chart:



### (iii) Direct Tax and Indirect Taxes

Indirect taxes are intrinsically regressive and also easy to collect being transaction based as against direct tax which is based on earning of taxable income. Audit observed that ratio of indirect taxation to direct taxation has remained at same level since FY 2016-17 despite implementation of various policies toward increase of direct tax collection. Although, FBR managed to increase number of direct tax fillers from 1.2 million to 2.2 million upto FY 2020-21 but the ratio between indirect taxation to direct taxation almost remained the same.

Table 4: Comparison of Direct and Indirect Taxes Original

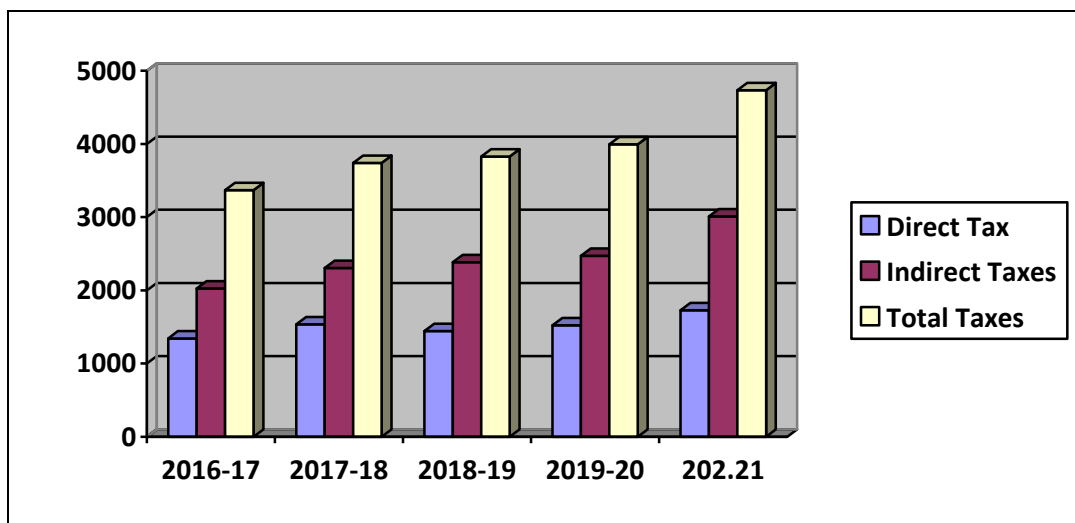
(Rs in Billion)

Tax Year	2016-17	2017-18	2018-19	2019-20	2020-21
Direct Tax	1,344.20	1,536.60	1,445.50	1,523.10	1,726.00
Indirect Taxes	2,223.70	2,305.50	2,383.00	2,473.60	3,008.20
<b>Total Collection</b>	<b>3,367.90</b>	<b>3,842.10</b>	<b>3,828.50</b>	<b>3,996.70</b>	<b>4,734.20</b>

Sources: FBR’s Year Books



Figure 4 presents FBR's (direct tax indirect tax) as shown in bar chart:-



**(iv) Collection of Tax on Demand - Performance Indicators (Direct Tax)**

Income tax collection consists on advance tax, including withholding taxes, collection of taxes through detection on cases of tax evasion and short realization by the department by creating income tax demand. This collection of income tax reflects the real performance of the department towards direct tax collection.

The FBR collected total direct tax, including withholding taxes, of Rs 1,445.51 billion (FY 2018-19), Rs 1,523.1 billion (FY 2019-20) and Rs 1,726.00 (2020-21). The net recovery out of demand created by the department for the years remained at Rs 102.93 billion, Rs 60.81 billion and Rs 80.14 billion respectively which is a meagre amount keeping in view of the large establishment cost of Rs 30.08 billion, Rs 30.47 billion and Rs 31.20 billion respectively. Audit observed that performance indicators on the part of the FBR (Direct Tax) reflect that the output performance is less than the required performance in view of huge establishment.

**(v) Withholding Taxes**

Withholding taxes form a major portion of direct tax collection for the FBR. It shows that FBR is relying on the persons responsible for collection of direct taxes (withholding agents) rather than increasing its capacity building to

unveil tax evaders and strengthen internal mechanism so that undue benefits of self-assessment system could be minimized.

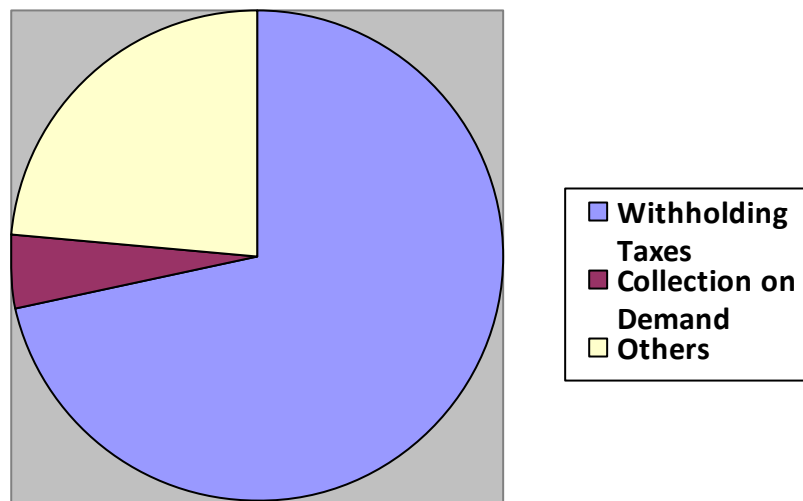
Withholding Taxes during FY 2020-21 amounted to Rs 1,237.13 billion (2019-20 Rs 1,091.74 billion) showing an increase of 13.32% over the previous year collection. Total withholding taxes collection of Rs 1,237.13 billion constitute 72% of total direct tax collection. It is worth mentioning that only ten major components of withholding taxes contributed 84.70% to the total amount of Rs 1,237.13 billion in this regard. Among the ten major component, withholding taxes on contractual receipts, exports, bank interest and other various items are constituted final taxation under Income Tax Ordinance, 2001. Audit observed that collection of withholding taxes on contractual receipts, exports and on bank interest are in the nature of indirect tax instead of direct tax, but is being collected as direct tax by the FBR under the grasp of Income Tax Ordinance, 2001.

Table 5: Comparison of withholding Taxes and collection on demand

(Rs in billion)		
<b>Withholding Taxes</b>	<b>Collection of Demand</b>	<b>Others</b>
1,237.13	80.14	408.73

Sources: FBR's Year Books

Figure 5: Comparison of withholding Taxes and collection on demand as shown in pie chart:-



#### **D. Significant Issues in this Audit Report**

Every completed return of income filed by taxpayer in accordance with Income Tax Ordinance, 2001 is treated as assessment order under the self-assessment system enunciated in the Ordinance. Every year FBR initiates legal proceedings to amend the self-assessed income to recovery the due tax from the taxpayer. For this purpose FBR identifies wrongful self-assessed orders on the basis of risk based analysis and amend the assessment as per the law. However, Audit regularly identifies instances of short collection not only from wrongful self-assessed orders but also from the amended assessment orders. Audit is of the view that there are loopholes in FBR's analysis of self-assessed orders and amended orders for detection of short collection of various taxes and duties. This fact is evident from the large number of such cases identified by the Audit, some of which are reported below:

**(i) Less realization of income tax due to non finalization of proceedings under relevant head**

Income Tax Ordinance 2001 classifies different categories of taxpayers i.e. individual, AOP and companies. Income earned by them is classified into different heads of income i.e. Salary, Property, Business, Capital Gain and Income from Other Sources. Income tax is charged at different rates specified in the First Schedule of the Income Tax Ordinance 2001 according to the income earned under that specific head. Audit identified instances of incorrect assessment where income is assessed under irrelevant head of income in two hundred sixty (260) cases causing less realization of income tax.<sup>1</sup>

**(ii) Incorrect claim of tax credit**

Income Tax Ordinance 2001, provides tax credits at prescribed rates to taxpayer being corporate industrial undertaking on the basis of extension, expansion or balancing, modernization and replacement of plant and machinery already installed therein. Further, tax credit is also admissible to the company opts for enlistment in any registered stock exchange in Pakistan. Audit observed that one hundred fifteen (115) taxpayers claimed tax credit without fulfilment of the prescribed conditions but the department did not take remedial action under the law to disallow the tax credit which resulted loss to the public exchequer.<sup>2</sup>

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<sup>1</sup>Para 4.1, <sup>2</sup>Para 4.2,

**(iii) Incorrect adjustment of brought forward losses**

Income Tax Ordinance 2001, provides adjustment of brought forward losses against the income earned under the head “Income from Business” in a tax year. The taxpayer can claim the adjustment of losses in six succeeding tax years. Audit observed that eleven (11) taxpayers either adjusted the losses beyond the limit of six tax years or adjusted the losses against income earned other than business income resulting revenue loss to the public exchequer.<sup>3</sup>

**(iv) Non apportionment / inadmissible adjustment of input tax**

Non apportionment / inadmissible adjustment of input tax is a recurring issue that has been repeatedly reported in the previous audit reports. During current audit of FBR, Audit observed that various registered persons adjusted the input tax against prescribed procedure causing loss to the government revenue but the department did not initiated legal proceeding against the taxpayers.<sup>4</sup>

**(v) Under-valuation of imported goods**

Detailed procedure for determination of value of imported goods have been provided in Section 25 of the Customs Act, 1969. Audit, however, observed that eighteen (18) field offices of FBR either incorrectly made valuation of imported goods or assessed the value lower than the prescribed value. This resulted into under valuation of imported goods resulting loss to the government revenue.<sup>5</sup>

**(vi) Blockage of revenue due to non-disposal of confiscated goods**

Customs authorities confiscate goods which were imported into Pakistan in disregard of the prescribed procedure and rules. These goods are required to be disposed of according to prescribed procedure and rules. Audit observed that twenty five (25) field offices of FBR did not dispose of confiscated goods and vehicles as per law lying in the warehouses since long.<sup>6</sup>

**(vii) Irregular expenditure on account of splitting of purchases**

Public Procurement Rules 2004, provides an appropriate manner for all proposed procurements for each financial year and to proceed accordingly without any splitting or regrouping of the procurements so planned. Audit observed that thirty two (32) field offices incurred expenditure on account of purchases of various items and splitting up the expenditure without any legal justification. This resulted in irregular expenditure on account of splitting of purchases.<sup>7</sup>

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<sup>3</sup>Para 4.7, <sup>4</sup>Para 5.1, 5.2, 5.3, <sup>5</sup>Para 7.1, <sup>6</sup>Para 7.16, <sup>7</sup>Para 8.7

## 2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 418,436.98 million are raised in this Report as a result of the current audit of Federal Board of Revenue. Summary of the audit observations classified by their nature is as under:

### Overview of Audit Observations

(Rs in million)

S. No.	Classification	Amount
1	Non Production of Record	-
2	Receipts related irregularities	
	i. Direct Taxes i.e. Income Tax	322,662.06
	ii. Indirect Taxes i.e. Sales Tax and FED	66,619.56
	iii. Customs	26,377.53
	iv. Expenditure	2,777.83
	<b>Total</b>	<b>418,436.98</b>

## 2.3 Comments on the status of compliance with PAC directives

By taking aggregate mean from the table given below, only 44.41 % compliance of the of PAC directives was made. This reflected lack of seriousness by Federal Board of Revenue. Resultantly audit observations involving substantial revenue were piling up year after year and there was little action on the part of the FBR to address these. The situation is alarming as chances of recovery of revenue diminish with the passage of time.

### (Direct Taxes)

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not received	Percentage of Compliance (%)
1	1987-88	14	12	2	85.71
2	1988-89	39	27	12	69.23
3	1989-90	32	9	23	28.13
4	1990-91	41	18	23	43.90
5	1991-92	50	13	37	26.00
6	1992-93	64	35	29	54.69
7	1993-94	74	12	62	16.22

8	1994-95	46	07	39	15.22
9	1995-96	94	41	53	43.62
10	1996-97	71	21	50	29.58
11	1997-98	108	41	67	37.96
12	1998-99	64	08	56	12.50
13	1999-00	69	33	36	47.83
14	2000-01	88	54	34	61.36
15	2001-02	72	15	57	20.83
16	2002-03	49	12	37	24.49
17	2003-04	21	03	18	14.29
18	2004-05	36	17	19	47.22
19	2005-06	30	28	2	93.33
20	2006-07	29	05	24	17.24
21	2007-08	37	10	27	27.03
22	2008-09	54	22	32	40.74
23	2009-10	39	09	30	23.08
24	2010-11	34	14	20	41.18
25	2011-12	50	02	48	4.08
26	2012-13	32	04	28	12.50
27	2013-14	27	0	27	0.00
28	2014-15	56	0	56	0.00
29	2015-16	37	0	37	0.00
30	2016-17	42	6	36	14.28
31	2017-18	38	01	37	2.63
32	2019-20	32	0	32	0.00

**Audit Reports not discussed in PAC**

<b>S. No.</b>	<b>Audit Report Year</b>	<b>Total Paras</b>	<b>Status</b>
33	2018-19	42	Not yet Discussed in PAC
34	2020-21	15	Not yet Discussed in PAC

**Indirect Taxes and Expenditure**

<b>S. No.</b>	<b>Audit Report Year</b>	<b>Total Paras</b>	<b>Compliance Received</b>	<b>Compliance Not Received</b>	<b>Percentage of Compliance</b>
35	1985-86	44	38	06	86.36
36	1986-87	55	25	30	45.45
37	1987-88	43	10	33	23.26
38	1988-89	32	27	05	84.37
39	1989-90	217	147	70	67.74
40	1990-91	67	49	18	73.13
41	1991-92	45	42	03	93.33
42	1992-93	99	44	55	44.44
43	1993-94	77	30	47	38.96
44	1994-95	72	15	57	20.83
45	1995-96	83	44	39	53.01
46	1996-97 Spl 1997	92	60	32	65.21
47	1997-98 Spl 1998	115	85	30	73.91
48	1998-99	99	65	34	65.65
49	1999-00	105	66	39	62.86
50	2000-01	125	81	44	64.80
51	2001-02	111	72	39	64.86
52	2002-03	90	36	45	40.00
53	2003-04	47	18	29	38.29
54	2004-05	39	22	17	56.41
55	2005-06	66	38	28	57.57
56	2006-07	63	30	33	47.61
57	2007-08	138	54	84	39.13
58	2008-09	119	36	83	30.25
59	2009-10	142	58	84	40.84
60	2010-11	87	11	76	12.64
61	2011-12	75	24	51	32.00
62	2012-13	66	12	54	18.18
63	2013-14	62	05	57	8.06
64	2014-15	104	05	99	4.80
65	2015-16	65	10	55	15.38

66	2016-17	65	15	50	23.07
67	2017-18	68	12	56	17.64
68	2019-20	64	-	64	-

**Audit Reports not discussed in PAC**

S. No.	Audit Report Year	Total Para	Status
69	2018-19	84	Not yet discussed in PAC
70	2020-21	11	Not yet discussed in PAC

**Customs**

S. No.	Audit Report Year	Total Para customs	Compliance Received	Compliance not Received	Percentage of Compliance
71	1985-86	32	29	3	91
72	1986-87	32	15	17	47
73	1987-88	26	0	26	-
74	1988-89	132	78	54	59
75	1989-90	10	7	3	70
76	1990-91	63	22	41	35
77	1991-92	53	46	7	87
78	1992-93	66	48	18	73
79	1993-94	9	3	6	33
80	1994-95	50	21	29	42
81	1995-96	45	23	22	51
82	1996-97 Special-97	44	36	8	82
83	1997-98 Special-98	69	51	18	74
84	1998-99	69	64	5	93
85	1999-00	30	24	6	80
86	2000-01	26	24	2	92
87	2001-02	23	19	4	83
88	2002-03	30	21	9	70
89	2003-04	39	25	14	64
90	2004-05	17	12	5	71



91	2005-06	25	19	6	76
92	2006-07	29	23	6	79
93	2007-08	58	42	16	72
94	2008-09	65	52	13	80
95	2009-10	82	65	17	79
96	2010-11	47	29	18	62
97	2011-12	122	62	60	51
98	2012-13	120	36	84	30
99	2013-14	84	50	34	60
100	2014-15	103	18	85	17
101	2015-16	59	15	44	25
102	2016-17	85	25	60	29
103	2017-18	76	13	63	13
104	2019-20	35	0	35	0

<b>S. No.</b>	<b>Audit Report Year</b>	<b>Total Para</b>	<b>Status</b>
105	2018-19	52	Not yet discussed in PAC
106	2020-21	10	Not yet discussed in PAC

## **CHAPTER-3 NON PRODUCTION OF RECORD**

### **3.1 Non-production of auditable record by tax authorities**

Section 14 (2) of the Auditor General's (Functions, Powers and Terms and Conditions of Service) Ordinance, 2001 provides that the officer incharge of any office or department shall afford all facilities and provide record for audit inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

During audit of Financial Year 2020-21, LTO Islamabad did not provide following auditable record of Direct Taxes and Indirect Taxes despite repeated requisitions:

- a. Record of sales tax refund issued during Financial Year 2020-21.
- b. Nineteen (19) sales tax assessment files.
- c. Exemption certificates issued under Income Tax Ordinance, 2001.
- d. Twenty one (21) refund adjustments files.
- e. Record of assessment orders passed under Income Tax Ordinance, 2001 during the year 2020-21.

Due to non-production of record, Audit was not in a position to provide assurance that revenue collected was properly assessed, collected and deposited in government exchequer and refund was issued in accordance with prescribed laws and procedures.

The lapse was reported to the department during August to November, 2021. LTO Islamabad informed that the Audit required record of refund processing files in respect of refund process from FASTER/ERS and these files are not available with the LTO, hence, the issue of non-production of record was raised. However, no reply was furnished in respect of remaining record.

DAC in its meeting held from 27<sup>th</sup> to 31<sup>st</sup> December, 2021 directed the LTO to initiate the post refund audit in respect of 50% cases involved in the para and get the position verified from Audit within 60 days. However, remaining

para could not be discussed due to non submission of comprehensive reply by the department.

Audit stresses that production of auditable record must invariably be ensured and disciplinary proceedings may be initiated against the responsible officers/officials.

[DP No.20302-ST/IT]

## **CHAPTER-4 INCOME TAX**

### **4.1 Less realization of income tax due to non finalization of proceedings under relevant head - Rs 19,094.74 million**

Section 11 of the Income Tax Ordinance 2001, classifies income under heads; Income from Salary, Income from Property, Income from Business, Income from Capital Gain and Income from Other Sources. First Schedule to the Income Tax Ordinance 2001, specifies rates for determination of tax liability of taxpayers.

During audit of financial year 2020-21, Audit observed that two hundred sixty (260) taxpayers in eleven (11) field offices of FBR misclassified their income under wrong heads, attracting lower rates of tax. The department did not take any action under the law to collect tax due from the taxpayers. This resulted in less collection of tax amounting to Rs 19,094.74 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 256.00 million had been recovered and verified, Rs 12,096.42 million had been charged but was yet to be recovered, legal proceedings initiated in cases involving Rs 6,764.33 million but had not been finalized yet and Rs 233.99 million was subjudice.

DAC in its meeting held in December 2021 directed the department to recover the charged amount, finalize the legal proceedings where action was pending, pursue subjudice cases at appellate fora and report compliance to Audit by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and improve controls for effective monitoring of self assessed income.

[Annexure-2]

### **4.2 Incorrect claim of tax credit - Rs 11,672.79 million**

Sections 65B, 65D and 65E of the Income Tax Ordinance 2001, provide for tax credits at prescribed rates to corporate industrial undertakings making further investments in existing plant and machinery or using at least 70% equity

raised through issuance of new shares for investing in existing or new plant and machinery.

During audit of financial year 2020-21, Audit observed that one hundred fifteen (115) taxpayers under the jurisdiction of six (06) field offices of FBR incorrectly claimed tax credits on purchase of plant and machinery. Department was required to amend the assessments by initiating legal proceedings under the law. No action was initiated by the department, leading to loss of revenue amounting to Rs 11,672.79 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 166.07 million had been charged and recovered, recovery in cases of Rs 337.10 million was awaited, legal proceedings for an amount of Rs 3,263.15 million had been initiated but not finalized yet. Further an amount of Rs 8,072.54 million was subjudice.

DAC in its meeting held in December 2021 directed the department to finalize the legal proceedings by 15<sup>th</sup> January 2022 and report compliance to Audit. No further progress was reported till finalization of this report.

Audit recommends early recovery of charged amount, expedite finalization of assessment proceedings and improve controls for effective monitoring of self assessed income.

[Annexure-3]

#### **4.3 Incorrect adjustment of tax payments - Rs 2,117.42 million**

As per provision of section 168 of the Income Tax Ordinance 2001, where an amount of tax is collected or deducted as adjustable income tax during the income year, the person shall be allowed effect of that tax payment while calculating his tax liability for that tax year in which the tax was collected or deducted.

During audit of financial year 2020-21, Audit observed that in one hundred and fifty six (156) cases under the jurisdiction of eleven (11) field offices of FBR, the assessing authorities allowed adjustment of advance tax in excess of tax actually collected or deducted. The department did not take any action to identify the wrong adjustment and recover the due tax. This resulted in less recovery of tax amounting to Rs 2,117.42 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 55.37 million had been charged but had not been recovered yet and legal proceedings for an amount of Rs 2,062.05 million had also been initiated.

DAC in its meeting held in December 2021 directed the department to recover the charged amount and complete the legal proceedings expeditiously. No further progress was reported till finalization of this report.

Audit recommends early recovery of charged amount, expedite finalization of assessment proceedings and improve controls for effective monitoring of self assessed income.

[Annexure-4]

#### **4.4 Less realization of super tax than due – Rs 6,699.00 million**

Section 4B of the Income Tax Ordinance 2001, provides levy of super tax for rehabilitation of temporarily displaced persons. Prescribed tax rate is four percent in respect of banking company and three percent in respect of other company having income equal to or exceeding Rs 500 million.

During audit of financial year 2020-21, Audit observed that in sixty nine (69) cases under the jurisdiction of three (03) field offices of FBR, taxpayers made less assessment of their income for payment of super tax. Department did not take any action to recover the tax due from the taxpayer for tax year 2020. This resulted in less realization of super tax amounting to Rs 6,699.00 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 8,142.34 million had been charged and recovered, recovery in cases of Rs 699.14 million was awaited, legal proceedings for an amount of Rs 5,886.47 million had been initiated but not finalized yet by the department. Further an amount of Rs 113.19 million was subjudice.

DAC in its meeting held in December 2021 directed the department to recover the charged amount, finalize the legal proceedings, pursuance of subjudice cases at appropriate appellate fora and report compliance to Audit by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of charged amount, expedite finalization of assessment proceedings and improve controls for effective monitoring of self assessed income.

[DP No.20325-IT, No.2301&2358-IT/K]

#### **4.5 Non-treatment of withholding tax as minimum tax liability – Rs 142.35 million**

Section 148 of the Income Tax Ordinance 2001, provides that tax collected by the customs authorities at the time of clearing import of certain materials and goods would be treated as minimum tax instead of adjustable tax against normal tax liability.

During audit of financial year 2020-21, Audit observed that in thirty five (35) cases of self assessment made by taxpayers in four (04) field offices of FBR, tax collected on imports was treated as adjustable against normal tax, instead of treating the withheld tax as minimum tax liability, leading to loss of revenue. The taxpayers claimed credit of withholding tax on imports and supplies thereof as adjustable instead of minimum tax liability. The department did not take any action to recover the revenue amounting to Rs 142.35 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings had been initiated in all cases but the same was not finalized till the finalization of this report.

DAC in its meeting held in December 2021 directed the department to finalize the legal proceedings by 15<sup>th</sup> January 2022 and report compliance to Audit. No further progress was reported till finalization of this report.

Audit recommends expediting finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-5]

#### **4.6 Non / less levy of minimum tax - Rs 8,382.74 million**

Section 113 of the Income Tax Ordinance 2001, provides levy of minimum tax on the basis of the turnover of a taxpayer if, otherwise, no tax is payable due to any reason, or tax payable under normal taxation is less than the minimum tax liability in respect of certain categories of the taxpayers.

During audit of financial year 2020-21, Audit observed that two hundred and fourteen (214) taxpayers assessed in seventeen (17) field offices of FBR did not pay minimum tax, even though their turnover was more than the basic threshold. No legal proceedings were initiated by the department to recover the said tax leading to non-realization of minimum tax amounting to Rs 8,382.74 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 238.03 million had been charged and recovered, recovery in cases involving an amount of Rs 9.97 million was awaited, and legal proceedings for an amount of Rs 8,372.76 million had also been initiated.

DAC in its meeting held in December 2021 directed the department to recover the amount charged and complete the proceedings. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and improve controls for effective monitoring of self assessed income.

[Annexure-6]

#### **4.7 Incorrect adjustment of brought forward losses - Rs 23,189.90 million**

Section 57 of the Income Tax Ordinance 2001, provides that if a taxpayer sustained a loss under the head 'Income from Business' for a tax year, the loss would be carried forward to six following tax years and would be adjusted only against income earned under the head 'Income from Business' of such business.

During audit of financial year 2020-21, Audit observed that eleven (11) taxpayers assessed in three (03) field offices of FBR filed their income tax returns by claiming adjustment of brought forward losses against the income under the head 'Other Income' instead of 'Income from Business'. However, the department did not take any action to amend the assessments to recover the due tax which resulted in loss of revenue amounting to Rs 23,189.90 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all of the cases involving an



amount of Rs 23,189.90 million had been initiated but had not been finalized yet by the department.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[DP No.20297, 20326-IT & No.2302, 2320-IT/K]

#### **4.8 Less realization of tax due to claim of provisional expenses - Rs 20.63 million**

According to section 34 of the Income Tax Ordinance 2001, a person accounting for income chargeable to tax under the head “Income from Business” on an accrual basis is required to derive income when it is due to the person and is required to incur expenditure when it is payable by the person.

During audit of financial year 2020-21, Audit observed that six (06) taxpayers in four (04) field offices of FBR claimed certain provisional expenses despite the fact that these neither accrued nor incurred, during the same tax year. Therefore, these expenses were not admissible as per law against the income for the tax year. The inability of the department to detect and rectify these incorrect self-assessments of taxable income resulted in lesser realization of tax amounting to Rs 20.63 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all of the cases involving an amount of Rs 20.63 million had been initiated but had not been finalized yet by the department.

DAC in its meeting held in December 2021 directed the department to complete legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-7]

#### **4.9 Less levy of tax due to claim of inadmissible tax depreciation allowance - Rs 1,545.88 million**

Section 22 of the Income Tax Ordinance 2001, provides that a taxpayer would be allowed a deduction for depreciation against depreciable assets used in business for the tax year. Further, section 23 provides for initial depreciation allowance in a tax year in which the asset was used first time in the business. Rates for the depreciation allowance are provided in third schedule of above law.

During audit of financial year 2020-21, Audit observed that fifty seven (57) taxpayers in six (06) field offices of FBR claimed depreciation allowance and initial depreciation allowance on the assets which were not admissible under the law. In some cases initial depreciation was allowed on uninstalled assets while in some other cases incorrect rates of depreciation were allowed. Department did not take any action as per law to recover the tax due from the taxpayers. This resulted in less levy of income tax amounting to Rs 1,545.88 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all of the cases involving an amount of Rs 1,545.88 million had been initiated but had not been finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-8]

#### **4.10 Less realization of tax due to non-apportionment of expenses - Rs 384.57 million**

Section 67 of the Income Tax Ordinance 2001, read with Circular No. 12 of 1991, provides for apportionment of expenses between income earned under normal and final tax regimes in proportion to their sales.

During audit of financial year 2020-21, Audit observed that eight (08) taxpayers in five (05) field offices of FBR carrying out business activities showed expenses under both normal and final tax regimes. As per law, they were

required to apportion their expenses under normal and final tax regimes in proportion to their sales, but taxpayers filed incorrect self-assessments under which expenses were allowed on higher side in normal tax regime. Department failed in detecting and rectifying incorrect self-assessments, resulting in lesser realization of revenue amounting to Rs 384.57 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings for amount of Rs 384.57 million had been initiated but had not been finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-9]

#### **4.11 Less levy of income tax due to allowing inadmissible expenses - Rs 40,791.37 million**

Section 21 of the Income Tax Ordinance 2001, provides that various expenses were not admissible to taxpayers who earn income from business under the law in a tax year and these expenses are calculated at the time of assessment of taxable income and tax liability.

During audit of financial year 2020-21, Audit observed that in nine (09) field offices of FBR, inadmissible expenses, such as, expenses where either withholding tax was not deducted or payments were made other than through banking channel, were allowed to one hundred fifty (150) taxpayers while calculating taxable income, thereby, causing less assessment of taxable income. This resulted in under assessment of income causing less levy of tax amounting to Rs 40,791.37 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 10,438.36 million had been charged and recovered, recovery in cases involving an amount of Rs 16,990.46 million was awaited, whereas legal proceedings in cases involving an amount of Rs 23,800.91 million had been initiated but had not been finalized by the department yet.

DAC in its meetings held in December 2021 directed the department to recover the charged amount, complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and improve controls for effective monitoring of self assessed income.

[Annexure-10]

#### **4.12 Loss of revenue due to incorrect claim of tax credit - Rs 1,132.84 million**

Section 100C of the Income Tax Ordinance, 2001 provides tax credit to non-profit organizations, trusts and welfare institutions if, their administrative and management expenses do not exceed 15% of their receipts and surplus income is also subjected to tax @ 10% on their surplus funds.

During audit of financial year 2020-21, Audit observed in seven (07) field offices of FBR, thirteen (13) taxpayers claimed tax credit u/s 100C despite the fact that they did not fulfil the conditions as laid down under the law. This resulted in under assessment of income causing less levy of tax of Rs 1,132.84 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all of the cases involving an amount of Rs 1,132.84 million had been initiated but had not been finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and improve controls for effective monitoring of self assessed income.

[Annexure-11]

#### **4.13 Acceptance of invalid returns by the tax authorities**

Section 114 (2) of the Income Tax Ordinance 2001, provides that a return of income (a) shall be in the prescribed form and shall be accompanied by

such annexures, statements or documents as may be prescribed; (b) shall fully state all the relevant particulars or information as specified in the form of return, including a declaration of the records kept by the taxpayer. Moreover, as per section 120 (2), a return of income shall be taken to be complete if it is in accordance with the provisions of sub-section (2) of section 114, Where the return of income furnished is not complete, the Commissioner shall issue a notice u/s 120 (3) to the taxpayer informing him of the deficiencies (other than incorrect amount of tax payable on taxable income, as specified in the return, or Less payment of tax payable) and directing him to provide such information, particulars, statement or documents by such date as specified in the notice. Where a taxpayer fails to fully comply, by the due date, with the requirements of the notice under sub-section (3), the return furnished shall be treated as an invalid return as if it had not been furnished vide sub section 4 of section 120.

During audit of financial year 2020-21, Audit observed that in three (03) field offices of FBR, sixty seven (67) taxpayers failed to furnish annual audited accounts duly certified by chartered accountants along with tax returns. No information was available on record and provided to audit regarding action taken by the tax authorities for issuance of notices and declaring these returns as invalid showing non enforcement of law *ibid*.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings had been initiated to enforce complete returns as per law.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends enforcement of law and to improve controls for effective monitoring of self assessed income.

[DP No.20307, 20537, 20680 & 20779-IT]

#### **4.14 Incorrect levy of tax due to non-taxation of income under the head “Income from Other Sources” - Rs 687.67 million**

According to section 39 of the Income Tax Ordinance 2001, income of any kind received by a person in a tax year, if it is not included in any other head other

than income exempt from tax under this Ordinance shall be chargeable to tax in that year under the head “Income from Other Sources”.

During audit of financial year 2020-21, Audit observed that in four (04) field offices of FBR, twenty five (25) taxpayers derived income from other sources but did not include in the taxable income. The assessing authorities of the department also did not charge tax on such income, resulting in less levy of tax amounting to Rs 687.67 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all cases amounting to Rs 687.67 million had been initiated but had not been finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-12]

#### **4.15 Non-levy of default surcharge for late payment of assessed tax – Rs 3,537.08 million**

According to section 205 (1) of the Income Tax Ordinance 2001, where a person fails to pay any tax or penalty on or before the due date of payment shall be liable for default surcharge at the rate equal to KIBOR plus three percent per quarter on the tax, and penalty or other amount unpaid.

During audit of financial year 2020-21, Audit observed that in ten (10) field offices of FBR, three hundred ninety seven (397) taxpayers did not pay the due tax within specified time but default surcharge as per above provisions of law was not levied resulting in non-levy of default surcharge amounting to Rs 3,537.08 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 0.23 million had been charged and recovered. Legal proceedings in cases involving an amount of Rs 3,537.08 million had been initiated but had not been finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to recover the charged amount, complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-13]

#### **4.16 Non-levy of penalty for late/non filing of returns - Rs 5,943.03 million**

According to section 114 of the Income Tax Ordinance 2001, every person who has obtained National Tax Number is required to furnish a return of income for a tax year and the person whose taxable income for the year exceeds the maximum amount that is not chargeable to tax under this Ordinance for the year. Further, section 182 *ibid* provides for levy of penalty at applicable rates, where a taxpayer, fails to furnish or late furnish the return of total income.

During audit of financial year 2020-21, Audit observed that eighty four thousand nine hundred and ninety eight (84998) taxpayers being assessed in twelve (12) field offices under the FBR did not file or late filed income tax returns despite the fact that the taxpayers were obliged to file income tax returns under the law. No remedial action was initiated by the department to enforce the filing of the returns besides imposition of penalty calculated at Rs 5,943.03 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 0.30 million had been charged but had not been recovered yet, legal proceedings for an amount of Rs 5,505.58 million initiated but had not been finalized by the department yet. Further an amount of Rs 437.15 million was subjudice.

DAC in its meeting held in December 2021 directed the department to recover the charged amount, complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and to improve controls for effective monitoring of non filers.

[Annexure-14]

#### **4.17 Non-recovery of arrears of tax demand - Rs 11,346.44 million**

Section 138 of the Income Tax Ordinance 2001, provides that income tax due from any person is to be recovered by tax authorities in accordance with the procedures laid down therein.

During audit of financial year 2020-21, Audit observed that eight (08) field offices of FBR did not recover the arrears of tax demanded of Rs 11,346.44 million pertaining to tax years 2019 and 2020 from fourteen thousand eight hundred seventy seven (14877) taxpayers despite the fact that tax was levied by the department under the law.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 65.81 million had been charged and recovered, recovery in cases of Rs 2,279.40 million was awaited, legal proceedings for an amount of Rs 3,937.44 million had been initiated but not finalized by the department yet. Further an amount of Rs 5,129.60 million was subjudice.

DAC in its meeting held in December 2021 directed the department to recover the charged amount, complete the legal proceedings and pursuance of subjudice cases and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings, pursue subjudice cases and improve controls for effective monitoring of self assessed income.

[Annexure-15]

#### **4.18 Loss of revenue due to concealment of income or assets - Rs 11,880.21 million**

Section 111 of the Income Tax Ordinance 2001, provides for taxation of concealed income which is not offered for tax. According to the provisions, where a person is the owner of any money or valuable article or has made any



investment or credited any amount in the books of accounts, the amount is chargeable to tax if not adequately explained by the taxpayer.

During audit of financial year 2020-21, Audit observed that three hundred and seventy one (371) taxpayers under the jurisdiction of fourteen (14) field offices of FBR, declared sales in their sales tax returns but the quantum of sales did not match with the figures given in income tax returns. Further, taxpayers created assets as per their wealth statements but did not explain their sources of investment. These omissions remained undetected despite tax returns and wealth statements were scrutinized / finalized by the same assessing authorities. This resulted in loss of Rs. 11,880.21 million due to concealment of income or assets.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings had been initiated in cases involving Rs 11,866.21 million but the same had not been finalized till finalization of this report. Further, an amount of Rs 14.00 million was subjudice.

DAC in its meeting held in December 2021 directed the department to finalize the legal proceedings by 15<sup>th</sup> January 2022 and pursuance of subjudice cases at appropriate forum and report progress to Audit. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings, pursuance of the subjudice cases and to improve controls for effective monitoring of self assessed income.

[Annexure-16]

#### **4.19 Non-levy of Alternative Corporate Tax - Rs 4,265.26 million**

Section 113C of the Income Tax Ordinance 2001, provides that Alternative Corporate Tax at a rate of seventeen per cent of accounting income will be paid by a company if the tax payable under normal tax or minimum tax is less than the Alternative Corporate Tax.

During audit of financial year 2020-21, Audit observed that in two (02) field offices of FBR, five (5) companies did not pay Alternative Corporate Tax despite the fact that the tax was higher than the normal tax and or minimum tax. In some cases it was also observed that the Alternative Corporate Tax was incorrectly adjusted against current demand of tax. This resulted in less

assessment of taxable income, consequently less realization of tax amounting Rs 4,265.26 million.

The lapses were reported to the department during March to November 2021. Department replied that statutory proceedings for charging of tax had been initiated.

DAC in its meeting held in December 2021 directed the department to finalize the legal proceedings and report compliance to Audit by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-17]

#### **4.20 Loss of Rs 4,281.74 million due to less/non-deduction of withholding tax**

According to Section 153 read with 161 of the Income Tax Ordinance 2001, “every prescribed person making a payment in full or part including a payment by way of advance to a resident person or permanent establishment in Pakistan of a non-resident person for supply of goods and on the execution of a contract, other than a contract for the sale of goods or the rendering of or providing services, shall, at the time of making the payment, deduct tax from the gross amount payable including sales tax, if any at the rate specified in Division-III of Part-III of the First Schedule to the Income Tax Ordinance 2001”.

During audit of financial year 2020-21, Audit observed that in sixteen (16) field offices of FBR, three hundred and seventeen (317) withholding agents did not deduct due tax while making payments to suppliers, service providers and contractors. The department did not take remedial action for retrieval of government revenue. This resulted in loss of revenue amounting Rs 4,281.74 million

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 55.17 million had been charged but had not been recovered yet, whereas legal proceedings for an amount of Rs 4,226.57 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to recover the charged amount, complete the legal proceedings and report

compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and to improve controls for effective monitoring of withholding taxes.

[Annexure-18]

#### **4.21 Loss of Rs 1,100.75 million due to non-realization of withholding tax on salary**

According to Section 149 (1) read with Section 161 of the Income Tax Ordinance 2001, every employer paying salary to an employee is required to deduct tax from the amount of salary at the time of payment. The deduction is to be made at average rate of tax computed at the rates specified in Division-I Part-I to the First Schedule.

During audit of financial year 2020-21, Audit observed that in eleven (11) field offices of FBR, withholding tax on salary income of one hundred and two (102) taxpayers was not correctly deducted by the withholding agents at the time of making payments. The assessing authorities also did not take remedial action under the law. This resulted in non-realization of withholding tax amounting Rs 1,100.75 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all of the cases amounting to Rs 1,100.75 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of withholding taxes.

[Annexure-19]

#### **4.22 Loss of Rs 965.15 million due to non-realization of withholding tax on dividend**

Section 150 read with Section 161 of the Income Tax Ordinance 2001, provides that every person paying a dividend is required to deduct tax from the gross amount of dividend at the specified rates.

During audit of financial year 2020-21, Audit observed that in three (03) field offices of FBR, withholding agents while making payments of dividend failed to deduct tax in four (04) cases for the Tax Years 2019 & 2020. The department did not take remedial action to collect tax from taxpayers. This resulted in non-realization of tax amounting Rs 965.15 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all the cases amounting to Rs 965.15 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and improve controls for effective monitoring of withholding taxes.

[DP No.20237, 20371, 20429 & 20443-IT]

#### **4.23 Loss of Rs 3,295.60 million due to non-collection of advance tax from prescribed persons**

Sections 236G and 236H of the Income Tax Ordinance 2001, provide for collection of advance tax from every manufacturer, distributor, dealer, wholesaler or commercial importer of electronics, sugar, cement, iron and steel products, motorcycles, pesticides, cigarettes, glass, textile, beverages, paint or foam sector, at the time of sale to retailers, or distributor, shall collect advance tax at prescribed rates, from the aforesaid person to whom such sales have been made.

During audit of financial year 2020-21, Audit observed that in twelve (12) field offices of FBR, one hundred twelve (112) prescribed persons did not collect advance tax from retailers and distributors at the time of sale. The department did not take remedial action to recover the government revenue. This resulted in non-collection of advance tax amounting Rs 3,295.60 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 5.72 million had been charged but recovery was awaited, whereas legal proceedings for an amount of Rs 3,289.88 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to recover the charged amount and complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and improve controls for effective monitoring of advance taxes.

[Annexure-20]

#### **4.24 Loss of Rs 725.11 million due to non-recovery of withholding tax on income from property**

According to Section 155 of the Income Tax Ordinance 2001, every prescribed person while making a payment in full or part, including a payment by way of advance, to any person of rent of immovable property is required to deduct tax from the gross amount of rent paid at the specified rates.

During audit of financial year 2020-21, Audit observed that in fourteen (14) field offices of FBR, one hundred and seventy eight (178) withholding agents did not deduct withholding tax while making payment of rent to owners of property. The department did not take remedial action to recover the government revenue. This resulted in non-recovery of tax amounting Rs 725.11 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 0.31 million had been charged but recovery was awaited, whereas legal proceedings for an amount of Rs 724.80 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to recover the charged amount and complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and improve controls for effective monitoring of withholding taxes.

[Annexure-21]

#### **4.25 Loss of Rs 247.71 million due to non-withholding of tax on brokerage and commission**

Section 233 read with Section 161 of the Income Tax Ordinance 2001, provides that withholding agent is required to deduct tax at prescribed rate while making payment of brokerage or commission. The tax so deducted is to be final tax on the income of such taxpayer.

During audit of financial year 2020-21, Audit observed that in five (05) field offices of FBR, eleven (11) taxpayers either did not deduct tax on brokerage and commission or the tax deducted was lower than the tax due. The department did not take remedial action under the law to recover the revenue loss. This resulted in loss of Rs 247.71 million due to non deduction of withholding tax.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all cases amounting to Rs 247.71 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and improve controls for effective monitoring of withholding taxes.

[Annexure-22]

#### **4.26 Loss of revenue due to less deduction of tax on profit on debt - Rs 56.27 million**

According to Section 151 of Income Tax Ordinance 2001, where a banking company or financial institution pays any profit on a debt, being an account or deposit maintained with the company or institution. The banking company/financial institution shall deduct tax at the rate 15% from the gross amount of the yield or profit paid.

During audit of financial year 2020-21, Audit observed that in six (06) field offices of FBR, forty seven (47) taxpayers did not deduct tax from the gross amount of the yield at the time of payment of profit to the recipient. The lapse resulted in loss of revenue due to less deduction of tax amounting to Rs 56.27 million during tax year 2020.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings in all the cases amounting to Rs 56.27 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of withholding taxes.

[Annexure-23]

#### **4.27 Non withholding of tax on payment of royalty - Rs 102.99 million**

According to sections 152(1) & 153B(1) of Income Tax Ordinance 2001, every person paying an amount of royalty or fee for technical services in full or in part including by way of advance to a resident and non-resident person shall deduct tax from the gross amount payable at the rate specified in First Schedule.

During audit of financial year 2020-21, Audit observed that five (05) taxpayers assessed under the jurisdiction of LTO Islamabad for the tax year 2020, made payment of royalty but did not deduct due amount of tax as required under the law. This resulted in loss of revenue of Rs 102.99 million.

The lapses were reported to the department during March to November 2021. Department replied that legal proceedings for all the cases amounting to Rs 102.99 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of withholding taxes.

[DP No-20314-IT]

#### **4.28 Non-deduction of tax on monetary value of sales promotion items – Rs 10,099.79 million**

Section 156 read with Section 161 of the Income Tax Ordinance, 2001 provides that every person paying prize on a prize bond, or winnings from a raffle, lottery, prize on winning a quiz, prize offered by companies for promotion of sale, or cross-word puzzle shall deduct tax from the gross amount at prescribed rates.

During audit of financial year 2020-21, Audit observed that in three (03) field offices of FBR, withholding agents failed to deduct tax in sixty three (63) cases while making payments on account of promotion of sales / incentives for the tax years 2019 and 2020. This resulted in non-realization of tax amounting Rs 10,099.79 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 0.37 million had been charged but recovery was awaited and legal proceedings in cases involving an amount of Rs 10,099.42 million had been initiated but not finalized yet.

DAC in its meeting held in December 2021 directed the department to recover charged amount, complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and to improve controls for effective monitoring of withholding taxes.

[Annexure-24]

#### **4.29 Issuance of refund without observance to prescribed law - Rs 5,953.20 million**

Section 170 of the Income Tax Ordinance 2001, read with circular No. 05 of 2003 of FBR provides that a taxpayer who has paid tax in excess of the amount which the taxpayer is properly chargeable to, is eligible for the refund subject to the conditions that there must be a valid assessment order for the claim of refund with applicable tax rates, there must be a refund application of refund claimed, there should not be any outstanding tax liability against the taxpayer



and there should not be any adjustment of final tax payment against normal tax liability.

During audit of financial year 2020-21, Audit observed that in sixteen (16) formations and three hundred and ninety nine (399) taxpayers had been paid excess refund without adjustment of outstanding liabilities, credit of tax payments given without verification of challans or final tax was incorrectly adjusted against normal tax demand. The department did not take corrective action to recover the unlawful refund. The irregularities resulted in unlawful grant of refund amounting Rs 5,953.20 million.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 2,438.24 million had been charged and recovered and legal proceedings in cases involving an amount of Rs 5,953.20 million initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-25]

#### **4.30 Unauthorized/irregular issuance of refunds of Rs 140,000 million**

Section 171A of Income Tax Ordinance 2001, provides income tax refunds payable under this Ordinance may also be paid through income tax refund bonds to be issued by FBR Refund Settlement Company Limited (RSCL), in book entry form through an establishment licensed by the Securities and Exchange Commission of Pakistan in lieu of payment to be made through issuance of cheques or bank debit advice.

Audit observed that a supplementary grant of Rs 100,000 million was obtained in financial year 2019-20 and Rs 40,000 million in financial year 2020-21 with the title “IB0799-Encashment of sales tax and income tax refund bonds”. However, it was observed that the above-mentioned bonds were never issued to the taxpayers. Instead of issuing bonds, the outstanding refund liability was discharged through payment of cash during the said financial years which

was violation of above law. Unauthorized refund resulted in following financial implications:

- i) Supplementary grant was not used for the purpose for which it was obtained from the parliament.
- ii) Refunds were paid in cash as normal refunds using a new head of account instead of refunds codes specified/allocated by the AGP under article 170 of the Constitution of Islamic Republic of Pakistan.
- iii) This resulted in excess reporting of tax collection and excess payment of shares to provinces from divisible pool during relevant accounting period causing extra burden on federal exchequer.

The lapse was reported to the department during August to November 2021. Department reported that refund of Rs 100 billion was paid through Technical Supplementary Grant (TSG) in the Financial Year 2019-20 and DR&S reconciled the revenue receipts of the said year with office of AGPR, Islamabad. Refunds of Rs 40 billion had been issued during the financial year 2020-21 through TSG and the DR&S had already signed the reconciliation statement for said year with office of AGPR, Islamabad by not excluding the amount of Rs 40 billion from the overall revenue receipts of FBR.

Audit contends the management reply on the grounds that the refund has to be paid out of gross tax collection for the year under relevant law instead of supplementary grant obtained specially for the purpose of issuance of refund. This resulted in excess reporting of tax collection and less payment of shares to provinces from divisible pool during. Moreover, the purpose of issuing of refund bonds was defeated causing immediate burden on federal exchequer.

The DAC in its meeting held on 13.12.2021 observed that a substantial amount was granted to the FBR for establishment of Refund Settlement Company but no progress in this regard was made by the FBR till the financial year 2020-21. The representative of Finance Division also endorsed the viewpoint of Audit that neither Refund Settlement Company was formed nor refunds were issued through bonds. DAC further observed that this was operational and policy level issue and it was agreed that matter may be taken up with concerned wings of FBR through Member Accounting FBR Islamabad.

Audit recommends that the above position may be clarified under intimation to Audit as Refund Settlement Company Limited could not be

established which resulted in non-issuance of refund through bonds. This also led to excess reporting of tax collection, less payment of share to smaller provinces from divisible pool and adversely affected the liquidity of federal exchequer. This discrepancy may be regularized by getting authorization from the Ministry of Finance and this practice may be discouraged in future.

[DP No.20904 Financial Attest]

#### **4.31 Non-realization of Workers' Welfare Fund – Rs 2,999.83 million**

Under Section 4 of the Workers' Welfare Fund Ordinance 1971, every industrial establishment, whose total annual income exceeded rupees five hundred thousand, is required to pay Workers' Welfare Fund at the rate of two percent (2%) of its total income.

During audit of financial year 2020-21, Audit observed that nine hundred and forty (940) taxpayers in eighteen (18) field offices of FBR did not pay WWF at the time of filing of income tax returns. The department was required to initiate legal proceedings to recover the same. However, it failed to take action against the taxpayers that resulted in non-collection of WWF amounting to Rs 2,999.83 million, in the instant cases.

The lapses were reported to the department during March to November 2021. Department replied that an amount of Rs 17.13 million had been charged and recovered, recovery in cases of Rs 81.35 million was awaited and legal proceedings for an amount of Rs 2,918.48 million had been initiated but not finalized by the department yet.

DAC in its meeting held in December 2021 directed the department to recover the charged amount, complete the legal proceedings and report compliance by 15<sup>th</sup> January 2022. No further progress was reported till finalization of this report.

Audit recommends early recovery of the charged amount, expeditious finalization of assessment proceedings and to improve controls for effective monitoring of self assessed income.

[Annexure-26]

## **CHAPTER-5 SALES TAX**

### **5.1 Less realization of sales tax due to non-apportionment of input tax - Rs 4,570.35 million**

According to Section 8(2) of the Sales Tax Act 1990, if a registered person deals in taxable and non-taxable supplies, he can reclaim only such proportion of input tax as is attributable to taxable supplies. Adjustment of input tax paid on raw materials relating to exempt supplies shall not be admissible. Further, Section 8(1)(m) read with 73(4) of the Act provides that a registered person shall not be entitled to deduct input tax which is attributable to taxable supplies to unregistered persons in excess of prescribed limit.

During audit of financial year 2020-21, Audit observed that seventy seven (77) registered persons under the jurisdiction of fourteen (14) field offices of FBR either made taxable as well as exempt supplies or made sales to unregistered persons in excess of the prescribed threshold. The registered persons were required to apportion the input tax between taxable and exempt supplies and against sales made to unregistered persons beyond threshold but entire amount of input tax was adjusted by them without apportionment of input tax. The tax authorities did not initiate legal proceedings to recover the due tax. This resulted in inadmissible adjustment of input tax amounting to Rs 4,570.35 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 1,383.18 million were under adjudication, legal proceedings initiated in cases of Rs 2,174.29 million and no progress was reported in cases of Rs 1,012.88 million.

DAC in its meeting held in December 2021 directed the department to expedite the adjudication and legal proceedings. The DAC showed serious concern in non-responded cases and directed to submit updated status of the para to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that adjudication and legal proceedings may be expedited besides strengthening of internal controls to avoid recurrence of such irregularities in future.

[Annexure-27]

## **5.2 In-admissible adjustment of input tax against invoices issued by blacklisted/non-active taxpayers - Rs 2,609.60 million**

According to Section 21 of the Sales Tax Act 1990, in cases where the Commissioner is satisfied that a registered person is found to have issued fake invoices or has otherwise committed tax fraud, he may blacklist such person or suspend his registration. Further, during the period of suspension of registration, the invoices issued by such person shall not be entertained for the purposes of sales tax refund or input tax credit, and once such person is black listed, the refund or input tax credit claimed against the invoices issued by him, whether prior or after such black listing, shall be rejected through a self-speaking appealable order and after affording an opportunity of being heard to such person.

During audit of financial year 2020-21, Audit observed that three hundred and ninety eight (398) registered persons under the jurisdiction of nine (09) field offices of FBR had claimed input tax adjustment against the invoices issued by the blacklisted / suspended or non active taxpayers which was not admissible. This resulted in inadmissible adjustment of input tax of Rs 2,609.60 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 84.78 million were under adjudication and no reply was furnished by the department in cases of Rs 2,524.82 million.

DAC in its meetings held in February 2020 and December 2021 directed the department to expedite adjudication and showed serious concern in non-responded cases and directed to submit updated status of the para to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends early adjudication of cases and submission of updated reply in non-responded cases. Furthermore, to address the systemic recurrence of the issue Audit recommends that FBR should strengthen its IT based controls for identification of such instances.

[Annexure-28]

## **5.3 Inadmissible adjustment of input tax on goods / services not related to taxable supplies - Rs 2,248.50 million**

According to Section 8(1) of the Sales Tax Act 1990, input tax adjustment is not admissible on goods or services not used in taxable supplies including goods used in or permanently attached to immovable property such as

building and construction materials, vehicles and their parts, electrical and gas appliances, furniture, furnishings, office equipment, entertainment, goods for personal use, fake and flying invoices etc.

During audit of financial year 2020-21, Audit observed that one hundred and ninety eight (198) registered persons under the jurisdiction of eighteen (18) field offices of FBR had adjusted input tax against output tax on items which was not allowed as per above law. The department did not initiate legal proceedings to recover the due amount of tax. This inadmissible adjustment of input tax resulted in less realization of sales tax of Rs 2,248.50 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 191.26 million were under recovery, Rs 372.42 million under adjudication, legal proceedings initiated in cases of Rs 430.65 million and no reply was furnished by the department for Rs 1,254.17 million.

DAC in its meeting held in December 2021 directed the department to expedite the recovery, adjudication and legal proceedings. The DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that recovery / adjudication / legal proceedings need to be expedited and furnish reply in non-responded cases. Audit also recommends that internal controls may be strengthened to avoid recurrence of such irregularities in future.

[Annexure-29]

#### **5.4 Loss of government revenue due to less collection of sales tax from CNG Sector - Rs 1,317.45 million**

According to Section 2 (46) of Sales Tax Act 1990, where the Board deems it necessary it may, by notification in the official Gazette, fix the value of any imported goods or taxable supplies or class of supplies and for that purpose fix different values for different classes or description of same type of imported goods or supplies, provided further that where the value at which import or supply is made at higher than the value fixed by the Board, the value of goods shall, unless otherwise directed by the Board, be the value at which the import or

supply is made. Further, as per SRO 690(I)/2019 dated 29.06.2019, FBR notified the value of supply of CNG at Rs 74.04 per kg.

During audit of financial year 2020-21, Audit observed that in cases of three hundred and twelve (312) CNG stations in RTO Peshawar, Sui Northern Gas Pipelines Limited was charging sales tax at the value of Rs 74.04/Kg of CNG, whereas actual sale rate of CNG was Rs 118.72/Kg (excluding sales tax). Meaning thereby that, CNG stations were charging excess amount of Rs 44.68/Kg on sales of CNG to consumers having additional sales tax impact of Rs 7.60/kg. The RTO failed to take up the matter with FBR for correction in SRO 690(I)/2019 and also did not make any effort to recover the government dues from CNG stations. This resulted in less collection of sales tax amounting to Rs 1,317.45 million.

The lapse was reported to the department during August to November 2021. Department informed that show cause notices had been issued in these cases, however, the appeal in respect of less payment of sales tax by CNG sector was accepted by the ATIR in a similar case vide order No.STA No.07/PB/2017 dated 14.07.2021.

DAC in its meeting held in December 2021 directed the RTO to take up the matter with FBR in accordance with Section 2(46) of the Sales Tax Act 1990, expedite the adjudication and submit updated status of the cases to Audit & FBR within 30 days. No further progress was reported till finalization of the report.

Audit recommends that the matter may be taken up with FBR for amendment in the law, expedite the adjudication proceedings and submit updated status of the cases. Further, Audit recommends that the department may file an appeal against the aforementioned order of ATIR.

[DP No.20614, 20376-ST]

#### **5.5 Loss of revenue due to non collection of sales tax on taxable goods and services - Rs 1,170.87 million**

According to Section 3(1)(a) & (2)(aa) of the Sales Tax Act 1990, there shall be charged, levied and paid sales tax at the prescribed rates of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. Section 3 of Islamabad Capital Territory (Tax on Services) Ordinance 2001, provides that sales tax on specified services

rendered or provided in the Islamabad Capital Territory shall be charged, levied and paid at prescribed rates. Moreover, as per Tenth Schedule to the Act, the sales tax on bricks shall be paid on fixed basis in monthly return at specified rates for different regions or areas.

During audit of financial year 2020-21, Audit observed that seven hundred and twenty five (725) registered persons under the jurisdiction of twelve (12) field offices of FBR had supplied taxable goods such as plant & machinery, scrap, wheat bran, bricks, crushed stones etc. as declared in their income tax returns / audited accounts / sales tax refund record but sales tax was neither paid by the registered persons nor realized by the department. This resulted in loss of sales tax amounting to Rs 1,170.87 million along with applicable penalty and default surcharge.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 15.66 million were under recovery, Rs 851.54 million under adjudication, legal proceedings initiated in cases of Rs 17.20 million and no reply was given by the department of Rs 286.47 million.

DAC in its meeting held in December 2021 directed the department to expedite recovery, adjudication and legal proceedings. The DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that recovery efforts, adjudication / legal proceedings may be expedited and updated status may be submitted besides strengthening internal controls.

[Annexure-30]

## **5.6 Excess adjustment of input tax - Rs 655.59 million**

According to Section 8B of the Sales Tax Act 1990, a registered person shall not be allowed to adjust input tax in excess of ninety percent of the output tax for the tax period for which the return was filed.

During audit of financial year 2020-21, Audit observed that eighteen (18) registered persons under the jurisdiction of nine (09) field offices of FBR had adjusted whole amount of input tax against output tax instead of ninety percent, resulting in excess adjustment of input tax of Rs 655.59 million.



The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 8.66 million were under adjudication, legal proceedings initiated in cases of Rs 6.85 million and Rs 0.18 million was subjudice. However, no reply was furnished by the department of Rs 639.90 million.

DAC in its meeting held in December 2021 directed the department to expedite the adjudication / legal proceedings and pursue the subjudice cases. The DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that adjudication / legal proceedings may be expedited, pursue subjudice cases and updated status may be submitted besides strengthening internal controls.

[Annexure-31]

#### **5.7 Non-realization of further tax - Rs 406.23 million**

According to Section 3(1A) of the Sales Tax Act 1990, in case of supply of taxable goods made to unregistered persons, further tax at the specified rate shall be charged on the value in addition to the rate specified in Section 3 of the Act.

During audit of financial year 2020-21, Audit observed that forty four (44) registered persons under the jurisdiction of fourteen (14) field offices of FBR made taxable supplies to unregistered persons but further tax was not realized under the law. The tax authorities did not initiate legal proceedings to recover the tax due. This resulted in non-realization of tax of Rs 406.23 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 1.86 million were under recovery, Rs 253.86 million under adjudication, legal proceedings initiated in cases of Rs 7.13 million and no reply was furnished by the department of Rs 143.38 million.

DAC in its meeting held in December 2021 directed the department to expedite recovery, adjudication and legal proceedings. DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that recovery / adjudication / legal proceedings needs to be expedited and furnish updated reply in non-responded cases. Audit also recommends that internal controls may be strengthened to avoid recurrence of such irregularities in future.

[Annexure-32]

#### **5.8 Evasion of sales tax due to suppression of sales against un-declared purchases/stocks - Rs 398.57 million**

According to Section 3 of the Sales Tax Act 1990, there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. Further Section 26 of the Act ibid provides that any person making taxable supplies shall furnish true and correct information about his taxable activity while filing his sales tax return.

During audit of financial year 2020-21, Audit observed that four (04) registered persons under the jurisdiction of two (02) field offices of FBR had either failed to declare the purchases of raw material as declared by respective suppliers or purchases were not accounted for in stock statements. This resulted in suppression of sales against undeclared purchases/stocks having loss of government revenue of Rs 398.57 million. The department did not initiate any legal action to assess the government dues.

The lapses were reported to the department during August to November 2021. Department replied that legal action had been initiated in cases of Rs 81.30 million and no reply was furnished by the department for Rs 317.27 million.

DAC in its meeting held in December 2021 directed the department to expedite the legal proceedings. DAC showed serious concern in non responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends early finalization of legal proceedings and submission of updated reply in non responded cases, besides strengthening internal controls to avoid recurrence of such irregularities in future.

[DP No.20505, 20508 & 20737-ST]

## **5.9 Evasion of sales tax due to under valuation of taxable goods - Rs 376.87 million**

According to section 3 of Sales Tax Act 1990, there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. As per section 2(46)(e) *ibid*, value of supply means, in case where there is sufficient reason to believe that the value of a supply has not been correctly declared in the invoice, the value determined by the Valuation Committee comprising representatives of trade and the Inland Revenue constituted by the Commissioner. Provided further that where the value at which import or supply is made is higher than the value fixed by the Board, the value of goods shall, unless otherwise directed by the Board, be the value at which the import or supply is made

During audit of financial year 2020-21, Audit observed that ten (10) registered persons under the jurisdiction of five (05) field offices of FBR had supplied goods i.e. white crystalline sugar, ghee and cooking oil, textile goods, steel products and ceramic tiles and paid sales tax at lesser value than the value on which goods were sold in open market or notified by Pakistan Bureau of Statistics. The department did not initiate legal proceedings to assess the government revenue. This resulted in evasion of sales tax due to under valuation of goods amounting to Rs 376.87 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 352.53 million were under adjudication and no reply was furnished by the department for Rs 24.34 million.

DAC in its meeting held in December 2021 directed the department to expedite the adjudication proceedings. The DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that adjudication proceedings need to be finalized and updated reply in non-responded cases may be furnished. Further, Audit recommends that internal controls may be strengthened to avoid recurrence of such irregularities in future.

[Annexure-33]

#### **5.10 Payment of sales tax liability less than declared in the annual audited accounts - Rs 96.98 million**

According to Section 11A of the Sales Tax Act 1990, where a registered person pays the amount of tax less than the due as indicated in his return, the less paid amount of tax along with default surcharge shall be recovered from such person by stopping / removal of any goods from his business premises and through attachment of his business bank accounts, without giving him a show cause notice.

During audit of financial year 2020-21, Audit observed that twenty two (22) registered persons under the jurisdiction of CTO Islamabad did not pay their sales tax liability as declared in annual financial statements. The tax authorities did not take action to recover the amount from the taxpayers despite the fact that the both set of data i.e. sales tax returns and financial statements were available with the department. The lapse resulted in less payment of sales tax liability of Rs 96.98 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 94.35 million were under adjudication and no reply was furnished by the department for Rs 2.63 million.

DAC in its meeting held in December 2021 directed the department to expedite recovery and adjudication proceedings. The DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends expeditious recovery / adjudication proceedings, besides strengthening internal controls.

[DP No.20777, 20804 & 20820-ST]

#### **5.11 Non-realization of minimum tax (Sales Tax) - Rs 66.99 million**

According to Rule 157 of Chapter-XVII of Sales Tax Rules 2006 inserted vide SRO 918 (1)/2019 dated 07.08.2019, where a registered person fails to file a return by the due date, an officer not below the rank of Assistant Commissioner, shall issue a notice to the registered person to file return within fifteen days failing which his minimum liability would be determined. Rule 158 (1) of the Rules provides that the minimum tax liability of the registered person for a tax

period shall not be less than the highest amount of tax paid by the registered person in any of the tax periods during the previous twelve months.

During audit of financial year 2020-21, Audit observed that seven (07) taxpayers registered with four (04) field office of FBR did not file sales tax returns for certain tax periods falling during the period August 2018 to June 2021. The sales tax authorities were required to determine minimum tax liability but no efforts were made to recover it. The lapse resulted in non-realization of minimum tax liability of Rs 66.99 million.

The lapses were reported to the department during May to November 2021. Department replied that cases of Rs 8.22 million were under adjudication whereas reply was not submitted for Rs 58.77 million.

DAC in its meeting held in December 2021 directed the department to expedite adjudication, showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends expediting adjudication proceedings and furnish updated status in non-responded cases, besides strengthening internal controls.

[DP No.6868, 6900, 6911 & 6917-ST/K]

#### **5.12 Discrepancies among figures of sales / stocks in income tax and sales tax returns resulting in less realization of sales tax - Rs 15,137.10 million**

According to Section 3 of the Sales Tax Act 1990 and ICT Ordinance, 2001, there shall be charged, levied and paid sales tax at the prescribed rate of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. Moreover, as per Section 26 of Act, every registered person is required to furnish not later than the due date a true and correct return in the prescribed form. In case of non-compliance, penalty and default surcharge is also recoverable under Sections 33 and 34 of the Act *ibid*.

During audit of financial year 2020-21, a comparison of returns of Sales Tax and Income Tax of ninety one (91) registered persons under the jurisdiction of fifteen (15) field offices of FBR, revealed that either they had shown greater sales in Income Tax returns than those reflected in their sales tax returns or

declared excess closing stock in sales tax returns and less in income tax returns. Thus they suppressed their sales resulting in less realization of sales tax amounting to Rs 15,137.10 million which also attracted default surcharge and penalty.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 10,949.27 million were under recovery, Rs 3,706.83 million under adjudication, Rs 6.04 million subjudice and legal proceedings initiated in cases of Rs 166.12 million. No reply was furnished by the department in cases of Rs 308.84 million.

DAC in its meeting held in December 2021 directed the department to expedite recovery / adjudication / legal proceedings and pursue the subjudice case vigorously. DAC showed serious concern in non-responded cases and directed the department to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that recovery / adjudication / legal proceedings need to be expedited, pursuance of the subjudice cases and reply in non-responded cases be furnished. Further, internal controls need to be strengthened to avoid recurrence of such irregularities in future.

[Annexure-34]

### **5.13 Non-recovery of adjudged dues / arrears - Rs 32,992.95 million**

According to Section 48 of the Sales Tax Act 1990, sales tax due from any person shall be recovered by sales tax officers in accordance with the prescribed procedure.

During audit of financial year 2020-21, Audit observed that in two hundred and twenty one (221) cases, eight (08) field offices of FBR did not take prescribed measures for recovery of adjudged government dues of Rs 32,992.95 million during the financial year 2020-21.

The lapses were reported to the department during August to November 2021. Department replied that cases of Rs 14,002.10 million were under recovery, Rs 13,351.66 million under adjudication, Rs 476.25 million subjudice and no reply was furnished by the department for Rs 5,162.94 million.

DAC in its meetings held in December 2021 directed the department to expedite recovery / adjudication proceedings and pursue the subjudice cases.

DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends that efforts be made to recover government revenue, expedite adjudication, pursue subjudice cases and furnish reply in non-responded cases besides fixing responsibility.

[Annexure-35]

#### **5.14 Non imposition of penalty and default surcharge - Rs 333.44 million**

According to Section 33 read with Section 34(1) (a) of the Sales Tax Act 1990, where any person fails to furnish a return within the due date, such person shall pay a penalty of ten thousand rupees. Further any person who knowingly or fraudulently makes false statement, false declaration, false representation, false personification, gives any false information or issues or uses a document which is forged or false, such person shall pay a penalty of twenty five thousand rupees or one hundred *per cent* of the amount of tax involved, whichever is higher. Registered person who does not pay tax due or any part thereof, whether willfully or otherwise, in time or in the manner specified shall in addition to tax due, pay default surcharge at the prescribed rate.

During audit of financial year 2020-21, Audit observed that fifteen (15) field offices of FBR did not recover penalty and default surcharge from three thousand three hundred and twenty two (3322) taxpayers who either not/late submitted sales tax returns or deposited sales tax after due date. A taxpayer fraudulently claimed input tax adjustment on same invoices in two tax periods. Tax Authorities did not initiate legal action for imposition of penalty and default surcharge of Rs 333.44 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 0.84 million were under recovery, Rs 122.27 million under adjudication, Rs 4.90 million subjudice and legal proceedings had been initiated in cases of Rs 0.52 million. No reply was furnished by the department in cases of Rs 204.91 million.

DAC in its meetings held in December 2021 directed the department to expedite recovery / adjudication / legal proceedings and pursue the subjudice case. DAC showed serious concern in non-responded cases and directed to

submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends expeditious recovery of government revenue, finalize adjudication / legal proceedings, pursue the subjudice cases and furnish reply in non-responded cases.

[Annexure-36]

#### **5.15 Evasion of sales tax due to concealment of production - Rs 102.95 million**

According to Section 3(1)(a) of the Sales Tax Act 1990, there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. According to Section-33(11)(c) of the Act, any person who knowingly or fraudulently makes false statement, false declaration, false representation, false personification, gives any false information or issues or uses a document which is forged or false. Such person shall pay a penalty of twenty five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher.

During audit of financial year 2020-21, Audit observed in RTO, Faisalabad that during the processing of sales tax refund cases, the taxpayer gave affidavit before the Assistant Commissioner (IR) that the refund claimant agreed to pay tax by considering his sales as six times of his coal consumption. The refund sanctioning authority sanctioned the refunds after deducting the liability of sales tax by taking sales to be six times of coal consumption for the period 2018-19. Audit contended that tax authorities recovered the sales tax liability for the period 2018-19 but failed to assess and recover the liability of sales tax for the financial years 2019-20 and 2020-21 on the same analogy. The lapse resulted in evasion of sales tax amounting to Rs 102.95 million.

The lapse was reported to the department during August to November 2021. RTO replied that show cause notice had been issued and the amount was under adjudication.

DAC in its meeting held in December 2021 directed the RTO to expedite adjudication and get the position verified from Audit within 30 days.



Audit recommends expediting the adjudication proceedings besides strengthening internal controls.

[DP No.20563-ST]

#### **5.16 Inadmissible exemption of sales tax - Rs 186.07 million**

According to Section 13 read with Sixth Schedule of the Sales Tax Act 1990, goods specified in the Sixth Schedule of the Act, subject to such conditions as may be specified by the Federal Government, shall be exempt from tax. Further, as per Section 3(1)(a) there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him.

During audit of financial year 2020-21, Audit observed that eleven (11) taxpayers registered with four (04) field offices of FBR had supplied goods and claimed exemption of sales tax, whereas, the goods including baby garments, toilet papers, tea, ghee & cooking oil, etc. were not exempt under Sixth Schedule of the Act. The tax authorities did not initiate legal proceedings to recover the government revenue. The lapse resulted in inadmissible exemption of sales tax amounting to Rs 186.07 million.

The lapses were reported to the department during March to November 2021. Department replied that cases of Rs 102.53 million were under adjudication. In cases of Rs 16.16 million, the jurisdiction of the registered person was transferred from RTO Rawalpindi to CTO Islamabad. No reply was furnished by the department in cases of Rs 67.38 million.

DAC in its meetings held in December 2021 directed the department to expedite adjudication and legal proceedings. DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends early finalization of adjudication / legal proceedings and submission of updated status of non responded cases. Audit further recommends to improve controls for effective monitoring of exemptions of sales tax through FBR's automated systems.

[Annexure-37]

### **5.17 Non-withholding of sales tax - Rs 95.44 million**

According to Section 3 (7) read with S.No.4 of Eleventh Schedule of the Sales Tax Act 1990, the tax shall be withheld at prescribed rates by any person or class of persons being (purchaser of goods or services) as withholding agent for the purpose of depositing the same. Companies as defined in the Company's Ordinance, 2001 will be responsible for withholding sales tax @5% on purchases from persons other than the active taxpayer and in cases of advertisement services the registered persons are required to withhold whole of the sales tax applicable.

During audit of financial year 2020-21, Audit observed that one hundred and forty (140) taxpayers registered with five (05) field offices of FBR but did not withhold sales tax on payment of goods purchased from unregistered persons or on account of advertisement services. The tax authorities did not initiate legal proceedings to recover the tax due which resulted in loss of Rs 95.44 million.

The lapses were reported to the department during May to November 2021. Department replied that cases of Rs 1.82 million were under adjudication. RTO Sialkot informed that cases of Rs 35.07 million were taken up with the Board and the Board had constituted a committee involving officers of FBR and Sialkot Chamber of Commerce & Industries to resolve the issue of exporters in respect of non-realization of withholding sales tax. CTO Islamabad informed that in cases of Rs 0.43 million, jurisdiction of registered persons had been transferred to LTO Islamabad. No reply was furnished by the department in cases of Rs 58.12 million.

DAC in its meeting held in December 2021 directed the department to expedite the adjudication / legal proceedings. DAC further directed the RTO Sialkot to submit a detailed report, resolve the issue and submit compliance report to Audit & FBR within 30 days. DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends early adjudication / legal proceedings, furnishing of detailed report regarding issue of non realization of withholding sales tax from exporters and submission of updated status in non responded cases. Further, controls may be improved for effective monitoring of withholding taxes through FBR's automated systems.

[Annexure-38]

### **5.18 Non-realization of 4/5<sup>th</sup> amount of sales tax – Rs 17.49 million**

According to Section 3(1)(a)(7) read with 11<sup>th</sup> Schedule of the Sales Tax Act 1990 there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen percent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. The tax shall be withheld at the rate as specified in the Eleventh Schedule, by any person or class of persons being purchaser of goods or services as withholding agent for the purpose of depositing the same, in such manner and subject to such conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette.

During audit of financial year 2020-21, Audit observed that the DDOs being withholding agents of Regional Tax Office, Rawalpindi in nine (09) cases deducted 1/5<sup>th</sup> amount of sales tax but the registered persons failed to pay the remaining 4/5<sup>th</sup> amount of sales tax. The tax authorities did not initiate legal action to recover the remaining sales tax. The omission resulted in non-realization of 4/5<sup>th</sup> sales tax amounting to Rs 17.49 million.

The lapses were reported to the department during March to November 2021. RTO informed that an amount of Rs 5.42 million pertains to CTO, Islamabad and Rs 11.04 million pertains to LTO Islamabad, Rs 0.73 million was vacated but under re-examination by the RTO and balance amount of Rs 0.30 million was under process/examination.

DAC in its meeting held in December 2021 directed the department to submit updated status and finalize the legal proceedings of the remaining cases within 15 days under intimation to Audit & FBR.

Audit recommends to finalize the legal proceedings and updated status be furnished.

[DP No.20286-ST]

### **5.19 Payment of refund in excess of input tax actually consumed in supplies of zero rated goods - Rs 856.69 million**

According section 10(1) of the Sales Tax Act 1990 read with Rule-33 of the Sales Tax Rules 2006, refund to the registered claimant shall be paid to the extent of input tax paid on purchases or imports that are actually consumed in the manufacturing of goods exported or supplied at the rate of zero percent.

During audit of financial year 2020-21, Audit observed that four (04) field offices of FBR sanctioned excess refund in forty three (43) cases to taxpayers in excess of input tax actually consumed in zero rated/exported goods. This resulted in excess sanction and payment of sales tax refund of Rs 856.69 million.

The lapses were reported to the department during August to November 2021. Department replied that cases of Rs 13.61 million were under adjudication, legal action had been initiated for Rs 837.23 million and no reply was furnished by the department for Rs 5.85 million.

DAC in its meeting held in December 2021 directed the department to expedite adjudication and legal proceedings. The DAC showed serious concern in non-responded cases and directed to submit updated status to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends early finalization of adjudication / legal proceedings of the amount involved and to furnish updated status of the non-responded cases besides improvement of controls for effective monitoring of refund of sales tax through FBR's automated systems.

[Annexure-39]

## **5.20 Inadmissible payment of sales tax refund - Rs 67.86 million**

Sections 8, 10 & 73 of the Sales Tax Act 1990 read with Rule 36 of Sales Tax Rules, 2006 provide the procedure to be adopted for payment of sales tax refund.

During audit of financial year 2020-21, Audit observed that in two (02) field offices of FBR, one hundred sixty two (162) taxpayers claimed refund of sales tax of Rs 67.86 million which was sanctioned either without verification of proof of payment through banking channel or claimed input tax where input tax credit was not allowed under the law during financial year 2020-21.

The lapses were reported to the department during August to November 2021. Department replied that cases of Rs 0.77 million were under adjudication and legal action had been initiated in cases of Rs 67.09 million.

DAC in its meeting held in December 2021 directed the department to expedite adjudication and legal proceedings under intimation to Audit and FBR. No further progress was reported till finalization of the report.

Audit recommends early finalization of adjudication / legal proceedings of the amount involved besides improvement of controls for effective monitoring of refund of sales tax through FBR's automated systems.

[DP No.20584, 20587, 20882 & 20895-ST]

### **5.21 Non-conducting of post audit of refunds**

According to Rule 36(1) of the Sales Tax Refund Rules 2006, issued vide SRO 555(1) 2006 dated 05.06.2006, after disposing of the refund claim, the officer-in-charge shall forward the relevant file to the Post Refund Audit Division for post refund audit, which shall, inter alia, include verification of input tax payment by respective suppliers and compliance of section 73 of the Sales Tax Act 1990.

During audit of financial year 2020-21, Audit observed that Regional Tax Office, Sialkot sanctioned sales tax refund of Rs 465.75 million in one hundred and twenty one (121) cases during the financial year 2020-21. However, post refund audit (PRA) was not conducted to verify compliance of Section 73 of Sales Tax Act 1990 and input tax consumed. In absence of PRA, assurance regarding authenticity of refund could not be provided.

The lapses were reported to the department during August to November 2021. RTO Sialkot contested the para on the plea that the post refund audit in the subject cases could not be conducted as after 30<sup>th</sup> June 2014, the post refund audit was to be carried out on the basis of risk based selection through computerized post refund scrutiny or selected by the Commissioner IR on the basis of some information, pre-determined criteria or otherwise. However, these cases do not fall in the above two categories.

The Audit pointed out that during examination of record of refund claimants in the subject para, some serious discrepancies had been observed which need to be investigated through post refund audit. DAC in its meeting held in December 2021 directed the RTO to initiate post refund audit in the subject 121 cases under the 2<sup>nd</sup> proviso of Rule 36 of the Sales Tax Refund Rule 2006 and submit a detailed report of post refund audit in this regard to Audit & FBR within 60 days.

Audit recommends early completion of post refund audit in the cases pointed out by Audit and improve the system and share the audit reports with Audit for effective feedback.

[DP No.20847-ST]

## **CHAPTER-6 FEDERAL EXCISE DUTY**

### **6.1 Non recovery of federal excise duty - Rs 1,204.37 million**

According to Section 14 read with 14 A of the Federal Excise Act 2005, where a registered person pays the amount of duty less than the duty due as indicated in his return, the less paid amount of duty along with default surcharge shall be recovered from such person by stopping / removal of any goods from his business premises and through attachment of his business bank accounts without prejudice to any other action under this Act.

During audit of financial year 2020-21, M/s Airblue Limited under the jurisdiction of LTO Islamabad declared payable sales tax and federal excise duty of Rs 1,523.87 million in its audited accounts (31.12.2019). The examination of sales tax returns filed dated 18<sup>th</sup> Feb 2020 for the relevant tax period of 12/2019 revealed that FED of Rs 319.50 million was paid by the registered person leaving an unpaid FED amount of Rs 1,204.37 million which was required to be recovered along with default surcharge and penalty.

The lapse was pointed out to the department during August to November 2021. The LTO contested para on the ground that amount/figure of payable Sales Tax and FED were taken from audited accounts for the year ended December 2019 and this amount was paid by the registered person. Furthermore, the registered person had filed his monthly Sales Tax Return on special procedure/Rules of FED after two months, hence, this amount could have not been considered as recoverable from the Audited Accounts.

Audit contended that the registered person had not discharged its liability in the returns of next two months. Audit desired the reconciliation / proof of payments of this amount.

DAC in its meeting held in December 2021 directed the LTO to provide the reconciliation / proof of payments to Audit and get the position verified from Audit within 30 days. Further progress was not reported till finalization of the report.

Audit recommends to provide the reconciliation / proof of payments besides strengthening of internal controls to prevent such recurrences.

[DP No.20524-FED]

## **6.2 Inadmissible adjustment of federal excise duty - Rs 879.79 million**

According to section 6 (1) of the Federal Excise Act 2005, for the purpose of determining net liability of duty in respect of any goods, the duty already paid on goods specified in the First Schedule and used directly as input goods for the manufacture or production of such goods shall be deducted from the amount of duty calculated on such goods. Adjustment of excise duty under sub-section (1) shall be admissible only if a person registered under this Act holds a valid proof to the effect that he has paid the price of goods purchased by him including the amount of duty and received the price of goods sold by him including the amount of duty through banking channels including online payment whether through credit card or otherwise.

During audit of financial year 2020-21, M/s Sukkur Beverages (Private) Limited registered with LTO, Karachi adjusted FED paid on goods used in manufacturing activities. As per sales tax returns FED charged by suppliers and FED paid on import stage were zero/nil. In this scenario, it appeared that the registered person did not pay any FED. Thus, the taxpayer adjusted inadmissible federal excise duty and understated his liability. Due to this, government sustained a loss of Rs 879.79 million.

The observations were reported to the department during May 2021 to November 2021. Department replied that the case was under process.

DAC in its meeting held in December 2021 directed the department to expedite the proceedings under intimation to Audit and FBR by 15.01.2022.

Audit recommends prompt action for resolution of the case as per law and fix responsibility for inordinate delay/lapse. Internal controls are required to be strengthened in order to avoid recurrence of such irregularities in future.

[DP No.6859-FED/K]

## **6.3 Less realization of federal excise duty - Rs 577.38 million**

According to section 3 read with first schedule Table-I of the Federal Excise Act, 2005, there shall be levied and collected federal excise duty on the supply of excisable goods at specified rates.

During audit of financial year 2020-21, Audit observed that six (06) taxpayers registered with two (02) field offices of FBR, made supplies of gas, cement and steel products but either did not pay or paid less FED leviable under

the law. The department did not take any action to recover the government dues. This resulted in less realization of federal excise duty of Rs 577.38 million.

The lapses were reported to the department during August to November 2021. RTO informed that legal action had been initiated in cases of Rs 87.91 million and no reply was furnished in cases of Rs 489.47 million.

DAC in its meetings held in December 2021 directed the department to finalize legal proceedings and submit updated status of non responded cases. No further progress was reported till finalization of the report.

Audit recommends early finalization of legal proceedings and submission of updated status of non responded cases besides improvement of controls for effective monitoring of collection of FED.

[DP No.20738, 20741-FED & No.6857, 6858-FED/K]

#### **6.4 Non-realization of the federal excise duty on royalty, technical / management services fee and franchise fee - Rs 136.72 million**

According to Sections 3 (1)(d) of the Federal Excise Act 2005 read with Rules 43A (2), 44, 47 of the Federal Excise Rules, 2005 and Federal Excise General Order No.5/2006, the duty shall be paid by the franchisee on the value of excisable services, or as the case may be, the head office of the franchisee at the prescribed rate of the value of taxable services, which shall be the gross amount or the franchise fee or the deemed franchise fee or technical fee or royalty charged by the franchiser from the franchisee for using the right to deal with the goods or services of the franchiser.

During audit of financial year 2020-21, Audit observed that nine (09) registered persons under the jurisdiction of CTO Islamabad had paid royalty, technical/management services fee and franchise fee to their associated companies during Tax Years 2018-2020 but did not pay the federal excise duty leviable thereon. This resulted in non-realization of federal excise duty of Rs 136.72 million which also attracted levy of default surcharge and penalty.

The lapses were reported to the department during August to November 2021. Department replied that cases of Rs 63.63 million were under recovery and Rs 73.09 million under adjudication.



DAC in its meeting held in December 2021 directed the department to expedite recovery / adjudication proceedings and submit compliance report to Audit & FBR within 30 days.

Audit recommends expeditious recovery / adjudication proceedings of the government revenue involved besides strengthening of internal controls to prevent future recurrences.

[DP No.20780, 20812, 20813 & 20827-ST]

#### **6.5 Non-assessment of federal excise duty on concealment of production of sugar - Rs 96.87 million**

According to Section 14 of the Federal Excise Act 2005 and Section 11(2) of the Sales Tax Act 1990, where a person has not paid the tax due on supplies made by him or has made less payment or has claimed input tax credit or refund which is not admissible, an officer of Inland Revenue shall after a notice to show cause to such person, make an order for assessment of tax actually payable by that person or determine the amount of tax credit or tax refund which he has unlawfully claimed and shall impose a penalty and charge default surcharge.

During audit of financial year 2020-21, Audit observed that an assessment order was passed by RTO Faisalabad under section 122(4) of the Income Tax Ordinance 2001 (order to amend amended assessment) in respect of M/s Kamalia Sugar Mills Limited for the tax year 2015. Assessing authority established that the taxpayer had concealed its production of 352,963 sugar bags valuing Rs 968.69 million and the addition in income of the taxpayer was ordered. Audit was of the view that the assessing authority, in integrated regime, was also required to see the aspect of FED/Sales Tax liability on such concealment of production and was required to create and recover the demand under the relevant law but this aspect was ignored. The lapse resulted in non-assessment / recovery of federal excise duty of Rs 96.87 million.

The department replied that income tax assessment proceedings were finalized as per law on 30.06.2021. The sales tax proceedings could only be initiated within five years from the relevant date under the Sales Tax Act 1990. The tax year 2015 was barred by the time on 30.06.2020. Being barred by time, recovery measures could not be initiated.

Audit contended that observation was raised on the assessment order passed on 30.06.2021 which was produced to Audit during audit for the FY 2020-21. Audit further contended that case of the taxpayer was selected for income tax audit on 24.01.2017 and initial proceedings were started subsequently audit report under section 177(6) was issued on 20.05.2019 as discussed in subject order. Hence, the tax year 2015 was not time barred at that time. The assessing authority could then have issued show cause notice under Sales Tax Act at that time as sufficient grounds were available. Further, being potential case, the assessing authority was required to see the aspect of federal excise duty as well, which was ignored.

DAC in its meeting held in December 2021 directed the RTO to investigate the matter, fix responsibility in this regard and submit a detailed report to Audit & FBR within 30 days.

Audit recommends holding of inquiry/investigation to fix responsibility and expedite recovery of government revenue involved besides strengthening of internal controls to prevent future recurrences.

[DP No.20580-FED]

#### **6.6 Non-realization of penalty & default surcharge due to late payment of FED - Rs 16.44 million**

According to section 8 of the Federal Excise Act 2005, if a person does not pay the duty due or any part thereof within the prescribed time or receives a refund of duty or drawback or makes an adjustment which is not admissible to him, he shall, in addition to the duty due, pay default surcharge at the rate of twelve per cent per annum of the duty due, refund of duty or drawback. According to section (19)(1) of Federal Excise Act 2005, states that, any person who fails to make payment or makes short payment of duty on any account, shall pay a penalty of ten thousand rupees or 5% of the duty involved whichever is higher. Provided that where a person files the return within fifteen days after the due date he shall pay a penalty of one hundred rupees for each day of default”.

During audit of financial year 2020-21, Audit observed that four (04) registered persons of two (02) field offices of FBR deposited amount of Federal Excise Duty after the due date into government treasury for the tax year 2019-20 which attracted levy of default surcharge and penalty. The same was not imposed

by the department which resulted into non-imposition of penalty and default surcharge of Rs 16.44 million.

The observations were reported to the department during May 2021 to November 2021. Department replied that cases of Rs 11.93 million were under adjudication and Rs 4.51 million were under process.

DAC in its meetings held in December 2021 directed the department to expedite the adjudication/under process proceedings under intimation to Audit and FBR by 15.01.2022.

Audit recommends prompt action on the cases and fix responsibility for inordinate delay/lapse and strengthen internal controls to avoid recurrence of such irregularities in future.

[DP No.6860 & 6872-FED/K]

## **CHAPTER-7 CUSTOMS DUTY**

### **7.1 Under-valuation of imported goods resulting in loss of government revenue – Rs 3,480.73 million**

Section 25 of the Customs Act 1969 provides a detailed procedure for determination of value of imported goods. Further, Section 25A of the Act ibid empowers the Directorate General of Customs Valuation Karachi to fix value of imported goods or class of goods.

During audit of financial year 2020-21, Audit observed that in three thousand nine hundred and eighty one (3981) cases, fifteen (15) field offices of FBR assessed the imported goods at a lower value compared to valuation rulings issued by the Directorate General of Customs Valuation, Karachi or the value applied in dominant clearance data of identical/similar goods. Non-adherence to valuation rulings and provisions of Section 25 of Customs Act 1969 resulted in loss of Rs 3,480.73 million.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 133.58 million were under recovery, Rs 6.13 million under adjudication, Rs 165.97 million subjudice, Rs 21.16 million awaiting action by the department and Rs 56.30 million not responded by the department. Cases of Rs 3,097.59 million were contested out of which major amount related to cell phones on the plea that goods were assessed on the basis of valuation advice of same specifications. However, Audit was of the view that there was no specific valuation advice hence the goods were required to be assessed on the basis of dominant clearance data in terms of Section 25 of Customs Act, 1969.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery, pursue the adjudication / legal proceedings and submit comprehensive replies in cases awaiting action and get the stated position verified from Audit. In respect of contested amount, DAC directed the department to revisit the matter and get it verified from Audit. In two cases, DAC further directed that Collector has to conduct fact finding inquiry in order to ascertain the element of mala fide and negligence on the part of officers and take further necessary action in the light of fact finding report.

Audit recommends that recovery / adjudication / legal proceedings need to be expedited and comprehensive replies in non-responded cases be submitted at the earliest. Audit further recommends that fact finding inquiry may be completed by the Collector at the earliest in order to ascertain the element of mala fide and negligence on the part of officers and necessary action may be taken in the light of the report.

[Annexure-40]

## **7.2 Lesser assessment of sales tax and value addition tax caused loss of revenue – Rs 1,281.78 million**

According to Section 3(1)(b) read with 6<sup>th</sup> and 8<sup>th</sup> Schedules of the Sales Tax Act, 1990 there shall be charged, levied and paid sales tax at prescribed rates of goods imported into Pakistan, irrespective of their final destination in territories of Pakistan and exemption / concession was available to the goods specified in the schedules *ibid*. According to 12<sup>th</sup> Schedule of Sales Tax Act 1990 value addition tax shall be levied and collected @ 3% on all imported goods subject to exclusions provided therein.

During audit of financial year 2020-21, Audit observed that in six thousand seven hundred and ninety nine (6799) cases, fourteen (14) field offices of FBR either did not realize sales tax and value addition tax or realized the same at lower rates. Non adherence to relevant laws and weak monitoring controls caused loss of revenue of Rs 1,281.78 million in realization of due sales tax and value addition tax.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 497.68 million were under recovery, Rs 7.71 million under adjudication, Rs 604.33 million subjudice, Rs 46.80 million awaiting action and Rs 4.84 million were not responded by the department. Cases of Rs 120.41 million were contested by the department on the grounds that goods in question were cleared on payment of sales tax. The importers furnished retail prices and accordingly sales tax was levied in the subject consignments. Audit was of the view that sales tax was assessed on the lower side as no retail price was available in the examination reports.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery, pursue the cases under adjudication / legal proceedings and

submit comprehensive replies in contested / awaiting action / not responded cases and get the stated position verified from Audit.

Audit recommends for early recovery, pursuance of adjudication cases and submission of comprehensive replies in awaiting action / contested cases, besides fixing responsibility.

[Annexure-41]

### **7.3 Inadmissible exemption / concession in duties and taxes - Rs 800.75 million**

Exemption and concession in duties & taxes were allowed under various statutory enactments subject to fulfilment of conditions specified therein.

During audit of financial year 2020-21, Audit observed that in two thousand four hundred fifty nine (2459) cases, ten (10) field formations of FBR granted inadmissible exemptions and concessions in duties & taxes where importers / exporters either did not qualify for exemptions or failed in fulfilling the requisite conditions. This resulted in loss of Rs 800.75 million due to non-adherence to relevant law.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 42.93 million were under recovery, Rs 5.56 million under adjudication, Rs 14.95 million subjudice, Rs 8.86 million awaiting action by the department, Rs 348.34 million contested by the department and no reply was received for Rs 380.11 million.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery, pursue adjudication / legal proceedings and submit comprehensive replies with supporting documents regarding contested / not responded cases for verification from Audit.

Audit recommends that recovery / adjudication / legal proceedings need to be expedited and comprehensive replies in non-responded cases be submitted at the earliest. Audit stresses that there is need to exercise due care while granting concession / exemption to safeguard the public exchequer besides fixing responsibility.

[Annexure-42]

#### **7.4 Misclassification of imported goods resulted in less realization of government revenue - Rs 736.42 million**

Goods imported in Pakistan are classified according to PCT Headings given in 1<sup>st</sup> Schedule of the Customs Act 1969 for levying of customs duties and allied taxes.

During audit of financial year 2020-21, Audit observed that in three thousand one hundred and five (3105) cases, thirteen (13) field offices of FBR cleared various imported goods by misclassifying them under incorrect PCT Headings with lower rates of duty and taxes instead of correct PCT Headings with higher rates. This resulted in less realization of revenue amounting to Rs 736.42 million.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 100.02 million were under recovery, Rs 0.29 million under adjudication, Rs 6.35 million subjudice in courts of law, no reply was received for Rs 303.22 million and cases of Rs 326.54 million were contested by the department on the grounds that goods were correctly classified. Audit was of the view that goods like food preparation, meter parts, gasket and plastic table mats etc. were misclassified under those PCT headings which attracted lesser amount of duty and taxes.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery, pursue adjudication / legal proceedings and submit comprehensive replies with supporting documents regarding contested / not responded cases for verification from Audit.

Audit recommends that recovery / adjudication / legal proceedings need to be expedited and comprehensive replies in non-responded / contested cases be submitted at the earliest. Audit further recommends that internal controls may be strengthened to avoid recurrence of such irregularities in future besides fixing the responsibility.

[Annexure-43]

#### **7.5 Blockade of revenue due to non-finalization of provisional assessments – Rs 344.65 million**

According to Section 81 of the Customs Act 1969, where any goods are allowed to be cleared or delivered on the basis of provisional determination, the

amount of duty, taxes and charges correctly payable on those goods shall be determined within six months of the date of provisional determination.

During audit of financial year 2020-21, Audit observed that in sixty seven (67) cases, two (02) field offices of FBR assessed imported goods provisionally. However, appraising staff failed to finalize the assessments within stipulated time. The instruments provided as guarantee against any shortfall in revenue by the importers were also not encashed to recover government dues. This resulted in blockade of government revenue due to non-finalization of provisional assessment involving revenue of Rs 344.65 million.

The irregularity was pointed out during March to November, 2021. The department replied that cases of Rs 0.34 million were under recovery, Rs 314.80 million subjudice, Rs 8.69 million awaiting action by the department and for Rs 20.82 million reply was not furnished.

The DAC in its meetings held in December 2021 directed the collectorates to expedite recovery, pursue court cases and submit comprehensive replies with supporting documents in cases awaiting action.

Audit recommends implementation of DAC directives and taking measures to recover the revenue loss besides fixing the responsibility.

[DP No.1373, 1456, 1575 & 1597-Cus/K]

#### **7.6 Non-realization of anti-dumping duty – Rs 295.43 million**

National Tariff Commission levied Anti-Dumping Duty in pursuance of Anti-Dumping Duties Ordinance 2015, from time to time on certain items including stainless steel sheets, lead pencils, papers etc.

During audit of financial year 2020-21, Audit observed that in two hundred ninety two (292) cases, five (05) field offices of FBR cleared imported goods like stainless steel sheet, yarn, paper, lead pencil and children playing magnets, etc. without realizing anti-dumping duty. Non-adherence to relevant law resulted in loss of Rs 295.43 million.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 32.59 million were under recovery, Rs 6.73 million subjudice, Rs 12.76 million under scrutiny / awaiting action, Rs 236.02 million not responded and cases of Rs 7.33 million were contested by the department but no reason was provided to Audit.



The DAC in its meeting held in December 2021 directed the department to expedite recovery, pursue subjudice cases for early decision and submit comprehensive replies regarding cases under scrutiny / not responded / contested and get the stated position verified from Audit.

Audit recommends to pursue the subjudice cases for vacation of stay orders / early decisions and submit comprehensive replies in remaining cases.

[Annexure-44]

#### **7.7 Lesser / non assessment of federal excise duty – Rs 119.72 million**

Federal excise duty on goods is leviable under Section 3 of the Federal Excise Act 2005 at rates specified in the First Schedule to the Act.

During audit of financial year 2020-21, Audit observed that in two hundred eighty six (286) cases, four (04) field offices of FBR either did not realize federal excise duty on imports of goods like E-liquid, energy drinks and edible oils etc. or realized the same at less than the rates provided in the First Schedule to the Act. This resulted in less realization of FED of Rs 119.72 million.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 94.81 million were under recovery, Rs 1.87 million awaiting action and Rs 23.04 million were contested by the department on the plea that federal excise duty had already been recovered but no proof was provided to Audit.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery and submit comprehensive replies in cases awaiting action / contested. DAC further directed the collectorate to take up the matter with Directorate of Reforms & Automation, Karachi for improvement in the system for levy of FED on e-liquids.

Audit recommends recovery of admitted amount and submission of comprehensive replies in cases awaiting action / contested, besides fixing the responsibility.

[Annexure-45]

## **7.8 Lesser assessment of withholding tax caused loss of revenue – Rs 118.98 million**

Section 148 of Income Tax Ordinance 2001 provides the rates for collection of withholding tax at import stage. Further, Section 154 (3C) read with Section 164 of the Income Tax Ordinance 2001 inter alia provides that the Collector of Customs, at the time of clearing of goods to be exported, was required to collect tax from the gross value of the goods at the rate of one percent of the value of the exported goods.

During audit of financial year 2020-21, Audit observed in four hundred and eighty four (484) cases, seven (07) field offices of FBR either did not collect withholding tax on imported/exported goods or collected at less than the leviable rates. This resulted in loss of Rs 118.98 million due to non/less withholding of tax during the Financial Year 2020-21.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 48.60 million were under recovery, Rs 5.42 million subjudice, Rs 39.34 million awaiting action and Rs 1.53 million not responded by the department. Cases of Rs 24.09 million were contested by the department on the grounds that income tax was required to be withheld by Export Processing Zone Authority. However, Audit was of the view that no proof of withholding of income tax was available with the department.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery, pursue court cases and submit comprehensive replies in contested / awaiting action / not responded cases and get the stated position verified from Audit.

Audit recommends for early recovery, pursuance of adjudication/ subjudice cases and submission of comprehensive replies in awaiting action / contested cases, besides fixing responsibility.

[Annexure-46]

## **7.9 Less assessment of customs duties caused loss of revenue – Rs 26.42 million**

According to Section 18 of the Customs Act 1969 read with SRO 680(I)/2019 dated 28.06.2019 and SRO 670(I)/2019 dated 28.06.2019,

regulatory duty and additional customs duty were to be levied on imported goods at prescribed rates.

During audit of financial year 2020-21, Audit observed in nine (09) field offices of FBR that appraising staff cleared imported goods in six hundred and thirty one (631) cases either by less or without realizing customs duty, regulatory duty and additional customs duty. Non-adherence to relevant laws resulted in loss of Rs 26.42 million.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 16.59 million were under recovery, Rs 1.21 million under adjudication and cases of Rs 1.07 million were awaiting action. Cases of Rs 7.55 million were contested on the grounds that correct rates of custom duties have been applied. Audit was of the view that goods were cleared by applying lower rates of duty and taxes.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery, pursue the cases under adjudication and submit comprehensive replies in contested / awaiting action cases and get the stated position verified from Audit.

Audit recommends for early recovery, pursuance of adjudication cases and submission of comprehensive replies in awaiting action / contested cases, besides fixing responsibility.

[Annexure-47]

#### **7.10 Non-realization of duty, taxes and warehousing surcharge on overstayed goods – Rs 894.53 million**

According to Section 98 of the Customs Act, 1969, warehoused goods, other than perishable goods notified by the Board, may remain in the warehouse for a period of six months. The goods may remain in the warehouse for a period of further three months subject to the condition that advance surcharge on the duty and taxes involved therein shall be paid at the rate of one per cent per month for the extended period.

During audit of financial year 2020-21, Audit observed that in one hundred and thirty eight (138) cases, four (4) field offices of FBR did not initiate action for recovery of duty & taxes along with surcharge from the importers who failed to clear the warehoused goods within the stipulated period or extended

period, as the case may be. This resulted in a loss of Rs 894.53 million due to non-realization of duty, taxes and warehousing surcharge on overstayed goods.

The irregularity was pointed out during March to November, 2021. The department replied that cases of Rs 222.78 million were under recovery and Rs 671.75 million were contested by the department but no documentary evidence was provided for verification to Audit.

The DAC in its meetings held in December, 2021 directed the collectorate to expedite recovery and submit comprehensive replies with supporting documents in contested cases.

Audit recommends implementation of DAC directives and taking measures to recover the revenue loss besides fixing the responsibility.

[Annexure-48]

#### **7.11 Unlawful removal of input goods - Rs 516.51 million**

According to Section 30 of the Customs Act 1969, in case of the goods illegally removed from the warehouse, the rate of duty shall be the rate prevalent either on the date of in-bonding or detection of case or date of payment of the duty and taxes, whichever is higher. Further, Economic Coordination Committee (ECC) has allowed the export of raw cotton, dyes, aluminium ingots, hides and skins, iron sheet, aluminium foil, unblended tea, supari, newsprints and spices in raw form and raw material for pesticide & insecticide, in same state, from Zone to tariff area on payment of duties and taxes, on 14<sup>th</sup> July, 2000.

During audit of financial year 2020-21, Audit observed that in seven (7) cases, two (2) field formations had recovered duty & taxes at lesser rates on goods removed illegally from the warehouses by the licensees of manufacturing bonds instead of rates applicable in terms of Section 30 of the Act. Non-adherence to provisions of Section 30 of the Customs Act 1969 resulted in less-realization of duty & taxes of Rs 8.21 million.

Similarly, Collectorate of Customs, Sialkot in four hundred and eight (408) cases did not take cognizance of decision of ECC and 20% limit allowed for removal of input goods other than the goods allowed by the ECC, in same state and allowed disposal of more than 20% of total production of finished goods from export processing zones to tariff area which resulted in undue flow

of foreign currency (US \$2.99) worth Pak rupee 508.30 million (\$2.99\*170) from the tariff area to zones.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 2.62 million were under recovery and Rs 5.59 million & 508.30 million were awaiting action by the department.

The DAC in its meeting held in December 2021 directed the Collectorate to expedite recovery and submit comprehensive replies in cases awaiting action and get the stated position verified from Audit.

Audit recommends recovery of admitted amount and implementation of DAC directives besides fixing the responsibility.

[Annexure-49]

#### **7.12 Non-removal of goods within stipulated time caused blockade of government revenue - Rs 200.23 million**

According to Rule 226 (9) of the Customs Rules 2001 issued vide SRO 450(I)/2001 dated 18.06.2001, goods admitted to an export processing zone may remain there for such period as may be prescribed by the competent authority but in no case exceeding two years, provided that the collector of customs may extend the aforesaid period by one year. Further, Rule 352 (6)(a) provides that the leftover quantities of raw materials imported in a manufacturing bond may be allowed removal in its original and unprocessed form for home consumption by the collector of customs on payment of duties and taxes.

During audit of financial year 2020-21, Audit observed that two (02) field formations of FBR in twenty three (23) cases did not initiate action against the licensees who had not consumed the imported goods within stipulated time period i.e. not exceeding two years, hence, were liable to pay duties / taxes leviable on such goods. The blockade of revenue of Rs 200.23 million occurred due to weak internal control in the organization.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 200.23 million were under recovery.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery.

Audit recommends recovery of entire amount, besides fixing the responsibility.

[DP No.7153&7653-Cus]

**7.13 Non-realization of duty & taxes on excess stock of input goods - Rs 58.09 million**

According to Rule 351 & 352 of Chapter XV of the Customs Rules 2001, the Collector or the authorized officer shall issue an analysis certificate showing the actual quantity of input goods, wastage to manufacture one unit of finished goods within 30 days. Further, according to condition 2 of the license issued vide No. 15/SMB/EOU/2015, a licensee was allowed to keep stock of approved input goods involving duty and taxes not exceeding Rs. 250 million up to 09.11.2020 and Rs. 350 million up to 01.06.2021 at any point of time.

During audit of financial year 2020-21, Audit observed that in five (05) cases, two (02) field offices of FBR had not initiated any action against the licensees of manufacturing bonds who had imported and consumed the input materials which were not approved in analysis certificates. Similarly, no action for recovery was initiated where the licensees of export oriented units and manufacturing bonds had exceeded the approved limit of inventories of input goods. This happened due to lack of supervision which resulted in non/short-realization of duty and taxes of Rs 58.09 million

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 4.33 million were under recovery, Rs 9.51 million under examination and Rs 44.25 million was contested on the grounds that face value of the limit had been increased and analysis certificates had been issued by IOCO regarding the input material consumed by the licensees. Audit was of the view that there was no evidence of issuance of analysis certificates for goods under question and the calculations were made according to revised limits and dates of revisions.

The DAC in its meeting held in December 2021 directed the department to expedite the recovery proceedings for admitted amount and submit comprehensive reply in cases being contested and under examination.

Audit recommends an early recovery of government dues and provision of documentary evidence in contested cases for verification of Audit.

[Annexure-50]

#### **7.14 Removal of ware-housed goods without payment of duty and taxes - Rs 2.00 million**

According to rule 361 of Custom Rules 2001 an appropriate officer of customs, authorized by the concerned Assistant Collector of Customs, shall conduct stock taking and detailed audit of a warehouse as and when so directed but at least once in a year of finished goods stocks, wastages or rejects (losses during the year if any), with due approvals of the Customs authorities, and shall submit its findings or report to the concerned collectorate and a copy thereof to the licensee for his records.

During audit of financial year 2020-21, Audit observed that the Directorate of Intelligence & Investigation, Quetta failed to take appropriate action on report of shortage of warehoused goods consisting of pear soap (10 cartons), chelam/shisha (2 cartons) and pine cigarette (3 cartons) due to improper monitoring by the customs authorities. This resulted in non realization of duty and taxes of Rs 2.00 million.

The irregularity was pointed out in November, 2021. Neither the representative of the formation appeared nor working paper was submitted by the formation for the consideration of DAC.

The DAC in its meetings held in December, 2021 showed its displeasure on the non-seriousness of the formation and directed the formation to submit comprehensive reply to the Audit for verification within a period of one week and report progress. Further progress was not intimated till finalization of the report.

Audit recommends implementation of DAC directives and taking measures to recover the revenue loss besides fixing the responsibility.

[PDP No. 1801-CD/K]

#### **7.15 Non-recovery of adjudged government revenue - Rs 6,892.00 million**

Section 202 of the Customs Act 1969 read with the Chapter XI-Recovery of Arrears of the Customs Rules 2001 provides the procedure for recovery of government dues like deduction or requiring any other officer of Customs, Federal Excise and Sales Tax to deduct such amount from any money owing to such person, attachment and sale of any movable or immovable property of the

defaulter or the guarantor, person, company, bank or financial institution of the defaulter and arrest / detention of defaulter.

During audit of financial year 2020-21, Audit observed that in one thousand one hundred and forty (1140) cases, fourteen (14) field offices of FBR did not take prescribed action for recovery of adjudged revenue despite lapse of considerable time. The adjudged dues of Rs 6,892.00 million remained unrecovered due to inaction of the department and non-adherence to relevant law.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 140.33 million were under recovery, Rs 0.69 million under adjudication, Rs 246.08 million subjudice, Rs 2.98 million awaiting action, Rs 6,343.95 million not responded by the department and Rs 157.98 million were contested on the plea that amount had already been recovered but no documentary evidence was provided to Audit.

The DAC in its meeting held in December 2021 directed the collectorates to expedite recovery, pursue the cases under adjudication / legal proceedings and submit comprehensive replies in contested / awaiting action / not responded cases and get the stated position verified from Audit.

Audit recommends for early recovery, pursuance of adjudication/ subjudice cases and submission of comprehensive replies in awaiting action / contested cases, besides fixing responsibility.

[Annexure-51]

#### **7.16 Blockage of revenue due to non-disposal of confiscated goods - Rs 6,818.99 million**

According to Section 182 of the Customs Act 1969 read with Sections 82, 89, 169 and 201 of the Act CGO 12 dated 15.06.2002 and Rule 58 (1) of the Customs Rules 2001, confiscated goods were required to be disposed-off after observing codal formalities within the shortest possible time.

During audit of financial year 2020-21, Audit observed that in two thousand nine hundred and thirty one (2931) cases, twenty five (25) field offices of FBR did not dispose of confiscated goods and vehicles as per law. Goods / vehicles lying in the warehouse for long period may resulted into decline in their value, quality and their fitness for human consumption. The irregularity/lapse



resulted in blockage of revenue of Rs 6,818.99 million and corresponding loss to the public exchequer.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 5.17 million were under recovery, Rs 4,646.81 million under auction / disposal, Rs 24.52 million under adjudication, Rs 375.21 million subjudice, Rs 1,561.58 million were not responded and cases of Rs 205.70 million were contested by the department on the ground that the goods were disposed of through open auction at bid price which may be higher or lower than the reserve price of the goods/vehicles. However, Audit was of the view that department is required to justify acceptance of bids lower than reserve price.

The DAC in its meeting held in December 2021 directed the department to expedite recovery / auction / disposal, pursue the cases pending in the court of law and submit comprehensive replies, get the stated position verified from Audit and justify acceptance of bid price lower than the reserve price. DAC further directed to Director I & I Faisalabad to conduct fact finding inquiry at the level of Director in the matter as to why goods being perishable were not auctioned timely and to take further necessary action in the light of fact finding report under intimation to Audit within 30 days.

Audit recommends recovery of admitted amount, pursuance of cases for early decision and disposal of confiscated goods and vehicles, for recovery of government revenue, justify auction of goods / vehicles at lower than reserve price and report progress of further action after fact finding report.

[Annexure-52]

#### **7.17 Blockage of government revenue of Rs 2,705.27 million due to non-encashment of financial instruments**

According to Section 81 of the Customs Act 1969, the imported goods were to be assessed provisionally. Further, imported goods were to be cleared without payment of duty and taxes on submission of bank guarantees or post-dated cheques under various provisions of the Act and concessionary SROs. On non-fulfilment of prescribed conditions, these instruments were required to be en-cashed to recover government dues.

During audit of financial year 2020-21, in six thousand and forty nine (6049) cases, twelve (12) field offices of FBR did not encash financial instruments where the importers/exporters failed in fulfilling the requisite conditions of law within stipulated period. Moreover, the financial instruments which were expired had not been revalidated by the customs authorities due to weak monitoring and internal controls. The irregularity/lapse resulted in blockage of revenue of Rs 2,705.27 million due to negligence and lack of supervision.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 1,857.06 million were under scrutiny / process, Rs 96.64 million subjudice, Rs 743.34 million contested and Rs 8.23 million were not responded by the department.

The DAC in its meeting held in December 2021 directed the department to pursue the subjudice case for early decision, expedite the scrutiny / processing of indemnity bond and bank guarantee, recover the amount where due, submit comprehensive replies and get the stated position verified from Audit.

Audit recommends to pursue the subjudice cases, complete process of disposal / encashment of bank guarantee where conditions have not been fulfilled, besides fixing the responsibility.

[Annexure-53]

#### **7.18 Non-adherence to DTRE Rules resulted in loss of revenue - Rs 839.32 million**

Chapter-7 of the Customs Rules 2001 has provided detailed procedure for approval of DTRE, import/procurement of approved input goods, manufacturing of output goods and disposal of output goods and wastage(s) under DTRE Scheme.

During audit of financial year 2020-21, Audit observed that in one hundred and twenty (120) cases, eight (08) field formations of FBR did not initiate appropriate action for recovery of Rs 839.32 million from DTRE users who had committed following violations;

- i) non-submission of reconciliation statements within stipulated period of three months.

- ii) non-disposal of unconsumed input goods and un-exported output goods including by-products available with them.
- iii) non-realization of duty & taxes on wastage obtained during manufacturing process;
- iv) claimed undue benefit of SRO 1125(I)/2011 dated 31.12.2011 which was rescinded on 28.06.2019.
- v) DTRE users failed in bringing about minimum value addition i.e. 15%.
- vi) post-exportation audits were not conducted by the collectorates within stipulated period of two months after submission of reconciliation statements.

This happened due to lack of interest and supervisory review at higher level which resulted in undue remission of duty & taxes of Rs 839.32 million to DTRE users.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 12.67 million were under recovery, Rs 772.84 million under disposal / scrutiny and Rs 53.81 were not responded by the department.

The DAC in its meeting held in December 2021 directed the department to expedite recovery of admitted amount and submit comprehensive replies in cases under examination and get the stated position verified from Audit within 30 days.

Audit recommends expeditious recovery of admitted amount and adherence to relevant provisions of law to avoid such lapse in future.

[Annexure-54]

#### **7.19 Excess/inadmissible payment of rebate - Rs 199.10 million**

SROs 209(I)/2009 and 212(I)/2009 all dated 05.03.2009 issued under Section 21 of the Customs Act 1969 provide the rates of repayment of custom duties paid on the importation of the raw materials used in the production or manufacturing of exported goods.

During audit of financial year 2020-21, Audit observed that in one thousand three hundred forty two (1342) cases, three (03) field offices of FBR had sanctioned and paid excess payment of rebate on account of time barred cases, incorrect rate of rebate, without proof of foreign exchange and to manufacturer-cum-exporters who were provided the facility of import/procurement of duty-free input goods under export schemes namely export oriented units, manufacturing bonds and duty & tax remission for exports. In all the cases, no confirmation was carried out regarding import/procurement of duty-paid input goods by these exporters. Further, rebate was paid to ghee exporters at rates in excess of permissible rate. This happened due to lack of understanding of law and non-updation of changes in the relevant notification(s). This resulted in excess payment of rebate amounting to Rs 199.10 million.

The irregularity was pointed out during March to November 2021. The department replied that cases of Rs 178.53 million were under scrutiny, Rs 17.70 million contested and Rs 2.87 million were not responded by the department.

The DAC in its meeting held in December 2021 directed the department to submit comprehensive replies along with supporting documents and get the stated position verified from Audit within 30 days.

Audit recommends for payment of rebate in those cases only where proof of import / procurement of duty paid input goods is provided by the exporters, besides fixing the responsibility for not following above mentioned rules.

[Annexure-55]

#### **7.20 Recurring loss to national exchequer due to issuance of clarification against the statutory order of Federal Government – Rs 22.69 million**

According to conditions numbered V, XIV and XV read with serial No.1 of the Table to SRO 492(I)/2009 dated 13.06.2009, the Federal Government exempts the whole of the customs duty and sales tax on temporary import of goods for subsequent export, excluding fabrics and leather, for manufacturing of:

- (a) leather goods, leather garments and sports goods;
- (b) garments and textile made-ups including foundation garments;  
and
- (c) furniture, wood-ware and fittings.

During audit of financial year 2020-21, Audit observed that Collectorate of Customs, Sialkot had cleared imported goods like PU leather, EVA foam etc. by extending benefit of SRO 492(I)/2009 in the light of FBR's clarification issued vide C. No. 11(17)DRD/2010-134804 dated 01.10.2015 which stated that to alleviate the hardships of importers-cum-exporters of PU Leather and Eva Foam may be granted benefit under SRO ibid. Audit was of the view that benefit was not admissible as clarified by FBR on 28.04.2015 stating that the goods imported in rolls/bundles and where consumption of imported goods cannot be ascertained at the time of export without physical inspection of manufacturing process, were not entitled to exemption under SRO 492(I)/2009. Further, Audit placed reliance on Article 77 of the Constitution of Islamic Republic of Pakistan, 1973 which states that no tax shall be levied for the purposes of the Federation except by or under the authority of Act of Majlis-e-Shoora (Parliament). So, FBR has no power to levy or exempt any duty/tax through clarification(s) and this act of FBR had deprived the Federal Government of its due share of revenue. For instance, in the FY 2020-21 an amount of Rs 22.69 million remained outside the national kitty, in 26 cases.

The irregularity was pointed out during March to November, 2021. The department replied that cases of Rs 22.69 million were under scrutiny.

The DAC in its meeting held in December 2021 directed the collectorates to submit comprehensive reply along with complete justification for granting concessions through clarifications.

Audit recommends for proper utilization / implementation of SRO. FBR may not issue such clarifications which are in conflict with the original SROs and any exemption/concession should only be extended through amending SRO issued by the Federal Government.

[DP No.7667-Cus]

#### **7.21 Non-filing of appeals against orders of adjudicating authority - Rs 14.08 million**

According to conditions (b) and 2 (f) of the SRO 499(I)/2009 dated 13.06.2009, lawfully registered conveyance involved in smuggling of notified goods of value exceeding five hundred thousand rupees, both the vehicle and goods shall be confiscated and if the value does not exceed five hundred thousand rupees, the vehicle shall be charged redemption fine @ 20% of value of

vehicle. Further, section 193 of the Customs Act, 1969 provides that any person including an officer of customs aggrieved by any decision or order passed by an officer of customs below the rank of additional collector may prefer appeal to the Collector appeals within thirty days of the date of communication to him of such order. Further according Rule 04 of General Financial Rules, Audit will not question an authoritative interpretation of such rules orders or judicial decision given in quasi-judicial capacity but this instruction does not debar an auditor from bringing to notice any conclusion deducible from the examination of the results of a number of such decisions.

During audit of financial year 2020-21, Audit observed that in seven (07) cases, three (03) field formations did not file appeals at next fora against the decisions of adjudicating authority wherein the adjudicating authority decided and ordered for non-confiscation of vehicles used wholly and exclusively in smuggling of goods having assessed value exceeding the threshold of Rs 0.50 million. Despite the fact that a significant amount of Rs 14.08 million was involved which could have potentially been added to government exchequer, if appeals had been lodged against these decisions.

The irregularity was pointed out during March to November 2021. The department contested the cases on the grounds that Audit could not question judicial decisions, or a decision given by the administrative authority of FBR in quasi-judicial capacity as agreed upon by the Auditor-General of Pakistan and the Chairman, FBR on 04.09.2015. Audit was of the view that decisions of quasi-judicial authorities having some legal deficiencies were pointed out by Audit but department did not file an appeal at next fora. Audit had the mandate to take notice of any conclusion deductible from the examination of the results of the quasi-judicial decisions as provided in GFR.

The DAC in its meeting held in December 2021 directed the directorate to submit comprehensive replies with supporting documents and get the stated position verified from Audit.

Audit recommends that legal actions be initiated to reopen the cases at appropriate level to provide safe guard to the public exchequer.

[DP No.7117, 7370, 7397 & 7403-Cus]

## **7.22 Clearance of banned goods imported in violation of Import Policy Order**

Import of certain items was either banned or allowed on fulfilment of conditions laid down in the Import Policy Order, 2020.

During audit of financial year 2020-21, Audit observed that in one thousand nine hundred eighty nine (1989) cases, two (02) field formations of FBR cleared consignments of imported goods i.e. used auto parts etc. on payment of duties and taxes after imposing redemption fine under SRO 499(I)/2009 dated 13.06.2009. However, the same were required to be confiscated being banned or restricted in terms of Import Policy Order (IPO) 2020. This happened due to negligence and weak internal controls.

The irregularity was pointed out during March to November 2021. The collectorate contested that goods were released against due amount of duty, taxes and redemption fine in terms of SRO 499(I)/2009 and as such no revenue loss was involved. Audit was of the view that import of old and used auto parts is violation of Import Policy Order and required to be confiscated as clarified by the Ministry of Commerce and now matter is pending with Ministry of Law and Justice Division for clarification.

Audit was of the view that early clarification was required from Ministry of Law and Justice on the issue through FBR. However, Audit invited attention of the DAC towards OM dated 07.04.2021 of the Ministry of Commerce whereby the Ministry has informed that option of redemption fine as provided under SRO 499(I)/2009 was in conflict with the provision of the IPO i.e. Sr.No.11 of Appendix C of the IPO. The Ministry of Commerce further advised the Audit that the issue in hand pertains to interpretation and implementation of two legal instruments so legal advice in the matter should be sought from the Law and Justice Division. Accordingly, DAC pended the Para till receipt of legal advice from the Law and Justice Division.

Audit recommends that FBR is required to implement the provisions of Import Policy Order 2020 in letter & spirit and pursue the matter referred to Law Division for legal advice.

[DP No.7429 &7341]

### **7.23 Loss of government revenue due to irregular auction/disposal of goods and vehicles - Rs 9.84 million**

Confiscated goods are required to be disposed of after observing codal formalities as provided under CGO 12 dated 15.06.2002 and as per Chapter-V of the Customs Rules, 2001.

During audit of financial year 2020-21, in 17 cases, two (02) field offices of FBR disposed of confiscated goods and vehicles in violation of the above law. Audit observed the following irregularities:

- a) The collectorate did not forfeit earnest money despite the fact that remaining bid amount was not paid within seven days after final approval from the competent authority.
- b) The Collectorate auctioned vehicles at lower than the reserve price on very first auction despite the fact that as per law vehicles were required to be put to auction at least twice.
- c) Reserve price was revised to lower value without observing procedure and rules.
- d) Department failed to dispose of perishable confiscated goods well in time and the goods were ultimately declared as destroyable.

Above narrated situation resulted into loss of government revenue of Rs 9.84 million.

The irregularity was pointed out during March to November, 2021. The department replied that in cases of Rs. 5.71 million the vehicles were auctioned through open and transparent process. The Audit has invited attention of the DAC towards para 3 chapter-7 (vi) of CGO 12/2002 which requires that vehicles should be placed in public auction at least twice and in case reserved price cannot be obtained in two successive auctions then reserve price may be reduced keeping in view the previous bids received and condition of the vehicle. This warrants a probe to ascertain whether the vehicles were auctioned through a transparent process or otherwise and cases of Rs 4.13 million were contested by the department, but no documentary evidence was provided to the Audit for verification.



The DAC in its meetings held in December 2021 directed the Chief Collector concerned to get this matter investigated thoroughly through an officer not below the rank of BS-20 and submit report within 30 days covering all the aspects. Further, DAC directed that in remaining cases, the department has to submit comprehensive replies with supporting documents. Further progress was not intimated till finalization of the report.

Audit recommends implementation of DAC directives and taking measures to recover the loss of revenue besides fixing the responsibility.

[DP No.1551, 1553, 1554 & 1795-Cus/K]

## **CHAPTER-8 EXPENDITURE**

### **8.1 Inadmissible expenditure on account of pay and allowances - Rs 117.68 million**

According to the Revised Leave Rules, 1980 and Rule 7-A of Supplementary Rules, any employee proceeding on leave is not entitled to draw conveyance allowance. In case of extra ordinary leave, no pay and allowances are admissible to government servants. Further, FBR's Circular No.01 of 2015 dated 6<sup>th</sup> March, 2015, provided that the Performance Allowance will be admissible up to the period of 48 days earned leave whether availed together or separately in a calendar year. Furthermore according to Rule 10(1) & 11 of GFR, every public officer is expected to exercise the same vigilance as in respect of expenditure of his own money. Each head of department is responsible for enforcing financial order and strict economy at every step. He is responsible for observance of all relevant financial rules and regulations both by his own office and by subordinate disbursing officers.

Audit observed that FBR (HQ) and its fifty one (51) field formations paid excess or inadmissible pay and allowances of Rs 117.68 million in 1117 cases during different kinds of leave, absence from duty, transfer, deputation and retirement. These also included conveyance allowance, performance allowance, ad-hoc relief allowance, travelling allowance, deputation allowance, overtime allowance, computer allowance, integrated allowance, mobile phone charges and recovery of overpayment in different cases. This rendered payments of pay and allowances of Rs 117.68 million held irregular.

FBR (HQ) and field formations informed that recovery of the amount pointed out was underway. In some cases changes have been submitted to AGPR/DAOs concerned.

The DAC directed the formations to pursue the recovery and report progress to Audit and FBR.

Audit recommends expeditious recovery from the officers / officials involved along with further necessary action.

[Annexure-56]

## **8.2 Non-recovery of loans / advances and interest from employees – Rs 31.16 million**

According to Rule 253, 256, 257(3), 257 (12) (VI) & 263 of GFR Vol-I, recovery of loans and advances is to be made in specified instalments and the first instalment is to commence after advance is drawn. Further, according to Rules 243 & 258 (3) of GFR Vol-I, the recovery of interest will commence from the month following the month in which the whole principal amount has been repaid.

During audit of financial year 2020-21, Audit observed that FBR (HQ) and its nineteen (19) field offices sanctioned different kinds of loans and advances to one hundred and fifty three (153) employees but recovery of instalments was not started from their salaries. Further, recovery of interest was not initiated on repayment of principal amount of loans and advances in certain cases. The omission resulted into non-recovery of loans, advances and interest amounting to Rs 31.16 million.

The department informed that in some cases recovery was under way and in some cases changes have been submitted to AGPR and concerned DAOs for recovery.

The DAC directed the department to pursue the recovery and report progress to Audit and FBR.

Audit recommends expeditious recovery of the government dues.

[Annexure-57]

## **8.3 Non recovery of rent due to unauthorized retention of government accommodations - Rs 19.78 million**

According to Rule 15(2) of the Accommodation Allocation Rules 2002, an allottee, on his retirement or expiry of contract period shall be entitled to retain the accommodation under his occupation for a period not exceeding six months, on payment of normal rent and this facility will be available to Federal Government Servant once only. Moreover, as per Rule 25(4)(a) of the Rules *ibid*” in case of unauthorized retention beyond legally allotted period, rent equivalent to two rental ceiling of the category of his entitlement or the category of the house under occupation, whichever is more, shall be charged for each month for the entire period of unauthorized occupation. Further, as per Finance

Div. OM No. F.1(7)Imp.II, dated 27<sup>th</sup> July 1987, all employees not provided with govt. accommodation and posted at specified stations are entitled for house rent allowance @ 45% of minimum of relevant basic pay scale and at all non-specified stations, this allowance will be at 30% of minimum of relevant basic pay scale.

During audit of financial year 2020-21, Audit observed that FBR (HQ) and its twenty one (21) field offices sanctioned and paid excess rent of residential building to officers who retained official accommodation after transfer or retirement for more than six months, but rent equivalent to two rental ceiling of the category of their entitlement or category of house occupied was not charged. In some cases certain officials were working at small stations but receiving house rent allowance @ 45% instead of 30% of the minimum of their relevant basic pay scale. The lapse resulted in loss of Rs 19.78 million.

The department informed that recovery process was underway and computer changes had been submitted to AGPR/DAOs concerned.

The DAC directed the department to pursue recovery and report progress to Audit.

Audit recommends expeditious recovery from concerned besides strengthening the internal controls.

[Annexure-58]

#### **8.4 Irregular payment on account of cash reward - Rs 14.65 million**

According to Customs Cash Reward Rules issued vide SRO 1386(I)/2012 dated 26.11.2012, the amount of reward in cases involving evasion of duty and taxes and confiscation of goods shall be sanctioned after realization of the duty and other taxes involved. In case of official BPS 1-16 reward should not paid more than 40% of working strength subject to availability of funds under relevant head of account. Certified copy of total working strength of staff is also required to be placed on record before processing and sanctioning the reward.

During audit of financial year 2020-21, Audit observed in ten (10) field offices of FBR, cash reward was sanctioned and paid to officers/officials in violation of reward rules. The cash reward was paid to two hundred & two (202) officers/officials who were neither instrumental nor directly involved in the

process of recoveries. This rendered the payment of cash reward of Rs 14.65 million irregular.

The department informed that nomination for cash reward to employees was carried out after examining the performance of the employees throughout the year, on completion of every financial year. The cash reward was paid to the employees who were nominated by the committee under the supervision of the Collector of Customs.

DAC directed the department to submit comprehensive reply to the Audit for verification to the effect that cash rewards were paid and sanctioned as per Reward Rules, 2012 and eligibility criteria / circular issued by the Board for processing and sanction of reward. DAC directed to report progress to Audit as well.

Audit recommends expediting the recovery from the concerned officers / officials. Action needs to be taken against the persons held responsible for irregular sanctioning of cash reward.

[Annexure-59]

#### **8.5 Irregular payment of medical reimbursement charges - Rs 11.88 million**

The Finance Division (Regulation Wing), Islamabad vide O.M No. F.I (1)Imp/2010-622 dated 5<sup>th</sup> July 2010, allowed medical allowance to the Federal Government employees on the recommendations of pay & pension committee-2009 in lieu of outdoor treatment. Further, the Finance Division (Regulation Wing), Islamabad vide O.M No. F.6 (1)R-10/2010-171-2011 dated 24.03.2011, has allowed reimbursement of amount spent on account of purchase of medicines for medical treatment at OPD by civil employees of the Federal Government or member of his/her family, suffering from chronic diseases as detail given in the O.M ibid. Re-imburement of medical charges for treatment taken from private hospital/clinic without an emergency or without referring by an authorized medical attendant is not allowed under the rules.

During audit of financial year 2020-21, Audit observed that ten (10) field offices of FBR made re-imburement of medical charges in twenty eight (28) cases without fulfilling the codal formalities and basic requirements for re-imburement of medical claims. The claims were sanctioned without proper

prescriptions for the treatment from private hospital/clinic, without an emergency certificate, or without referral by the authorized medical attendant for medical treatment of non-chronic diseases. This resulted in irregular payment of medical re-imbusement charges amounting to Rs 11.88 million.

The department informed that necessary changes would be submitted to the DAO Faisalabad during January, 2022. The DR&S Islamabad & RTO Hyderabad informed that all codal formalities had been fulfilled and no irregularities had been made.

The DAC directed the department to expedite recovery and report progress to Audit and FBR within 15 days. The DAC directed the DR&S, Islamabad to seek clarification from Ministry of Health regarding admissibility of room rent and consultant charges and report progress to Audit and FBR within 30 days.

Audit recommends to recover the amount pointed out on account of medical charges without fulfilling codal formalities.

[Annexure-60]

#### **8.6 Non/less-deduction of group insurance and benevolent fund – Rs 3.31 million**

As per Para (ii) of Establishment Division's Office Memo No.18-22/Act-Amdt/Plan/2002 dated 23<sup>rd</sup> November 2012, the rate of monthly contribution of Benevolent Fund had been raised from 2% to 2.40% of the Basic Pay without maximum limit as per column (4) of the Sixth Schedule with effect from 01<sup>st</sup> September, 2012. Further, according to Establishment Division's Office Memorandum No.18-22/Act-Amdt/Plan/2013 dated 16<sup>th</sup> December 2013, every employee is required to make a monthly payment of Group Insurance Fund at the revised specified rates w.e.f. 01<sup>st</sup> December 2013.

During audit of financial year 2020-21, Audit observed that FBR (HQ) and its ten (10) field offices either did not deduct amount of contribution of benevolent fund and group insurance fund or deducted less amount than the enhanced applicable rates from their four hundred and ninety three (493) employees. This resulted into loss of Rs 3.31 million due to non/less deduction of monthly contribution of benevolent fund and group insurance fund.

The formations informed that necessary changes had been submitted to AGPR / DAO concerned for recovery.

Audit recommends expeditious recovery from the concerned besides strengthening the internal controls.

Audit recommends expeditious recovery of the government dues.

[Annexure-61]

### **8.7 Irregular expenditure on account of splitting of purchases - Rs 198.92 million**

According to Rule 9 & 12(1) read with Rule 25 of Public Procurement Rules 2004, procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. The annual requirements thus determined would be advertised in advance on the Authority's website as well as on the website of the procuring agency in case the procuring agency has its own website and procuring agency may require the bidders to furnish a bid security not exceeding five per cent of the bid price.

During audit of financial year 2020-21, Audit observed that FBR (HQ) and its thirty one (31) field offices incurred expenditure on purchase of office stationery, computer stationary and repair of machinery and cost of other stores by splitting up the expenditure without fulfilling the codal requirements. In certain cases advance payment on account of POL for vehicles was made to M/s PSO and irregular sanctions were granted for POL of generator. Furthermore in some cases huge expenditure was incurred in the month of June 2021. This resulted in irregular expenditure of Rs 198.92 million.

No progress reported by the FBR (HQ). MCC (Appraisalment), Faisalabad, RTO Quetta, RTO Sukkur, MCC Appraisalment and DG Training & Research, Karachi informed that the expenditure was made on receipt of budget and following the prescribed rules and procedures by the competent authority.

The DAC directed the FBR (HQ) to pursue the matter and report progress to Audit within 30 days. The DAC directed the formations to get their stance verified from Audit where contested.

Audit recommends strengthening of internal controls to avoid such lapses in future. Audit further recommends that responsibility should be fixed for

violation of PPRA Rules and action taken accordingly besides regularization of the said expenditure.

[Annexure-62]

#### **8.8 Non-deduction of sales tax on law charges - Rs 20.39 million**

According to Rule 5 of notification No.PRA/Orders.06/2012 dated 20<sup>th</sup> February 2015 issued by Punjab Revenue Authority, Government of the Punjab and according to Section 8 of Sindh Sales Tax on Services Act, 2011 read with Rules 2015, a withholding agent, other than a recipient of advertisement services, shall: (a) withheld the whole amount of sales tax shown in the tax invoice issued by a registered person as service provider; and (b) make payment of the balance amount of the invoice to registered person as service provider. The 11<sup>th</sup> Schedule of the Sales Tax Act, 1990 provides that the Federal and Provincial government departments shall deduct 1/5<sup>th</sup> of sales tax as shown on invoice of active taxpayer while in other case (persons other than active taxpayers) whole amount of tax involved on the basis of gross value of supplies.

During audit of financial year 2020-21, Audit observed that FBR (HQ) and its twenty six (26) field offices made payment on acquiring legal services under the head “Law Charges” but withholding sales tax leviable was not deducted by the DDOs at the time of making payments. This resulted in non-withholding / deposit of sales tax amounting to Rs 20.39 million.

The department informed that matter was subjudice and a stay had been granted against deduction of provincial sales tax on payment to the lawyers.

The DAC directed the department to take further action as and when the matter will be decided by Honourable Court of Law and report progress accordingly.

Audit recommends pursuance of the matter in the court of law and report progress to Audit.

[Annexure-63]

#### **8.9 Excess payment on account of law charges - Rs 16.36 million**

According to the instructions of Law, Justice & Human Rights Division issued vide U.No.1/2/2006-LA dated 22<sup>nd</sup> March 2006, advance payment of 50% of the total fee payable is allowed to the lawyers available at the panel of FBR.



The fee structure according to nature and forum of law involved has been prescribed by the Division's instructions issued vide U.O.No.1/2/2005-LA dated 19<sup>th</sup> July, 2011. Further, according to Ministry of Law, Justice and Human Rights, Islamabad vide No. F1(2)/2002-SS.I.II dated May 2005, directed all Ministries / Divisions and Departments not to file suits / appeals without the consultation of Law and Justice Division.

During audit of financial year 2020-21, Audit observed that fourteen (14) field offices of FBR either made payments to lawyers as professional fee without consolidation of identical cases or incurred excess expenditure than admissible under the law. In some cases the advocates did not appear in the Courts, were not as advocate-on-record and power of attorney was also not issued in favour of the advocate. In two case, Director I&I (Customs), Rawalpindi & Lahore made payment twice to same advocates in same cases in the same fora. This resulted into excess payment of Rs 16.36 million to the lawyers on account of law charges.

LTO Islamabad, MTO Karachi, Director I&I Hyderabad and MCC Export PMBQ Karachi informed that at present appointment of Advocate on panel of FBR was regulated by the policy guidelines issued vide letter dated 16-10-2017. However, to improve the representation before the court in the light of direction of Honourable Supreme Court given in CMA No.991/2015, the existing policy had been reviewed and new policy guidelines were proposed for placing advocate on FBR panel and appointment as legal advisor on retainer ship. The appointment of Mr. Syed Hamid Ali Shah as an Advocate out of approved panel of advocate for defending and represent the department in ITA No. 32/2020, M/s Pakistan Mobile Communication Limited(PMCL) vs CIR (Zone-IV) LTO & others, had been made. Such appointment should have been made with the prior approval of the Chairman FBR / Secretary Revenue Division. MCC Islamabad informed that the payment of Rs 500,000/- was made to Ch. Muhammad Nawaz, Advocate High Court, Islamabad with the approval of Board's vide letter No.3(35)S(Lit-HC)Cus/2020 dated 21.10.2020. The Board (Member Legal) had the financial power upto Rs 500,000/- vide Board's letter No.4(14)Exp.Bud(HQ)/2006 dated 7.05.2019.

MCC Sialkot informed that payment of advance professional fee was made to the legal counsels for services rendered by them in the cases instituted

by the collectorate and the relevant legal counsels had confirmed receipt of the professional fee.

The DAC directed the LTO Islamabad to take up the matter with Legal Wing of FBR HQ & other offices to clarify /justify the appointment of advocate. DAC directed the field offices to get the stated position verified from Audit where contested.

Audit recommends compliance of Law and Justice Division directives and expeditious recovery of government dues.

[Annexure-64]

#### **8.10 Non-deduction/realization of sales tax - Rs 11.87 million**

According to Section 3(1)(a)(7) read with 11<sup>th</sup> Schedule of the Sales Tax Act 1990 there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen percent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. The tax shall be withheld at the rate as specified in the Eleventh Schedule, by any person or class of persons [being purchaser of goods or services] as withholding agent for the purpose of depositing the same, in such manner and subject to such conditions or restrictions as the Board may prescribe in this behalf through a notification in the official Gazette. Further, according to Baluchistan Sales Tax on Services Act 2015, there shall be charged, levied and paid a tax know as sales tax at @ 15% as specified in part-B column (3) of 2<sup>nd</sup> schedule to this Act.

During audit of financial year 2020-21, Audit observed that FBR (HQ) and its eight (08) field offices made payment on account of services and purchase of different kind of goods but sales tax at prescribed rates was not withheld as required under the above referred provision of law. In some cases, the suppliers failed to deposit the remaining amount i.e. 4/5<sup>th</sup> of the sales tax charged. This resulted into non-withholding or deposit of sales tax amounting to Rs 11.87 million.

FBR (HQ) reported no progress in the matter. The field formations informed that the matter was under scrutiny and progress would be submitted in due course of time.

The DAC directed the department to pursue the recovery and report progress to Audit within 30 days.

Audit recommends expediting the recovery from the vendors and service providers. The concerned DDOs also need to justify non-compliance of government rules.

[Annexure-65]

#### **8.11 Non/less-deduction of income tax by DDOs on miscellaneous expenses - Rs 5.98 million**

According to Section 12(2)(a) of the Income Tax Ordinance 2001, any pay, wages or other remuneration provided to an employee is to be chargeable to tax in that year under the head salary at the prescribed rates. Further, according to Section 153 and Section 155 of the Income Tax Ordinance 2001, every prescribed person making a payment in full or part including a payment by way of advance to resident person, for the rendering or providing of services or making the payment for purchase of goods or payment of rent of immoveable property, shall deduct tax at the specified rates, from gross amount paid.

During audit of financial year 2020-21, Audit observed that FBR (HQ) and its fifteen (15) field offices did not deduct or deducted less amount of income tax at the time of making payments for purchase of computer stationery, rent of office building, transport monetization, plant & machinery, honoraria, cash reward, services of repair and refund adjustment through salary. This resulted in non/less-realization of income tax amounting to Rs 5.98 million.

The Chief Collector Quetta replied that amount had been recovered and deposited into government treasury. Collector customs enforcement Karachi informed that the deduction had been made at source by AGPR. RTO Quetta & other field formations informed that the matter was under scrutiny and progress would be reported in due course of time.

The DAC directed the formations to submit progress to Audit within 30 days.

Audit recommends expeditious recovery from the concerned besides strengthening of internal controls.

[Annexure-66]

### **8.12 Irregular expenditure on account of courier & pilot services - Rs 3.70 million**

According to the Government of Pakistan Cabinet Division's U.O No.7-1/2018 dated 20<sup>th</sup> March 2018, all government offices shall use services of Pakistan Post for mailing their domestic and international correspondence.

During audit of financial year 2020-21, Audit observed that seven (07) offices of FBR made payment of Rs 3.70 million to private courier service providers under the head (A03205-Courier & Pilot Services) without considering the government instructions. This resulted in irregular expenditure of Rs 3.70 million.

RTO Sialkot contested the para on the basis of wide territorial jurisdiction in which they have to carry out judicial exercises for levy / recovery of taxes. Resultantly, the taxpayers and department had to appeal before the different appellate fora, where proper service of notice had played a vital role. Therefore, the witness of third party was very important in such cases. RTO further informed that only the immediate nature of 'Dak' was being dispatched through private courier. RTO-I Karachi replied that the agreement was being made with Pakistan Post Office. RTO Sukkur replied that courier was made on urgent basis.

The DAC directed the RTOs to take up the matter with Board for regularization / clarification in the matter and report to Audit & FBR.

Audit recommends implementation of DAC's directives at the earliest besides regularization of the expenditure from competent authority.

[Annexure-67]

### **8.13 Un-authorized printing from private firms without NOC - Rs 2.46 million**

According to Finance Division's O.M.No.F.3(2)Exp-III/2006 dated 13.09.2006 S.No.13, "Printing & Publications" full powers, provided that printing at a press other than a press of the Printing Corporation of Pakistan, should be undertaken only if the Principal Accounting Officer is satisfied that it is in public interest to do so and record a certificate to that effect.

During audit of financial year 2020-21, Audit observed that six (06) field offices of FBR incurred expenditure on account of printing & publication

without obtaining approval / sanction from Principal Accounting Officer as required by the law. This resulted in unauthorized expenditure amounting to Rs 2.46 million.

MCC Faisalabad replied that the formation time and again requested the Printing Corporation of Pakistan, Karachi for printing of file covers, envelopes, TA bills (gazetted officers & non-gazetted staff), noting/drafting pads, ring bindings & pay bills (gazetted officers & non-gazetted staff), but due to no response from the said office and urgent requirements of the Collectorate, the printing from the local market (after following the prescribed rules & procedures) was allowed by the competent authority for smooth running of office work. RTO Multan informed that payments had already been made to Printing Corporation of Pakistan press Lahore but in these cases RTO Multan & Chief Collector Enforcement (S) and Collector (E&C) Karachi were facing acute shortage of file covers in maintaining the sensitive record so printing of file cover and other stationery items was done locally instead of Printing Corporation of Pakistan Press Lahore.

Audit did not agree with the departmental stance because rules and regulations had not been followed in letter and spirit. Audit is of the view that printing work cannot be made from local market without obtaining NOC from Printing Corporation of Pakistan. The DAC directed the RTO to obtain the ex-post facto approval / NOC from the PAO under intimation to Audit & FBR within 15 days. Further, the DAC directed the Collectorate of Customs (Appraisalment) Faisalabad to provide urgency certificate signed by the head of the department to the Audit for verification.

Audit recommends implementation of DAC's directives and submission of NOC / urgency certificate to Audit at the earliest.

[Annexure-68]

#### **8.14 Irregular expenditure on repair & maintenance of gardens – Rs 1.77 million**

According to the Financial Advisor's clarification No.181-DFA(FBR)/13 dated 23.11.2015, the powers to give administrative approval in respect of Garden rest with FA Organization, and no powers have been delegated to the attached departments and heads of departments.

During audit of financial year 2020-21, Audit observed that four (04) offices of FBR incurred expenditure of Rs 1.77 million on the repair & maintenance of gardens. The amount was sanctioned by local authorities of the concerned offices instead of seeking obligatory approval from the Ministry of Finance. This resulted in irregular expenditure of Rs 1.77 million.

The department informed that letter had been written to Board for ex-post facto approval.

The DAC directed the field offices to pursue the matter and report progress to Audit within 15 days.

The concerned DDOs need to justify non-compliance of government rules. Audit recommends expediting the regularization of irregular expenditure from Finance Division.

[DP No.7567, 7601, 7616 & 20475-Exp]

#### **8.15 Irregular expenditure due to misuse of official vehicles - Rs 93.83 million**

According to Cabinet Division's Notification No.6/7/2011-CPC, Islamabad dated 12<sup>th</sup> December 2011, regarding monetization of the transport facility for civil servants, Ministries/Divisions/Departments needing operational vehicles were required to get authorization of such vehicles fixed from the Vehicle Committee constituted with a representative each from Cabinet Division, Finance Division and the respective Ministry/Division/Department. Further Rules 9, 15 & 18 of Staff Car Rules, 1980 provide that proper record i.e. log book, movement registers and requisition slips shall be maintained in respect of all government vehicles for effective control on expenditure of POL and repair & maintenance of official vehicles.

During audit of financial year 2020-21, Audit observed that twenty seven (27) field offices of FBR, incurred expenditure on POL, repair & maintenance of vehicles without maintaining log books, movements registers and requisition slips. The authorization of some of the vehicles as operational vehicles was not obtained from committee of the Cabinet Division. In some cases vehicles were used on gazetted holidays (Saturdays & Sundays) without maintaining the requisite record. Thus, use of such vehicles was unauthorised and expenditure of Rs 93.83 million was incurred on POL and repair and maintenance which was

irregular. This revealed that government rules and procedures were not being observed with regard to use of operational vehicles and maintenance of their record despite the fact that Audit had pointed out the irregularity time and again.

MCC Sialkot informed that no vehicle was under personal or family use of Additional Collector. Vehicles were used only for operational purposes or official field visits. The Collector Appraisalment PMBQ Karachi, Director I&I Hyderabad & Karachi, Director Transit Trade and Collectorate Preventive, Quetta informed that log books had been maintained. No progress reported by remaining formations.

Audit contended that preparation of necessary record after audit pointation was not justified / acceptable and had not served the purpose of economic utilization of resources.

DAC showed serious concern over this issue and directed the field formations to expedite the corrective action and provide requisite documents for verification to Audit within 30 days.

Audit recommends that public resources should be utilized with due regard to government instructions and rules. Audit further recommends that action may be taken against the officers/officials on account of unauthorized use of operational vehicles and non-maintenance of record as required under the rules and a system should also be devised to plug the loopholes in the system.

[Annexure-69]

#### **8.16 Blockage of Government revenue due to non-disposal of un-serviceable vehicles and dead / un-serviceable store items - Rs 4.08 million**

According to Rule 167 & 168 of the General Financial Rules (Vol-I), vehicles which are reported to be obsolete / condemned, surplus or unserviceable may be disposed of by sale or auction or otherwise under the orders of the competent authority. Moreover, life and mileage for condemnation of various vehicles has been prescribed in Staff Car Rules 1980. Further, according to rule 26 of Staff Car Rules 1980, all vehicles with the exception of accidental cars, shall be disposed of through public auction.

During audit of financial year 2020-21, Audit observed that in RTO Sargodha, five (05) cars and twenty one motorcycles were declared condemned

by the condemnation committee during October, 2020 but the same were not disposed of yet. The Directorate of I&I (IR) Lahore, RTO Quetta, MCC Karachi & Quetta failed to dispose of various dead/unserviceable stock items. The delay in disposal may result in further deterioration of vehicles and store/stock items, causing loss of expected revenue amounting to Rs 4.08 million.

RTO Sargodha informed that vehicles were declared as ‘condemned’ by the Condemnation Committee of FBR, Islamabad who visited the office and declared five vehicles as ‘condemned’. Auction committee had been constituted and auction process would be completed shortly. No progress was reported by other offices.

DAC directed RTO Sargodha to expedite auction proceedings and report progress to Audit and FBR. DAC showed serious concerns over non-attendance of DAC by rest of the offices mentioned above and directed them to explain the reason, besides taking corrective action.

Audit recommends compliance of DAC’s directives at the earliest besides expeditious disposal of condemned vehicles and dead / unserviceable stock items.

[Annexure-70]

#### **8.17 Loss of revenue due to negligence of PRAL employees - Rs 1,384.00 million**

As per Clause 5.5(b) of the contract executed between FBR and PRAL “when a PRAL employee is suspected of engaging in corrupt and fraudulent practices, either highlighted by PRAL or FBR, an inquiry committee, comprising of representatives of FBR and PRAL, duly notified by Member IT would probe the charges and establish any wrong doing on part of the employee. If employee is found to be guilty, the committee would make appropriate recommendations, including termination of services and lodging of criminal complaint with relevant authority. If the offence committed is of criminal nature and falls under any provisions of CrPC. It will be incumbent upon PRAL to implement decision of the inquiry committee in letter and spirit”.

During audit of accounts of the Directorate General of Internal Audit, Inland Revenue, (IR) Islamabad for the Financial Year 2019-20 and 2020-21, it was observed that the said Directorate had pointed out certain irregularities



committed by PRAL employees due to which government suffered a massive loss of revenue as pointed out by the said Directorate which is as follows:

(Rs in million)

S. No	Subject	Description	Loss of revenue
1	Revenue loss occurring due to defects in PRAL's system and fraudulent malpractices by PRAL Employees	M/s Fast Action Logistics (Pvt) Limited & M/s Infologistics (Pvt) Limited fictitious transaction	-
		M/s Soni Impex, Lahore (Fictitious carry forward)	176.00
		M/s Metal Grip (Pvt) Limited and others fictitious negative value	1,208.00
		<b>Total loss of revenue as pointed out</b>	<b>1,384.00</b>

Source: Annual Report of Directorate General of Internal Audit for the year 2019-20

PRAL informed that the matter pertains to field formations of FBR. Therefore, it may be transferred to relevant RTO/ DG Internal Audit.

The DAC directed that the DP may be transferred to DG Internal Audit and requisite enquiry may be conducted under rules.

Audit recommends to conduct a fact finding inquiry as per clause 5.5(b) of the contract, responsibility be fixed and amount pointed out may be recovered under intimation to Audit.

[DP No.20646-Exp]

### **8.18 Incorrect/irregular claim of depreciation on assets of PRAL - Rs 618.243 million**

As per clause 3.5 of the contract executed between FBR and PRAL, equipment and materials made available to PRAL by FBR shall be the property of FBR which shall be marked accordingly and an up to date inventory of the same shall be maintained, countersigned by PRAL and a copy thereof shall be supplied to FBR. Furthermore, sections 22, 23 read with Section 76(10) of the Income Tax Ordinance, 2001 provide that a taxpayer would be allowed depreciation allowance in a tax year at prescribed rates as per Third Schedule to

the Ordinance. This allowance would only be allowed if the depreciable assets were owned by the company and used in the business of the taxpayer in that tax year as well as cost of an asset did not include the amount of any grant, subsidy, rebate, commission or any other assistance.

During audit of accounts of the Chief Executive Officer, PRAL (HQ) Islamabad, for the Financial Year 2020-21 it was observed that PRAL had shown assets worth Rs 715.91 million for the year ended 30<sup>th</sup> June 2021 (Rs 671.26 million as on 30<sup>th</sup> June, 2020). PRAL had claimed depreciation of Rs 618.243 million as on 30<sup>th</sup> June, 2021 on the said assets which was incorrect/irregular on the following grounds:-

1. Up to date inventory of assets provided by FBR to PRAL had not been maintained by PRAL as per clause 3.5 of the contract.
2. PRAL was claiming depreciation on all of its assets without bifurcating/declaring owned assets and those provided by FBR. PRAL could claim depreciation on owned assets and not on assets provided by FBR. In the absence of inventory/bifurcation of assets owned and assets provided by the FBR, claim of accumulated depreciation of Rs 618.24 million as on 30<sup>th</sup> June, 2021 (Rs 579.23 million as on 30<sup>th</sup> June 2020) on assets was incorrect / irregular.
3. Setting off depreciation against income is also irregular, and it reduces the income declared for the year.

PRAL informed that inventory record of assets procured by PRAL on behalf of FBR was being made and would be provided shortly to Audit with documentary proof.

Departmental contention was not tenable. Record of inventory maintained by PRAL bifurcating the assets obtained from FBR and the assets owned by PRAL along with depreciation charged thereon should be maintained by the company under intimation to Audit. DAC directed PRAL to get the inventory record verified from Audit.

Audit recommends to expedite the bifurcation of assets for verification by Audit.

[DP No.20650-Exp]

### **8.19 Non recovery of receivables from other departments – Rs 169.98 million**

During audit of financial year 2020-21, Audit observed in case of office of the Chief Executive Officer, PRAL that a huge amount of receivables on account of services rendered for Rs 169.98 million was outstanding against different departments of Federal/Provincial Governments as evident from company's accounts ending on 30.06.2021. A major portion of receivables pertained to previous years which could not be realized despite lapse of considerable time due to unknown reasons. The lapse resulted in non recovery of receivables for services rendered amounting to Rs 169.98 million.

PRAL informed that an amount of Rs 52.62 million had been recovered from Excise & Taxation Department Karachi. PRAL further informed that consistent efforts were being made to recover all of outstanding receivables.

The DAC directed PRAL to pursue the recovery of balance amount of Rs 117.36 million and report progress to Audit.

Audit recommends early action for recovery of balance amount of Rs 117.36 million on account of long outstanding receivables from the concerned departments under intimation to Audit.

[DP No.20644-Exp]

### **8.20 Irregular withdrawal of government funds in the name of DDO – Rs 47.79 million**

According to Para 2.3.2.8 of Accounting Policies and Procedures Manual (APPM) under New Accounting Model (NAM) in order to minimize the risk of fraud and corruption the payments are required to be made through direct bank transfer and cheques.

During audit of financial year 2020-21, Audit observed that two (02) field offices of FBR, drew cheques of Rs 47.79 million in the name of DDO for payment to different vendors. The amount was required to be directly transferred in vendor's bank account as per rules. Non-implementation of internal controls resulted in irregular withdrawal of funds.

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO-I Karachi	741/Exp/K	04	47.26
2	DPU Quetta	800/Exp/K	01	0.53
<b>Total</b>			<b>05</b>	47.79

RTO-I Karachi and DPU Quetta informed that budget was received on 29.06.2021 and was drawn in emergency.

DAC held in December 2021 directed the formations to get the position verified from audit within 07 days otherwise inquiry may be conducted to fix the responsibility.

Audit recommends irregular withdrawal of government funds in the name of drawing & disbursing officer may be justified; inquiry may be conducted and responsibility may be fixed on the person(s) at fault besides regularization from competent authority.

#### **8.21 Inadequate Firewalls, Security of FBR Data**

Clause 3.10 of the contract executed between FBR and PRAL provides for “Data Security”. PRAL will not share any FBR data with any other department, agency or tax practitioner. Additional system security and access control policies and procedures applicable to services shall be set forth as per standard data governance rules. In the event of any actual or threatened breach of the security of FBR data including breach of the firewall, PRAL will fully cooperate with FBR to secure FBR’s Data. Firewall and security certification for application listed in Annex-A must be kept updated at all times. The Security certification purchased for FBR’s applications must not be used for any other commercial project undertaken by PRAL.

During audit of accounts of the Chief Executive Officer, PRAL Islamabad for the Financial Year 2020-21, it was observed that massive breakdown of FBR’s E-portal had recently occurred all over Pakistan as all the applications like Inland Revenue Information System (IRIS), Integrated Tax Management System (ITMS), Weboc, One Customs etc. were hacked. It is pertinent to mention here that during the year ending on 30<sup>th</sup> June 2021, an amount of Rs 990.00 million has been expended for the services rendered by the

PRAL in addition to equipment and assets provided by FBR. In view of foregoing, Audit observed that PRAL could not maintain adequate and effective data security system despite reasonable funds provided by FBR. As per contract executed between FBR and PRAL it was agreed that firewall and security certification for applications of FBR must be kept updated at all times.

PRAL informed that data centre had adequate firewalls due to which data was not hacked by hackers. However, improvements and up-gradation of the system was in process.

The DAC directed that fact finding report regarding massive break-down of data centre of FBR may be furnished to audit along with progress on up-gradation of system.

Audit emphasized that fact finding report prepared by the committee, duly notified by Member IT regarding massive break-down of data centre and e-portal of FBR, may be furnished to audit along with progress on up-gradation of the system, under intimation to Audit.

[DP No.20651-Exp]

## **CHAPTER-9        THEMATIC AUDIT**

### **Part-I**

#### **1.            Thematic Audit on “Efficacy of SROs issued by FBR to grant exemptions of duty / taxes on imported goods”**

##### **1.1 Introduction**

SROs are the primary regulatory instruments in the hands of the Federal Government and FBR to make desirable changes in the rates and items of customs duties and inland taxes levied under different Acts of Parliament. Moreover, the same SROs are also used to grant exemptions from customs duties on imported goods.

Exemptions mean revenue foregone by the government through specific legal provisions to achieve various social and economic objectives by favouring a particular industry, activity or class of persons. Government grants exemptions to achieve its social and economic policy objectives through the tax system, instead of direct spending, grants, loans or other forms of government assistance. Most of the times, these exemptions imply to secure the benefits for a particular section of the society or for a particular set of individuals that ultimately causes huge loss the national exchequer.

##### **1.2 background**

Controversial use of SROs by successive governments to grant exemptions from customs duties, it was specifically criminalized as corruption by the National Accountability Ordinance 1999, Section 9(a)(vii), to issue an SRO that grants or attempts to grant any undue concession or benefit in any taxation matter. However, according to publicly available information, NAB has never investigated this offence

##### **1.3     Establishing the Audit Theme**

###### **1.3.1    Reasons of selection**

1.3.1.1 There is a general perception in Pakistan that SROs granting exemptions and concessions from duties and taxes are often aimed at benefitting

politically powerful elite or upper classes and cause loss to the national exchequer without providing any corresponding macro-economic benefit to the nation.

1.3.1.2 Granting undue exemptions and concessions from duties and taxes to certain privileged importers undermines economic competition and growth in the country, contrary to Pakistan's commitment to Goals 8 and 9 of the Sustainable Development Goals (SDGs) of the United Nations, as given below.

1.3.1.3 Goal 8 is to "Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all". Under this Goal, the relevant targets are 8.1, 8.2 and 8.3, stated as under:<sup>2</sup>

*8.1: Sustain per capita economic growth in accordance with national circumstances and, in particular, at least 7 per cent gross domestic product growth per annum in the least developed countries*

*8.2: Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.*

*8.3: Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.*

1.3.1.4 Goal 9 is to "Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation". Under this Goal, the relevant targets are 9.2 and 9.3, stated as under:<sup>3</sup>

*9.2: Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries.*

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<sup>2</sup>"Transforming our world: the 2030 Agenda for Sustainable Development", UN General Assembly Resolution A/RES/70/1 passed on 25 September 2015, New York.

<sup>3</sup>*Ibid*

*9.3: Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets.*

### **1.3.2 Purpose / Objectives**

1.3.2.1 The purpose of this Thematic Audit is to check:

- (a) The cost effectiveness of such exemptions in stimulating existing and new investment, employment generation and new technology.
- (b) Whether there is arbitrary use of discretionary powers conferred by the Rules;
- (c) Whether proper mechanism of monitoring and supervision by senior management is available;
- (d) Whether customs authorities apply exemptions with precision in order to minimize chances of misuse; and
- (e) The misuses of exemptions, audits and periodic reporting thereon.

1.3.2.2 This Thematic Audit will help the Government and people of Pakistan to determine the extent to which SROs granting exemptions and concessions from Customs duties have been unduly issued or misused during the last five years and take appropriate measures to remedy the situation.

### **1.3.3 Scope**

1.3.3.1 The total number of all sorts of SROs issued during the last five financial years under the four taxation statutes in Pakistan is as follows:



<b>Statute</b>	<b>SROs issued (1 July 2016 – 30 June 2021)</b>
FED Act 2005	20
Customs Act 1969	41
Sales Tax Act 1990	164
Income Tax Ordinance 2001	276

*Source: FBR website*

1.3.3.2 The estimates of exemptions duty during the Financial Year 2020-21 are as under:

(Rs in million)		
<b>S. No.</b>	<b>Exemption Area</b>	<b>Amount</b>
1	Chapter-99	10,649
2	Free/Preferential Trade Agreements	45,020
3	5th Schedule	87,859
4	Automobile Sector, E&P Companies etc.	95,420
5	Additional Customs Duty	4,773
6	Regulatory Duty	9,390
<b>Total:</b>		<b>253,111</b>

*Source: FBR's Tax Expenditure Report 2020.*

1.3.3.3 This Thematic Audit focuses on 13 high-risk SROs issued during the last five years from 2016-17 to 2020-21.

(a) SROs issued under Section 19 of the Customs Act 1969

- i. SRO 642(I)/2016 dated 27.07.2016.
- ii. SRO 39(I)/2017 dated 31.01.2017.
- iii. SRO 40(I)/2017 dated 25.01.2017.
- iv. SRO 580(I)/2017 dated 01.07.2017.
- v. SRO 644(I)/2018 dated 24.05.2018.
- vi. SRO 833(I)/2018 dated 03.07.2018
- vii. SRO 1640(I)/2019 dated 31.12.2019.

- viii. SRO 558(I)/2020 dated 22.06.2020.
- ix. SRO 593(I)/2020 dated 01.07.2020.
- x. SRO 79(I)/2021 dated 22.01.2021.

(b) SROs issued under Section 18 of the Customs Act 1969

- i. SRO 630(I)/2018 dated 24.05.2018, as amended by SROs 848(I)/2018 dated 04.07.2018 and SRO 108(I)/2019 dated 31.01.2019.
- ii. SRO 680(I)/2019 dated 28.06.2019, as amended by
  - a. SRO 949(I)/2019 dated 22.08.2019 and SRO 38(I)/2020 dated 15.01.2020.
  - b. SRO 119(I)/2020 from 19.02.2020 to 31.03.2020
  - c. SRO 127(I)/2020 dated 24.02.2020.
  - d. SRO 633(I)/2020 dated 21.07.2020
  - e. SRO 1352(I)/2020 dated 23.12.2020.

(c) SRO 1455(I)/2018 dated 29.11.2018, issued under Section 181 of the Customs Act 1969

3.3.3.4 The Thematic Audit was conducted at the following 13 FBR formations:

No.	North	No.	South
1	FBR HQ Islamabad	7	Collector of Customs Appraisement, West, Karachi
2	AFU Islamabad	8	Collector of Customs Appraisement, East, Karachi
3	Islamabad Dryport	9	Collector of Customs Appraisement, PMBQ, Karachi
4	MCC Peshawar	10	Collector of Customs Appraisement, JIAP, Karachi

5	MCC Faisalabad/Multan	11	Collector of Customs Appraisalment, Quetta
6	MCC Sialkot	12	Collector of Customs Export, PMBQ, Karachi
-	-	13	Collector of Customs, Gwadar

1.3.3.5 The terms of reference (TORs) for the thematic audit are as under:

- a) Check the cost effectiveness of such exemptions in stimulating existing and new investment, employment generation and new technology.
- b) Check whether there is arbitrary use of discretionary powers conferred by the Rules;
- c) Check whether proper mechanism of monitoring and supervision by senior management is available;
- d) Check whether customs authorities apply exemptions with precision in order to minimize chances of misuse; and
- e) Check the misuses of exemptions, audits and periodic reporting thereon.

## **2. Legal framework governing the Theme**

2.1 The acronym ‘SRO’ stands for ‘Statutory Regulatory Order’. In Pakistan, SRO is a customary umbrella term for all notifications of delegated legislation issued by the Executive (Federal Government or a statutory body) under a parent statute passed by the Parliament. For example, with reference to the Customs Act 1969, Customs Rules 2001 framed by the Federal Government under Section 219 of the Act were notified through SRO 450(I)/2001. Similarly, Federal Government imposes regulatory duties under Section 18 and grants exemptions from duties under Section 19, and these are also notified through SROs.

2.2 It is worth noting that Pakistan inherited this terminology of ‘SRO’ from the British. Moreover, it is in fact not a technical term specified by any

law in Pakistan, nor is there any statute governing the publication of delegated legislation in Pakistan (Section 20A of the General Clauses Act, 1897, inserted in 2002, only requires that “All rules, Orders, regulations and circulars having the effect of law made or issued under any enactment shall be published in the official Gazette”, but neither specifies any general terminology for such delegated legislation nor prescribes any timeframe or cataloguing mechanism for their publication in the Gazette). In comparison, the British themselves now use the term “Statutory Instrument” for all notifications of delegated legislation under their Statutory Instruments Act 1946, which provides a general mechanism for publication and cataloguing of all such notifications in the UK.

- 2.3 This study focuses on SROs issued under Sections 19, 18 and 181 of the Customs Act 1969, which are discussed below.
- 2.4 Section 19(1) of the Customs Act 1969 empowers the Federal Government to grant exemptions and concessions from duties and taxes in these terms:

***19. General power to exempt from customs-duties.***

*(1) The Federal Government, whenever circumstances exist to take immediate action for the purposes of*

- *national security,*
- *natural disaster,*
- *national food security in emergency situations,*
- *protection of national economic interests in situations arising out of abnormal fluctuation in international commodity prices,*
- *implementation of bilateral and multilateral agreements, and*
- *to any international financial institution or foreign government-owned financial institution operating under a memorandum of understanding an agreement or any other arrangement with the Government of Pakistan,*

*subject to such conditions, limitations or restrictions, if any, as it deems fit to impose, may, by notification in the official Gazette, exempt any goods imported into, or exported from, Pakistan or into or from any specified port or station or area therein, from the whole or any part of the customs-duties chargeable thereon and may remit fine, penalty, charge or any other amount recoverable under this Act.*

- 2.6 Section 18(3) of the Customs Act 1969 empowers the Federal Government to impose regulatory duty in these terms:

*18(3) The Federal Government may, by notification in the official Gazette, levy, subject to such conditions, limitations or restrictions as it may deem fit to impose, a regulatory duty on all or any of the goods imported or exported, as specified in the First Schedule at a rate not exceeding one hundred per cent of the value of such goods as determined under section 25 or, as the case may be, section 25A.*

- 2.7 Section 181 of the Customs Act 1969 provides as under:

***181. Option to pay fine in lieu of confiscated goods.***

*Whenever an order for the confiscation of goods is passed under this Act, the officer passing the order may give the owner of the goods an option to pay in lieu of the confiscation of the goods such fine as the officer thinks fit:*

*Provided that the Board may, by an order, specify the goods or class of goods where such option shall not be given:*

*Provided further that the Board may, by an order, fix the amount of fine which, in lieu of confiscation, shall be imposed on any goods or class of goods imported in violation of the provisions of section 15 or of a notification issued under section 16 or in violation of any other provisions of this Act, or any other law for the time being in force.*

*Explanation:- Any fine in lieu of confiscation of goods imposed under this section shall be in addition to any duty and charges*

*payable in respect of such goods , and of any penalty that might have been imposed in addition to the confiscation of goods.*

- 2.8 Section 9(a)(vii) of the National Accountability Ordinance 1999, makes it a criminal offence to issue an SRO to grant any undue concession or benefit in any taxation matter. The section is reproduced as under:

***9. Corruption and corrupt practices.***

*(a) A holder of a public office, or any other person, is said to commit or to have committed the offence of corruption and corrupt practices*

*(vii) if he has issue any directive, policy, or any SRO (Statutory Regulatory Order) or any other order which grants or attempts to grant any undue concession or benefit in any taxation matter or law or otherwise so as to benefit himself or any relative or associate or a benamidar or any other person;*

**3. Stakeholders and governmental organizations identified as directly / indirectly involved:**

- a) FBR
- b) Revenue Division
- c) Ministry of Finance, Revenue and Economic Affairs
- d) Federal Cabinet
- e) Importers
- f) Local manufacturers
- g) Federal Consolidated Fund
- h) General Public

**4. Role of important organizations**

- 4.1 SROs under Sections 18 and 19 of the Customs Act 1969 are issued by the Federal Government, which means that FBR and Revenue Divisions do the preliminary work while final approval is granted by the Federal Cabinet.

4.2 SROs under Section 181 are issued by FBR on their own.

## **5. Organization's Finances**

5.1 Being a Federal Government organization, it is financed by the Federal Government.

## **6. Field Audit Activity**

### **6.1 Methodology**

6.1.1 During desk audit, all SROs issued by the FBR under the Customs Act 1969 during the last five years were collected and tabulated. These were 41 SROs, from which 13 SROs were identified as high-risk and requiring field audit.

6.1.2 During field audit, FBR HQ was requested to provide approval files of these SROs while the field formations were requested to provide data of all transactions under these SROs since their issuance.

### **6.2 Audit Analysis**

Despite repeated written and oral requests by field audit teams over two months of September and October, 2021, FBR HQ did not provide any files on the question of validity of the selected SROs and has been duly issued an audit observation in this regard. Further, on the North side, MCCs Islamabad, Peshawar, and Faisalabad-Multan only provided negligible amount of data, while MCC Sialkot provided data only for FY 2020-21. A comparative table of data requisitioned against data received is attached herewith as Annexure. Production of record was satisfactory on the South side.

[Annexure-71]

#### **6.2.1 Review of Internal Control**

6.2.1.1 Weakness of internal controls was observed at both the policy as well as the operational levels.

6.2.1.2 At the policy level, FBR HQ neither provided approval files of the selected SROs to the Field Audit Team nor provided any indication or assurance that the selected 10

SROs purportedly issued under Section 19 were vetted for compliance with the requirements of the said section. Similarly, there was no indication that concessions granted through reduction of regulatory duties under Section 18 were justified by any practical or legal considerations. The same was the case for the one selected SRO issued under Section 181.

6.2.1.3 At the operation level, audit observed several instances where benefit of the concessionary SROs had been given to the wrong party or on wrong items or the charging SROs had not been applied to dutiable items. This showed that the relevant data entry softwares of Customs were unable to prevent misuse of SROs and that the monitoring and oversight mechanisms in place were also ineffective. Audit observed that these weaknesses in internal controls results in revenue loss of Rs 6.36 billion (relevant audit paras are presented in the “Case Studies” section below).

## **6.2.2 Critical Review**

6.2.2.1 Following SROs expressly issued under Section 19 of the Customs Act 1969 do not appear to be covered by any of the emergency or extraordinary conditions specified in that section:

6.2.2.1.1 SRO No. 39(I)/2017, dated 23.01.2017, effective from 16.01.2017, grants exemption from whole of customs duty on import of textile goods such as cotton, aramids, rayon, nylon, and artificial staple fibers. Moreover, the fact that the SRO is made effective retrospectively by 8 days raises further doubts about its purpose. During field audit, it was found that, at MCC Peshawar, 37 transactions benefited from the retrospective effect of the SRO, while the total of customs duty exempted on import of raw cotton (HS Code 5201.009) is



Rs 63.09 million (exemptions also availed from Sales Tax, Income Tax and Additional Customs Duty).

**6.2.2.1.2** SRO No. 644(I)/2018, dated 24.05.2018, exempts customs duty on import of electric vehicles that is in excess of 25% ad valorem.

**6.2.2.1.3** SRO No. 833(I)/2018, dated 03.07.2018, exempts customs duty, regulatory duty, and additional customs duty on import of vintage cars and jeeps manufactured before 1<sup>st</sup> January 1968 that is in excess of the cumulative amount of USD 5,000 per unit. During field audit, it was found that, at Islamabad Dryport, two vintage cars – one Bentley and one Dodge – were imported from United States availing total ST, FED and RD exemptions of Rs 115,423.00.

**6.2.2.2** Similarly, while Section 18(3) itself is problematic to the extent that there is no power in the Customs Act 1969 to grant exemption from the regulatory duty levied under Section 18(3), or remove any item from the list of items subject to regulatory duty, the following SROs expressly issued under Section 18(3) not only remove certain items from the general list of items subject to regulatory duty but also do so in a manner that raises doubts about their purpose:

**6.2.2.2.1** SRO 680(I)/2019, dated 28.06.2019, imposed regulatory duties at different rates on 569 different items. This SRO was amended about two months later vide SRO 949(I)/2019, dated 22.08.2019, to impose RD @ 3% on cotton under PCT Codes 52.01 and 52.03. However, about five months later, these amendments were withdrawn vide SRO No. 38(I)/2020, dated 21.01.2020. This chain of events suggests that Federal Government is using its

power to levy regulatory duty under Section 18(3) in a discretionary and arbitrary manner without any apparent legal or practical rationale. The fact that these amendments relate to an important textile item also suggest ulterior motives.

**6.2.2.2.2** The aforementioned SRO 680(I)/2019, as issued on 28.06.2019, imposed RD on wheat (PCT Code 1001.1900) and other wheat (PCT Code 1001.9900) @ 60%. However, about eight months later, vide SRO 119(I)/2020, dated 19.02.2020, these rates were reduced to zero. The initially very high RD and its later reduction to zero again suggests that Federal Government is using its power to levy regulatory duty under Section 18(3) in a discretionary and arbitrary manner without any apparent legal or practical rationale. The fact that the item in question is wheat also suggests ulterior motives.

**6.2.2.2.3** MCC Peshawar provided data on SRO 680/2019 dated 28.06.2019, ranging from July 2019 to June 2021. This included figures for import of cotton yarn (PCT Code 52.05) from 03.03.2021 to 02.06.2021, which is precisely the period for which RD of 5% imposed by SRO 680 on this item was omitted (via SRO 1352(I)/2020 dated 23.12.2020 and effective till 30.06.2021). During this period, cotton yarn was imported from Turkmenistan and Uzbekistan with assessed imported value of Rs 257,401,962.00, 5% of which comes to Rs 12,870,098.10.

**6.2.2.2.4** MCC Peshawar provided data on SRO 108/2019 dated 31.01.2019, which had exempted Additional Customs Duty of 2% on cotton yarn (PCT Code 52.01) imposed by SRO 630/2018 dated 24.05.2018. This exemption was available for five

months only from 01.02.2019 to 30.06.2019. The data provided shows that all imports of raw cotton (5201.009) during this period originated from Afghanistan and availed total exemption from additional customs duty of Rs 121,322,256.00.

**6.2.2.3** SRO No. 1455(I)/2018, dated 29.11.2018, expressly issued under Section 181 of the Customs Act 1969 allowed release of smuggled mobile devices seized before 31<sup>st</sup> December 2018 on payment of applicable duty and taxes “with imposition of zero fine”. The second proviso to Section 181 allows the Board to fix the amount of fine to be paid in lieu of confiscation, but this SRO defeats the spirit of the entire Section 181 by fixing the amount of fine as zero. However, none of the field formations provided any data regarding the use of SRO 1455(I)/2018 dated 29.11.2018 issued under Section 181. Therefore, audit was unable to determine the amount of benefits granted under this SRO.

**6.2.2.4** Audit observed irregularities amounting to Rs 6.25 billion that involved wrong application of concessionary SROs or wrong non-application of levying SROs in the field. Audit paras relating to these irregularities are presented below as “Case Studies”.

### **6.2.3 Significant Audit Observations**

Audit observed misplaced interpretation of the SROs in general at the assessment and collection stages that caused a total revenue loss of Rs 6.25 billion. The relevant audit observations are clubbed together as nine audit paras given below: the first seven involve wrong assessment worth Rs 6.25 billion and the last two involve non-collection despite correct assessment worth Rs 13.96 million.

#### **Wrong Assessment Issues**

Wrong assessment involves giving benefit of exemption or concession on an item or to a party that was not entitled to such benefit under the benefit-granting SRO.

**6.2.3.1 Loss of revenue due to inadmissible exemption of duty and taxes  
– Rs 1.56 million**

SRO 642(I)/2016 dated 27.07.2016 exempts the whole of customs duties leviable on equipment and construction machinery, if not manufactured locally, imported by M/s China State Construction Engineering Corporation Limited (M/s CSCECL) for the construction of Karachi-Peshawar Motorway (Sukkur-Multan Section) and M/s China Communication Construction Company (M/s CCCC) for the construction of Karakorum Highway (KKH) Phase II (Thakot-Havellian Section).

Audit observed that in four cases, Deputy Collector Customs (Imports), AFU, Islamabad, allowed exemption of customs duty under the above SRO to importers other than the two Chinese companies mentioned in the SRO. Due to misuse of the benefit of SRO, public exchequer lost revenue of Rs 1.56 million.

The department replied that the subject GDs contained rejected goods which were shipped back to Pakistan and the same were cleared under Section 22 of the Customs Act, 1969 which attracts zero rate of duty / taxes. However, since the GDs were filed in One Customs, the system automatically exempted the imported / rejected goods under SRO 642(I)/2016 dated 27.07.2016. As the same goods were already exempt from duty / taxes, hence no revenue implication has occurred in the instant case.

DAC in its meeting held in December 2021 directed the Collectorate to get the contested position verified from audit within a period of seven days and report progress. However, no further progress was reported till finalization of this report.

Audit recommends early verification of the Collectorate's stance, besides strengthening of internal controls to prevent such errors in future.

[DP No. 7411/Cus/North]

**6.2.3.2 Less realization of revenue due to non-levying of additional customs duty on imported goods – Rs 7.60 million**

SRO 572(I)/2020 dated 30.06.2020 levies additional customs duty (ACD) on import of goods specified in the First Schedule to the Customs Act,

1969 at the rates specified therein. Further, para 3(vi) of the SRO states that additional customs duty shall not be levied on plant and machinery used in manufacturing or production of goods as is classifiable under Chapter 84 and 85 of the First Schedule to the Customs Act, 1969 (IV of 1969).

Audit observed that Deputy Collector Customs, (Imports), AFU, Islamabad, cleared certain imported spare parts, filters, lubricants and kits etc. without payment of ACD. Audit is of the view that imported items attracted ACD as the same were not plant and machinery. While making assessment, Customs authorities did not realize ACD which resulted in less realization of government revenue of Rs 7.60 million.

The department replied that the scrutiny of the GDs revealed that the goods assessed at Serial No. 1, 2, 3, 30 and 107 were not plant and machinery imported by registered manufacturers and importers. So the amount of Rs 44,398 was admitted for recovery. However, the department contested the remaining amount as not due claiming that the remaining GDs were plant and machinery and were right extended the benefit of SRO 572(I)/2020 dated 30.06.2020.

DAC in its meeting held from December 27 to 31, 2021 directed the Collectorate to recover the amount of Rs 44,398 and get the contested amount said to be not due verified by the audit within a period of seven days. However, no further progress was reported till finalization of this report.

Audit recommends: (a) early recovery of the admitted amount, (b) fixing responsibility for the lapse, (c) strengthening of internal controls to prevent such lapses in future, and (d) early verification of the departmental stance with regards to the contested amount.

[DP No. 7410 /Cus/North]

### **6.2.3.3 Non-realization of regulatory duty due to inadmissible exemption - Rs 31.94 million**

According to SROs 680(I)/2019 dated 28.06.2019 imported goods mentioned in the SRO except specifically exempted therein were liable to regulatory duty at rates specified therein.

Five field offices of FBR granted exemption of regulatory duty to the importers or on imported goods such as vehicles, canned pineapple, condensed milk, flat rolled products etc. and goods not falling under S. No. 2(a), (b), (c), (d)

of the SRO 680(I)/2019 which do not qualify for the exemption under the said SRO. This resulted in loss of Rs 31.94 million in 172 cases.

The irregularity was pointed out in March to November, 2021. The Department replied in December, 2021 that (a) Rs 0.50 million has been recovered, (b) Rs 0.92 million stance accepted by the Audit, (c) Rs 14.33 million was under recovery, (d) Rs 6.33 million subjudice in courts (e) Rs 2.78 million were contested by the department but no documentary evidence provided and (f) in cases of Rs 7.08 million departmental reply is awaited.

The DAC in its meetings held in December, 2021 directed the Collectorates to expedite recovery, pursue court cases and submit comprehensive replies with supporting documents in cases awaiting action, contested and where departmental stance is awaited.

Audit recommends implementation of DAC directives and taking measures to make good the revenue loss besides fixing the responsibility.

[Annexure-72]

#### **6.2.3.4 Loss of revenue due to inadmissible concession of duty and taxes - Rs 5.973 million**

According to SRO 682(I)/2006 dated 29.06.2006, the amounts given in the Table are meant for goods imported under the Baggage Rules, 2006 by bona-fide passengers only. The restrictions, conditions, allowances and facilities are provided in the Baggage Rules and Trade Policy in vogue. Rule 3(C) of the Baggage Rules, 2006, issued vide SRO 666(I)/2006 dated 28.06.2006, allowed purchases for personal use from Duty Free Shop while availing allowance of value upto US\$ 500 for personal use on visit after stay abroad of more than seven days. Further, Sr.No.VIII of Rule 3(B) of the said Rules excludes certain goods, i.e., TV, Deep Freezer, Refrigerator, Microwave Oven, Cooking range, Washing Machines and Air Conditioner, which shall be allowed on payment of duty and taxes. Chapter-X of CGO 12/2002 dated 15.06.2002 provides the detailed procedure for sale of goods from Duty Free Shops.

Audit observed that within the jurisdiction of AC Customs (Duty Free Shop), AFU, Islamabad, M/s Capital Duty Free (PVT) Limited and M/s Duty Free Depot Duty Free Shop sold “Microwave ovens, washing machines, air conditioners, refrigerators” to passengers on payment of fixed amount of duty

and taxes provided in SRO 682(I)/2006. Audit is of the view that the goods mentioned under clause (viii) of the Rule 3B of the Baggage Rules, 2006 were not meant to be cleared from duty free shops under ITP given in the table of SRO 682(I)/2006 dated 29.06.2006; rather the goods were required to be charged duty and taxes under Section 25 of the Customs Act, 1969. The practice of clearance of goods on the basis of ITP fixed for the purpose of duty and taxes is contrary to law and causing continuous loss to the public exchequer. The lapse resulted in revenue loss of Rs 5,973,490. It is worth mentioning that Audit had pointed out this irregularity time and again but no corrective action has been taken despite directions of the DAC.

The department replied that matter was referred to FBR for clarification and decision of FBR on this issue would be complied with.

DAC in its meeting held on December 27 to 31, 2021 directed the Collectorate to expedite assessment as per law without shuttling the issue to the FBR and report progress within 15 days. However, no further progress was reported till finalization of this report.

Audit recommends early conclusion of the assessment and, in case of default, early recovery of the pointed out amount under intimation to audit.

[Draft Para No. 7406 /Cus/North]

#### **6.2.3.5 Non-realization of additional customs duty due to inadmissible exemption - Rs 6,092.73 million**

According to SROs 630(I)/2018 dated 24.05.2018, 670(I)/2019 dated 28.06.2019 and 572(I)/2020 dated 30.06.2020, all imported goods except specifically exempted therein were liable to additional customs duty at rates specified therein.

Six field offices of FBR granted exemption of additional customs duty to the importers or on imported goods such as automobiles, vessel for ship breaking, goods not falling under S. No. 3(viii), (xi), (xv), (xvii) of the SRO 572(I)/2020, which do not qualify for exemption under certain conditions as provided in the above SROs. This resulted in loss of Rs 6,092.74 million in 9,415 cases.

The irregularity was pointed out in March to November, 2021. The Department replied in December, 2021 that cases of (a) Rs 123.08 million was

under recovery, (b) Rs 5,934.88 million subjudice in courts (c) Rs 5.61 million were contested by the department but no documentary evidence provided and (d) in cases of Rs 29.16 million departmental reply is awaited.

The DAC in its meeting held in December 2021, directed the Collectorates to expedite recovery, pursue court cases and submit comprehensive replies with supporting documents in contested cases and where departmental stance is awaited.

Audit recommends implementation of DAC directives and taking measures to make good the revenue loss besides fixing the responsibility.

[Annexure-73]

#### **6.2.3.6 Non / less realization of duty / taxes due to inadmissible exemption / concession under FTA - Rs 8.60 million**

According to SRO 1640(I)/2019 dated 31.12.2019 exemption / concession was available to imported goods specified therein at rates stated in the SRO.

Three field offices of FBR granted exemption of customs duty to the imported goods like aluminum foil, garment accessories, machinery & equipment etc. which do not cover under the above SRO. This resulted in loss of Rs 8.60 million in 65 cases.

The irregularity was pointed out in March to November, 2021. The Department replied in December, 2021 that cases of (a) Rs 4.49 million was under recovery, (b) Rs 0.71 million were contested by the department but no documentary evidence provided and (c) in cases of Rs 3.40 million departmental reply is awaited.

The DAC in its meetings held in December 2021, directed the Collectorates to expedite recovery and submit comprehensive replies with supporting documents in contested cases and where departmental stance is awaited.

Audit recommends implementation of DAC directives and taking measures to make good the revenue loss besides fixing the responsibility.

[Annexure-74]



### **6.2.3.7 Non/less-realization of duty / taxes due to inadmissible exemption - Rs 104.04 million**

According to SRO 450(I)/2001 dated 13.06.2001, SRO 492(I)/2009 dated 13.06.2009 and Chapter 99, exemption of duty / taxes was available to imported goods.

Five field offices of FBR granted exemption of duty & taxes to the importers on the goods not qualified for grant-in-aid agreement, used machinery imported by the importer of tariff area from Export Processing Zone, leather on temporary import basis which do not qualify for the exemption under certain conditions as provided in the above SRO / chapter. This resulted in loss of Rs 104.04 million in 157 cases.

The irregularity was pointed out in March to November, 2021. The Department replied in December, 2021 that cases of (a) Rs 77.45 million were contested by the department but no documentary evidence was provided, (b) Rs 26.26 million were referred to the Board for clarification and (c) in cases of Rs 0.33 million departmental reply is awaited.

The DAC in its meeting held in December 2021, directed the Collectorates to pursue the matter with the Board, submit comprehensive replies with supporting documents in contested cases and where departmental stance is awaited.

Audit recommends implementation of DAC directives and taking measures to make good the revenue loss besides fixing the responsibility.

[Annexure-75]

### **6.2.3.8 Inadmissible exemption of Additional Customs Duty on the import of Hybrid Vehicles - Rs 0.25 million**

According to SRO 572(I)/2020 dated 30.06.2020, additional customs duty is levied on import of goods specified in the First Schedule to the Customs Act, 1969 at the rate of 2% on goods falling under tariff slabs of 0%, 3% and 11%; at the rate of 4% on goods falling under tariff slab of 16%; and at the rate of 7% on goods falling under tariff slabs of 20% and higher slabs.

Audit observed that Deputy Collector Customs, (Imports), Dry Port, Islamabad, cleared two imported vehicles through one-customs without charging additional customs duty and allied taxes despite the fact that no such exemption

had been allowed by the aforementioned SRO. Thus, weak internal control and monitoring resulted in less-realization of revenue of Rs 0.25 million.

The department agreed with the stance of the Audit and issued demand notices to the concerned importers for recovery of short-levied duty and taxes.

DAC in its meeting held in December 2021, directed the Collectorate to recover the pointed out amount and report progress within 15 days.

Audit recommends: (a) early recovery of the admitted amount, (b) fixing responsibility for the lapse, and (c) strengthening of internal controls to prevent such lapses in future.

[DP No. 7436 /Cus/North]

#### **6.2.3.9 Loss of revenue due to inadmissible exemption from Regulatory Duty on imported goods – Rs 13.71 million**

According to Sr. No.195 of the SRO680(I)/2019 dated 30.06.2019 as amended vide SRO 573(I)/2020 dated 30.06.2020, regulatory duty at the rate of 2.5% was levied on woven fabric of artificial staple fiber classified under HS Code 5516.1200 of First schedule to the Customs Act, 1969.

Audit observed that, in 64 cases, Deputy Collector Customs, (Imports), Dry Port, Islamabad cleared imported goods identified as “Viscose Ladies Suiting Fabric” of China origin without levy of regulatory duty at the rate of 2.5% under HS Code 5516.1200, despite the fact that customs authorities realized RD on the same goods in 35 other cases during the same period. Due to weak internal controls, leviable RD was not realized which, in turn, caused short realization of allied taxes. The lapse resulted in revenue loss of Rs 13.71 million.

The department agreed with the stance of the Audit and issued demand notices to the concerned importers for recovery of short-levied duty and taxes.

DAC in its meeting held in December 2021, directed the Collectorate to expedite recovery and report progress within 30 days.

Audit recommends: (a) early recovery of the admitted amount, (b) fixing responsibility for the lapse, and (c) strengthening of internal controls to prevent such lapses in future.

[DP No. 7448/Cus/North]

## **7 Recommendations**

**7.1** In light of the observations and analysis above, audit recommends that:

- 7.1.1** Federal Government and FBR should review all active SROs issued under Section 19 of the Customs Act 1969 and withdraw such of them as are not covered by the express mandate of the said section.
- 7.1.2** Parliament should amend Section 18 of the Customs Act 1969 to provide for a transparent and structured procedure for decreasing or removing regulatory duties and additional customs duties so that the SROs under this section cannot be issued arbitrarily or with any ulterior motive.
- 7.1.3** FBR should hold an inquiry and fix responsibility regarding the issuance of SRO No. 1455(I)/2018, dated 29.11.2018, under Section 181 of the Customs Act 1969 that allowed release of smuggled mobile devices seized before 31<sup>st</sup> December 2018 on payment of applicable duty and taxes “with imposition of zero fine”.
- 7.1.4** FBR should strengthen its internal controls in the field formations so that the concessionary SROs are applied only to eligible importers and eligible items, and dutiable items do not escape application of levying SROs.
- 7.1.5** FBR should recover the revenue lost because of irregularities identified in audit paras above in the earliest.

## **8 Conclusion**

With reference to the purpose and objectives of this Thematic Audit and in light of the data obtained, it may be safely concluded that, during the last five years:

- (a) The process of issuing Customs SROs granting exemptions and concessions often lacks transparency and appropriate legal cover. Moreover, there are no internal monitoring reports by FBR with regards to the objectives and performance of such SROs. Therefore, it is currently

impossible to determine the cost effectiveness of such exemptions in stimulating existing and new investment, employment generation and new technology.

- (b) Arbitrary use of discretionary powers conferred by the law on the Federal Government and FBR is evident in both issuance and application of several SROs granting exemptions and concessions;
- (c) No proper mechanism of monitoring and supervision by senior management is available to prevent misuse of SROs in the field; and
- (d) Customs authorities do not apply exemptions with precision, which is obvious from the audit observations yielded by this Thematic Audit amounting to Rs 6.25 billion.

It is hoped that the observations made in this study will lead to the withdrawal of questionable SROs and better application of both concessionary and levying SROs in the field.

## **9 References**

- “Transforming our world: the 2030 Agenda for Sustainable Development”, UN General Assembly Resolution A/RES/70/1 passed on 25 September 2015, New York.
- Customs Act 1969.
- FBR’s Tax Expenditure Report 2020.
- General Clauses Act, 1897.
- SROs on FBR website.
- UK Statutory Instruments Act 1946.

## **Part-II – Thematic Audit on “Broadening of Tax Base (BTB)”**

### **1.1 Introduction**

Revenue generation is the life blood of an economy. A common feature of tax system around the world is to keep identifying potential tax payers for the expansion of its tax base and keep improving the efficiency and capability of tax authorities. It is a complex and time-consuming activity as addition of a new taxpayer must be backed by evidence of income/sales liable to tax. Broadening of Tax Base is in fact the expansion of an economic activities and documentation of all sectors/sub-sectors without any exemptions & preferences. Narrow tax bases are non-neutral, favoring one product or industry over another, and can undermine revenue stability.

Expansion of tax base in Pakistan has remained static much to the dismay of the tax authorities and international donor agencies. Pakistan has a narrow tax base constituting only 2 % of the total population. Low and non-compliant tax base adversely affect revenue generation and the resultant low tax GDP ratio and dependence on external and internal debts. Pakistan is the lowest in the region regarding tax to GDP ratio as given under:

<b>Country</b>	<b>Tax to GDP</b>
Pakistan	5.9%
India	8.1%
China	22.1%
Sri Lanka	9.6%
Bangladesh	9.4%
Nepal	21.8%
Bhutan	10.3%
Afghanistan	9.89%
Iran	6.6%

### **1.2 Background**

One of the most significant economic challenges Pakistan has been facing since long is broadening of its tax base. The task of Broadening of Tax Base (BTB) was taken up with renewed resolve in the year 2013 by Federal Board of Revenue. The primary objective of the BTB is to contribute towards a tax system based on equity and public trust. The core functions of the FBR in respect of Broadening of Tax Base are as follows:

- To supervise, monitor and plan working of the field formation for identifying new tax payers.
- Maintenance of Central Data Bank at FBR HQ.
- Collection, processing, dissemination and monitoring of third party information regarding financial transactions to identify potential tax payers.
- Complaint handling mechanism be devised for field formations for broadening of tax base.
- Financial Investigation, be carried out where ever required in respect of potential taxpayers.

Apart from offering incentives and taking other measures to broaden the tax base of the country, the government is also trying to establish a link between the Federal Board of Revenue (FBR) and National Database and Registration Authority (NADRA). For taxpayers' facilitation, FBR has taken various steps for automation of registration of taxpayers, return filing, audit and minimizing personal interaction between tax officials and taxpayers in order to minimize the involvement of the FBR officials in these processes, besides, fake invoices used for fraudulent refund.

Despite all measures taken by the Government/FBR, tax base could not be enhanced sufficiently to meet the expenditures. Further, FBR as an institution also failed to established as robust tax collecting organization. It is pertinent to mention that FBR Year Book 2019-20 does not mention the number of registered persons under sales tax. This shows that FBR does not know the exact numbers of registered persons under sales tax which is prime information for all stakeholders. According to FBR Year Book for 2019-20, against original target of Rs 2,203 billion of sales tax, total net collection as on June 30, 2020, was Rs 1,596.8 billion. Against a revised target of Rs 1,427 billion, it showed a Rs 169.8 billion surplus. The Book notes: "Domestic sales tax collection recorded a growth of 11 percent, whereas collection of sales tax on imports recorded a growth of 8.1 percent". A detailed analysis of FBR Year Book for 2019-20 exposes the extremely narrow base of sales tax. Out of the total collection, the share of sales tax on imports is 55 percent and on domestic sales 45 percent. Interestingly, out of sales tax at import stage of Rs 876.3 billion, the share of POL products is 27 percent [Rs 231 billion]; in total domestic sales tax of Rs 720 billion it is 33 percent [Rs 235 billion]. Thus the share of one item

alone is Rs 466 billion [29 percent]. The share of other major items also confirms the weakness of FBR's enforcement vis-à-vis the indirect tax base.

### **1.3 Establishing the audit theme**

#### **1.3.1 Reasons of selection**

In 2016, Pakistan adopted the sustainable Development Goals (SDGs) as its own national development agenda. The National Economic Council (chaired by the Prime Minister) approved the National SDGs Framework in 2018. The Framework prioritize the global goals into three categories as under:

The Sustainable Development Goals (SDGs) are a Universal Development Agenda encompassing 17 goals, 169 targets and 244 indicators as adopted by Pakistan through its parliament. The National SDGs Framework is based on five Critical Pathways (CPW) that would converge to reduce regional inequality for fostering inclusive and sustainable development.

**Target 17.1**, Strengthen domestic resource mobilization for inclusive and sustainable development is embedded in CPW-I calls for better governance and improved security that is a fundamental base for development. It is pertinent to mention that Target 17.1 is the High Priority Targets on Weighting Matrix and Prioritization of Targets in the Framework.

According to Pakistan's Implementation of the 2030 Agenda for Sustainable Development Report 2019, planned initiatives include a reform roadmap for the Federal Board of Revenue (FBR). Based on ICT platforms to create an efficient interface between tax payers and tax collectors, this initiative aims to evoke revenue acceleration through reforms, a revamped tax policy, the separation of policy and administration functions, and the digitization of processes.

#### **1.3.2 Purpose/ Objectives**

It is essential to have robust tax system for running state administration, meeting out defence expenditure, ensuring social welfare, developing infrastructure, and maintaining public utilities throughout the breath and length of any country. Therefore, is imperative to have a broad tax base within Pakistan to avoid dependence on internal / external debt.

Tax compliance in Pakistan lacks far behind than developed countries as the public have less confidence over tax collection machinery. Further, various sectors like corporate sector are heavily taxed over 35%. Whereas the other

sectors are exempted due to one reason or other. Therefore, equal distribution of tax is urgent need of over. It is pertinent to mention that Agriculture and service sectors constitute 75% of GDP and contribute only less than 10% of the revenue collection within a financial year as agriculture lobby has strong presentation in Parliament.

### **1.3.3 Scope**

Thematic audit has focused on registration of income tax and sales tax in fourteen (14) field offices of Federal Board of Revenue:

1. Chief Commissioner LTO, Karachi
2. Chief Commissioner MTO, Karachi
3. Chief Commissioner Corporate Tax Office, Karachi
4. Chief Commissioner Regional Tax Office-I, Karachi
5. Chief Commissioner Regional Tax Office-II, Karachi
6. Chief Commissioner Regional Tax Office, Hyderabad
7. Chief Commissioner Regional Tax Office, Sukkur
8. Chief Commissioner Regional Tax Office, Quetta
9. Chief Commissioner Regional Tax Office, Multan
10. Chief Commissioner Regional Tax Office, Sialkot
11. Chief Commissioner Regional Tax Office, Sargodha
12. Chief Commissioner Regional Tax Office, Faisalabad
13. Chief Commissioner Regional Tax Office, Peshawar
14. Chief Commissioner Corporate Tax Office, Islamabad

## **2. Legal frame work governing the theme**

Section 114 of the Income Tax Ordinance, 2001

### ***114. Return of income***

*(1) Subject to this Ordinance, the following persons are required to*



*furnish a return of income for a tax year, namely:–*

*(a) every company;*

*(ab) every person (other than a company) whose taxable income for the year exceeds the maximum amount that is not chargeable to tax under this Ordinance for the year; or*

*(ac) any non-profit organization as defined in clause (36) of section 2;*

*(ad) any welfare institution approved under clause (58) of Part I of the Second Schedule;*

*(ae) every person whose income for the year is subject to final taxation under any provision of this Ordinance;*

*(b) any person not covered by clause (a), (ab), (ac) or (ad) who,*

*(i) has been charged to tax in respect of any of the two preceding tax years;*

*(ii) claims a loss carried forward under this Ordinance for a tax year;*

*(iii) owns immovable property with a land area of five hundred square yards or more or owns any flat located in areas falling within the municipal limits existing immediately before the commencement of Local Government laws in the provinces; or areas in a Cantonment; or the Islamabad Capital Territory;*

*(iv) owns immovable property with a land area of five hundred square yards or more located in a rating area;*

*(v) owns a flat having covered area of two thousand square feet or more located in a rating area;*

*(vi) owns a motor vehicle having engine capacity above 1000 CC;*

*(vii) has obtained National Tax Number; or*

*(viii) is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees five hundred thousand;*

*(ix) is a resident person registered with any chamber of commerce and industry or any trade or business association or any market committee or any professional body including Pakistan Engineering Council, Pakistan Medical and Dental Council, Pakistan Bar Council or any Provincial Bar Council, Institute of Chartered Accountants of Pakistan or Institute of Cost and Management Accountants of Pakistan; or*

*(x) is a resident person being an individual required to file foreign income and assets statement under section 116A.*

#### **Section 14 of the Sales Tax Act, 1990**

##### ***14. Registration.***

*(1) Every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered under this Act, namely:-*

- a) a manufacturer who is not running a cottage industry;*
- b) a retailer who is liable to pay sales tax under the Act or rules made thereunder, excluding such retailer required to pay sales tax through his electricity bill under sub-section (9) of section 3;*
- c) an importer;*
- d) an exporter who intends to obtain sales tax refund against his zero-rated supplies;*
- e) a wholesaler, dealer or distributor; and*
- f) a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected*

*under the Act.*

*(2) Persons not engaged in making of taxable supplies in required to be registered for making imports or exports, or under any provisions of the Act, or any other Federal law, may apply for registration.*

*(3) The registration under this Act shall be regulated in such manner as the Board may, by notification in the official Gazette, prescribe.*

### **3. Stakeholders and governmental organizations identified as directly/indirectly involved**

Federal Board of Revenue is the key stakeholder of the thematic audits.

### **4. Role of important organizations**

Federal Board of Revenue is responsible to identify the Withholding Agents, facilitate issuance of NTN/FTN to unregistered Withholding Agents in respective Regional Tax Office through Pakistan Revenue Automation Limited, assist FBR in developing an accounting policy for appropriation of the deduction to the Regional Tax Offices. Whereas, Large Taxpayers Units having jurisdiction over particular taxpayer(s). Federal Board of Revenue has a primary role in broadening of tax base in the country. FBR has to review and recommend suitable (automated) processes and filing structure of income / Sales tax returns, withholding statements which are compatible with income tax/ sales tax acts. FBR main task is to investigate cases of non-deduction / short-deduction of Taxes. Further, FBR responsibility is to take appropriate action under the law in the cases of defaulters.

### **5. Funding procedure and sources**

Federal Board of Revenue meets its expenditure through consolidated fund of Government of Pakistan.

### **6. Field audit activity**

This office has allocated 1655 mandays for the thematic audit activities. 235 mandays have been allocated for planning and desk audit. 1420 mandays allocated for execution of the thematic audit. Thematic audit executed from 12.07.2021 after detailed planning in start of July 2021.

## **6.1 Methodology**

The methodology of thematic audit includes;

- i. Understanding the audit entity
- ii. Conducting risk assessment
- iii. Defining detailed audit objectives
- iv. Developing audit program
- v. Performing analytical procedures
- vi. Testing the internal controls
- vii. Determining sample size for substantive testing of details
- viii. Conducting substantive tests
- ix. Evaluating results
- x. Reporting and
- xi. Follow up

## **6.2 Key audit findings**

### **6.2.1 Weakness of Internal Control**

Weakness of internal controls was observed in implementation of statutory obligations to broaden the tax base for both income and sales tax.

With regards to income tax, audit observed that:

- 363,990 holder of commercial or industrial connection of electricity paying annual bills in excess of Rs 500,000 were liable to compulsory registration under Income Tax Ordinance, 2001 but FBR failed to do so (details in para 6.2.3.1 below).
- RTO Multan issued notices to two persons for filing income tax returns and explain their sources of investments in 2019 but is yet proceed further despite a lapse of more than two years (details in para 6.2.3.2 below).
- RTO Sialkot identified 31 cases for filing of tax returns for tax years 2016 to 2020 but neither returns were filed by the defaulter nor were assessments finalized by the RTO up till June 2021 (details in para 6.2.3.2 below).
- In four RTOs in Sindh, 719 income tax filers claimed exemption of agricultural income without providing any evidence of payment of

agricultural income tax and land tax on agricultural income under the relevant provincial laws. FBR's internal controls thus failed to expand its tax base to agriculturists (details in para 6.2.3.5 below).

With regards to sales tax, audit observed that

- 78,186 manufacturers having turnover of taxable supplies of more than Rs 5 million or utilities bills more than Rs 0.80 million per annum were liable to compulsory registration under the Sales Tax Act 1990 but FBR failed to do so (details in para 6.2.3.3 below).
- 155 persons filed income tax returns which showed that they either made taxable supplies or engaged in taxable activity by purchasing such supplies. Such persons were liable to be registered under the Sales Tax Act 1990 but FBR failed to do so (details in para 6.2.3.4 below).

## **6.2.2 Critical Review**

On the basis of scrutiny of sampled data, Audit is of the view that the Inland Revenue formations of FBR are not making any significant effort to fulfil their statutory obligations to broaden the tax base for income and sales tax. More specifically:

- FBR is not scrutinizing data from third parties, such as utilities bills and proof of payment of provincial taxes on agricultural land and income, in order to register potential taxpayers or identify taxable income;
- FBR is not following up with its own notices to persons liable to compulsory registration and payment of tax under income and sales tax laws; and
- FBR is not scrutinizing income tax returns to identify persons liable to be registered under the Sales Tax Act 1990 and vice versa.

### **6.2.3 Case Studies**

#### **6.2.3.1 Non-registration of persons liable to be compulsory registered under Income Tax Ordinance 2001**

According to Section 181 (b)(viii) of Income Tax Ordinance, 2001 every person who is the holder of commercial or industrial connection of electricity where the amount of annual bill exceeds rupees five hundred thousand is liable to be registered for income tax

Contrary to the above law, scrutiny of third-party data revealed that three hundred eighteen thousands & seven hundred ninety nine (318799) persons falling under the jurisdiction of Federal Board of Revenue (FBR), were not registered for Income Tax, despite the fact that they fall under prescribed limit for compulsory registration. The persons were not registered under the Income Tax Ordinance, 2001. This resulted in non-realization of income tax from potential taxpayers.

Department reported that the matter is under examination. DAC in its meeting held in January, 2022 directed to pursue the case and submit a detailed report in this regard to Audit & FBR.

Audit recommends compulsory register the persons/potential taxpayers and initiation of legal action for recovery of government dues.

[Para 6.2.1, 6.2.4, 6.2.5 & 6.2.7 of Thematic Audit Report on BTB (South)]

#### **6.2.3.2 Potential loss of tax revenue Rs 208.44 million due to non-finalization of BTB cases**

According to Sections 111, 114, 116, 121 and 122 of the Income Tax Ordinance 2001, where a person has made any investment and the person offers no explanation about the nature and source of the amount credited or the investment, money or the explanation offered by the person is not, in the Commissioner's opinion, satisfactory, the amount credited, value of the investment, shall be included in the person's income chargeable to tax under head "Income from Other Sources" to the extent it is not adequately explained. Further where a person fails to furnish return of income for any tax year, the Commissioner may, based on any available information or material and to the best of his judgment, make a provisional assessment of the taxable income or

income of the person and issue a provisional assessment order specifying the taxable income or income assessed and the tax due thereon.

During scrutiny of tax record of RTOs Sialkot and Multan for the financial year 2020-21, it was observed that 33 cases which were identified for filing of tax returns for tax years 2016 to 2020 but neither returns were filed by the defaulters nor were assessments finalized by the RTO up till June 2021. It is pertinent to mention that considerable time has been elapsed but assessments were still pending and Tax Year 2016 has become time barred. The tax collecting authorities did not take adequate measures for finalization of said cases which resulted into potential loss of revenue of Rs 208.44 million.

The lapse was pointed out by Audit during the month of October & November, 2021. Department reported that legal proceedings had been initiated.

DAC in its meeting held in December, 2021 directed to finalize the legal proceedings by 15.01.2022 and report to Audit & FBR within 30 days.

Audit recommends to finalize the legal proceedings timely besides strengthening of internal controls.

[DPs 20540, 20845/IT (North)]

### **6.2.3.3 Non-registration of persons/potential taxpayers liable to be compulsory registered under sales tax law**

According to Section 14 & 2 (5AB) of the Sales Tax Act, 1990 read with the Rule 4 & 6 of Sales Tax Rules 2006, any manufacturer having turnover of taxable supplies of more than 5 million or utilities bills more than Rs.800,000 per annum is liable to compulsory registration. Further, Section 3 read with Section 26 of the Sales Tax Act, 1990 provides that any person making taxable supplies shall pay Sales Tax at prescribed rate and shall furnish a true and correct information about his taxable activity while filing his Sales Tax return.

Contrary to the above law, scrutiny of income tax returns and third-party data revealed that Thirty eighty thousand & four hundred & twenty nine (38429) persons under the jurisdiction of Federal Board of Revenue (FBR), were not registered for Sales Tax despite the fact that they fall under the prescribed limit for compulsory registration. The persons were not registered under the Sales Tax Act, 1990. This resulted in potential loss of government revenue.

Department reported that the process for the compulsory registration was under way which would be finalized soon.

DAC in its meeting held in December, 2021 directed to expedite the process of compulsory registration under the law and submit a detailed report in this regard to Audit & FBR within 30 days.

Audit recommends compulsory register the persons/potential taxpayers and initiation of legal action for recovery of government dues.

[Para 6.2.2, 6.2.3, 6.2.6 of Thematic Audit Report on BTB (South) and DPs 20853/ST, 20512/ST & 20486/ST & 20626/ST(North)]

#### **6.2.3.4 Poor monitoring of income tax returns resulted into non-registration of persons/potential taxpayers liable to be compulsory registered under sales tax law - Rs 473.32 million**

According to Sections 14 & 3 of the Sales Tax Act 1990, there shall be charged, levied and paid sales tax at the rate of seventeen per cent of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity. Further according to Sub Section 25 of Section 2 of the Act *ibid*, registered person means a person who is registered or is liable to be registered under this Act.

According to section 3 of ICT Ordinance 2001 read with SRO 495(I)/2016, there shall be charged, levied and paid a tax known as sales tax at rates 16% on the provision of construction services of the value of the taxable services rendered or provided in the Islamabad Capital Territory as per Sr. No. 5 of annexed Schedule.

Furthermore, every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, in the course or furtherance of any taxable activity carried on by him, falling in any of the following categories, if not already registered, is required to be registered under this Act, namely:-

- (a) a manufacturer who is not running a cottage industry;
- (e) a wholesaler, dealer or distributor; and
- (f) a person who is required, under any other Federal law or Provincial law, to be registered for the purpose of any duty or tax collected or paid as if it were a levy of sales tax to be collected under the Act.



Contrary to the above law, scrutiny of record revealed that one hundred fifty five (155) persons under the jurisdiction of Federal Board of Revenue (FBR), were either engaged in taxable supplies (made supplies) or purchased supplies (taxable activity). The persons were liable to be registered under the Sales Tax Act, 1990 and have to pay sales tax leviable thereon. The tax authorities failed to register the persons under the Sales Tax Act, 1990. This resulted in potential loss of government revenue.

The lapse was pointed out to the department during April and May, 2021. The Department reported that the process for the compulsory registration is under way which will be finalized soon.

DAC in its meeting held in December 2021 directed to expedite the process of compulsory registration under the law and submit a detailed report in this regard to Audit & FBR within 30 days.

Audit recommends compulsory registration the persons/potential taxpayers and initiation of legal action for recovery of government dues.

[DPs 20510/ST, 20202/ST, 20215/ST, 20562/ST, 20573/ST, 20615/ST, 20826/ST & 20616/ST (North)]

#### **6.2.3.5 Potential loss of revenue due to non-invoking provisions of Section 111 of the Income Tax Ordinance, 2001**

According to section 41(1) read with Section 111 of the income tax ordinance 2001 agricultural income derived by a person shall be exempt from tax under this Ordinance, where a taxpayer explains the nature and source of the amount credited or the investment made, money or valuable article owned or funds from which the expenditure was made, by way of agricultural income, such explanation shall be accepted to the extent of agricultural income worked back on the basis of agricultural income tax paid under the relevant provincial law.

Scrutiny of income tax return record of taxpayers for the tax year 2020 under the jurisdiction of four (04) formation of southern region of Federal Board of Revenue (i.e. RTO-I, RTO-II Karachi, RTO Hyderabad and RTO Sukkur), it has been observed that the seven hundred and nineteen (719) taxpayer claimed exemption of agricultural income under section 41 of the income tax ordinance 2001 amounting to Rs 1,508.29 million for the tax year 2020, but evidence of

payment of agricultural income tax and land tax on agricultural income as per Provincial Law in support of above values were not furnished to the department by the taxpayers. Therefore, omission may be justified and evidence for the payment of provincial taxes may be furnished to the Audit and in case of failure exemption of agricultural income may be withdrawn and taxable income may be reassessed as per Law and recover the income tax amounting to Rs 71.46 million.

Audit recommends that the matter may please be clarified or government revenue, along with default surcharge and penalty, be recovered under intimation to Audit.

[Para 6.2.8 of Thematic Audit Report on BTB (South)]

## **7. Departmental responses**

The FBR department failed to submit the annotated replies till the finalization of this report also the DAC meeting was not convened till the finalization of BTB thematic audit report.

## **8. Recommendations**

There is need to:

- evolve a mechanism to collect information from various institutions to identify potential taxpayers on the basis of economic activity.
- simplification of tax laws and systems
- document all economic activities.
- end preferential treatment given to different sectors
- integrate all supply chain data into FBR Management Information System (MIS)/Tax Management System throughout length & breadth of the country.
- develop and strengthen the control for proper assessment and realization of government revenue.
- expedite digitalization of all processes of tax management
- finalize legal proceedings against the cases booked by FBR through its NDB (National Data Bank) in a given time frame.
- develop a mechanism for proper oversight of FBR for reconciliation of cases finalized by field offices.

- ensure efficiency, transparency, and accountability in FBR administration in order to broaden the tax base.
- initiate incentives to taxpayers in order to broaden tax base and action be initiated against defaulters.
- strengthen overall internal control environment of BTB activity to enhance tax base and revenue.

## **9. Conclusion**

No concrete steps were taken by the Government/FBR to document the economy and gradually broaden the tax base by inclusion of all informal sectors under the tax net. FBR also failed on following accounts

- Registration of persons having high economic activity liable to be registered under tax laws.
- Digitalization of tax system was also slow and ineffective.
- Non-initiation/finalization of legal proceedings.
- Non-pursuance of BTB cases booked by FBR on high economic activity and by its field formations.
- Internal controls environment of BTB activities of the field formations were ineffective and inefficient.

## **10. References**

- National Sustainable Development Goals Framework
- FBR website
- IMF research report 2019 for tax to GDP ratio of world countries
- Centre for Peace and development initiative

**Annexure-I****Detail of MFDAC for the year 2021-22****DG Audit, Inland Revenue & Customs (North), Lahore**

S. No.	Name of Formation / AIR No.	Para No. / DP No.	Title of Para	Total Amount (RS in million)
1	DDO, RTO Abbottabad F-4687	8	Inadmissible/Excess Payment of Integrated Allowance -	0.032
2		9	Inadmissible Payment on Account of Washing Allowance	0.018
3		10	Short Deduction of 5% Normal Rent from	0.004
4		11	Short-withholding of income tax-	0.002
5	Commissioner Zone-II, RTO Abbottabad F-4689	12	Penalty	0.060
6		13	Evasion of Income tax	19.120
7		14	Evasion of Sales Tax and further tax	13.186
8	DDO, RTO Sargodha F-4686	6	Non/ short deduction of Benevolent Fund	0.161
9		7	Inadmissible payment of Conveyance Allowance	0.025
10		8	Short deduction of tax @ 5% on the payment of Transport Monetization	0.020
11		9	In-admissible payment on account of Integrated Allowance	0.016
12		10	Inadmissible payment of fixed TA/DA	0.009
13		11	Non-deduction of Income Tax	0.007
14		12	In-admissible payment on account of Washing Allowance	0.004
15		1/II	Non Conducting Of Physical Verification Of Stores / Stocks	0
16		2/II	Non-conducting of internal Audit	0
17		Commissioner Zone-I, RTO Sargodha F-4685	6	Claim of tax credit which was not verified by the FBR e-portal system
18	9		Delay in registration of Bricks Kilns resulting in loss of revenue	2.263
19	10		Non-recovery of arrears of income tax	146.983
20	11		Irregular refund adjustment of other years against demand of this year without verification	0.738
21	14		Issuance of refund without examination of income tax return and wealth statements	0.025
22	Commissioner Zone-II, RTO Sargodha F-4690	7	Loss of government revenue due to concealment of value of supply resulting short realization of income tax	32.957
23		10	Claim of tax credit which was not verified by the FBR e-portal system	17.634
24		13	Irregular refund adjustment of other years against demand of this year without verification	2.580
25	Commissioner Cantt Zone, RTO Rawalpindi F-4696	8	Non/delayed recovery of demand	7.048
26		13	Non-levy of default surcharge	0.886
27		14	Loss of government revenue due to adjustment of final tax against tax payable	0.864
28		18	Non deduction of withholding tax on salary /wages	0.230
29	Commissioner City Zone, RTO Rawalpindi F-4697	1	Non finalization of remanded back/annulled cases by Commissioner Appeal involving revenue	301.036
30		3	Non/delayed recovery of sales tax demand	125.258
31		4	Non/delayed recovery of income tax demand	84.868

32		13	Non-levy of default surcharge	0.663
33	Commissioner District Zone, RTO Rawalpindi F-4693	1	Non/delayed recovery of demand created through assessment orders	904.946
34		6	Non finalization of remanded back assets by Commissioner Appeal involving revenue	20.623
35		9	Short-realization of Income Tax due to concealment of Income	7.000
36		11	Non/delayed recovery of demand created through assessment orders	2.089
37		14	Short-realization of Income Tax due to concealment of Income	0.410
38		17	Non-levy of default surcharge	0.295
39		Commissioner Corporate Zone, RTO Rawalpindi F-4692	3	Non finalization of remanded back/annulled cases
40	4		Non/delayed recovery of demand created through assessment orders	49.392
41	5		Inadmissible adjustment of expense (Financial Charges)	15.842
42	6		Short-realization of withheld Income Tax u/s 149	9.684
43	9		Short-realization of Income Tax due to concealment of Other Income-	1.861
44	13		Inadmissible adjustment of input tax on supplies made to un-registered persons without mentioning NTN/CNIC	9.124
45	14		Non-realization of Sales Tax against taxable supplies	6.349
46	15		Non-realization of Further Tax	5.751
47	Commissioner Withholding Zone, RTO Rawalpindi F-4694	3	Non finalization of remanded back/annulled cases	103.326
48		7	Non-realization of penalty for non submission of monthly withholding statements u/s 165	17.338
49		8	Non-realization of withholding Income Tax u/s 149	29.183
50	DDO, RTO Rawalpindi F-4695	1	Non-surrendering of unspent balances	17.754
51		2	Irregular expenditure on A01273 Honoraria	14.948
52		3	Irregular expenditure on POL/CNG/	11.190
53		7	Unjustified payment on account of legal charges	3.640
54		10	Un-authorized expenditure on POL for generator	1.220
55		15	Inadmissible payment of allowances	0.526
56		16	Irregular payment on printing and publications	0.390
57		17	Overpayment of HRA @45% instead of 30%	0.361
58		22	Non-recovery of interest from the officials	0.095
59		24	Irregular allotment of House Accommodation	0.000
60		25	Non disposal of old newspapers /unserviceable store items	0.000
61		26	Non submission of monthly Withholding Tax return by the DDO to the Commissioner Inland Revenue	0.000
62		27	Non maintenance of GP Fund ledger of Class-IV employees / Broad Sheets	0.000
63	DDO, MCC (A&F), Lahore F-409	7	Excess payment of pay and allowances	0.149
64		12	Un-justified expenditure incurred on Repair & Maintenance of transport	0.611
65		13	Excess payment of special performance allowance	2.434
66		14	Inadmissible payment of Professional Fee to the Lawyer on direction from the Court	0.060
67		18	Non-Maintenance of G.P.F Ledger/Broad Sheets of Class-IV Employees	0.000
68		19	Non-disposal of Stores/Spares & Old News Papers	0.000
69	DDO, MCC (Preventive) Lahore F-425	10	Unjustified payment on account of purchase of computer hardware	0.027
70	DC Customs, BG Cell, AFU Lahore F-421	3	Provision of incomplete soft record of bank guarantees	0.000
71	DDO, Directorate of Customs, I & I, Lahore	6	Irregular expenditure on account of Printing charges	0.123
72		12	Excess payment on account of TA on Tour	0.029

73	F-412	14	Non deduction of GP Fund Subscription	0.016
74		1/II	Less deduction of Income Tax	0.081
75		2/II	Improper maintenance of Cash Book	0.000
76		3/II	Non conducting physical verification	0.000
77		4/II	Non-conduction of internal audit	0.000
78	DDO, Directorate of Customs, IOCO, Lahore F- 414	9	Irregular payment on account of TA/DA on Casual Leave	0.018
79		10	Excess payment on account of rent of residential accommodation	0.042
80		12	Non deduction of Benevolent Fund and Group Insurance	0.012
81		1/II	Irregular/doubtful expenditure of repair & maintenance on un-authorized vehicle	0.338
82		2/II	Irregular/doubtful expenditure of POL on un-authorized vehicle	0.085
83		3/II	Improper maintenance of Cash Book	0.000
84		4/II	Non-disposal of old Newspapers , replaced material of vehicles & other stores periodicals	0.000
85		DDO, Directorate of Internal Audit Customs, Lahore F- 415	2	Excess/ Bogus payment on account of Transportation of Vehicle
86	5		Less deduction of Income Tax	0.078
87	7		Excess payment on account of rent of residential accommodation	0.038
88	8		Less deduction of GP Fund and Group Insurance	0.035
89	9		Non deduction of Conveyance allowance during leave	0.050
90	12		Doubtful payments on account of Repair of vehicle	0.022
91	14		Excess payment of pay and allowances	0.000
92	15		Irregular expenditure on account of purchase of stationery	0.332
93	16		Irregular expenditure on account of rent of residential accommodation	0.151
94	17		Unjustified payment on account of Repair of vehicle	0.057
95	18	Non-accountal of stock item	0.065	
96	DDO, Directorate of Post Clearance Audit, Lahore F-416	3	Irregular expenditure on account of POL due to non-execution of contract for advance payment	0.362
97		4	Non/less deduction of GP Fund Subscription	0.026
98		6	Irregular payment of Repair & Maintenance	0.283
99		7	Irregular expenditure on account of purchase of stationery	0.207
100		9	Non deduction of conveyance allowance during leave	0.029
101		10	Non recovery of Group Insurance from Gazetted Officers	0.014
102		1/II	Improper maintenance of Cash Book	0
103	DC (Customs), Bank Guarantee, Dryport Mughalpora, Lahore F-418	1/II	Non-finalization of provisional assessment cases involving duty and taxes	1.864
104	DC (Customs), (Private/Public Bonds), Mughal Pura Dryport, MCC (A&F), Lahore F-419	5	Advance collection of customs duty to achieve revenue targets	150.000
105	DDO, Chief Coordinator Computer Wing, Inland Revenue, Islamabad F-4730 <u>Ist Phase 2021- 22</u>	1	Non-charging of sales tax on repair of equipment	0.091
106		2	In-admissible payment of conveyance allowance during leave period	0.023
107		3	Non-surrendering of unutilized budget	2.675
108		4	Non-maintenance of GPF ledger/ broad sheet	0.000
109		5	Non-Carrying out of Physical Verification of Stores/Stocks	0.000
110		6	Non-conducting of Internal Audit	0.000
111	DDO, Directorate General of Internal Audit, Inland Revenue, Islamabad F-4724	4	In-admissible payment of conveyance allowance	0.029
112		5	Non-recovery of house rent allowance	0.014
113		6	Non-surrendering of unutilized budget	0.686
114		7	Non-maintenance of GPF ledge	0

115		8	Non-Carrying out of Physical Verification of Stores/Stocks	0
116		9	Non-conducting of Internal Audit	0
117	DDO, Directorate General Intelligence & Investigation Inland Revenue, Islamabad F-4723	6	Inadmissible payment of telephone allowance	0.071
118		7	In-admissible Payment of House Rent Allowance -	0.033
119		8	In-admissible payment of conveyance allowance	0.024
120		9	Non recovery of 5% normal rent	0.014
121		10	Inadmissible payment of fixed TA/DA	0.005
122		11	Missing of two operational vehicles	0
123		12	Non-surrendering of unutilized budget	0
124		13	Non-maintenance of GPF ledger	0
125		14	Non-Carrying out of Physical Verification of Stores/Stocks	0
126		15	Non-conducting of Internal Audit	0
127	DDO, Directorate of Training & Research (DOT) IR, Islamabad F-4733	4	Short deduction of income tax on repair services	0.001
128		5	Non-surrendering of unutilized budget	0.269
129		6	Non-maintenance of GPF ledger	0
130		7	Non-Carrying out of Physical Verification of Stores/Stocks	0
131		8	Non-conducting of Internal Audit	0
133	DDO, Directorate Research & Statistics FBR, Islamabad F-4731	1	In-admissible payment of conveyance allowance	0.023
134		3	Non/short withholding of Income Tax on Rent	0.001
135		4	Non-condemnation/auction of unserviceable store/stock	0.166
136		5	Non-surrendering of unutilized budget	4.011
137		6	Non-maintenance of GPF ledger/ broad sheet	0
138		7	Non-Carrying out of Physical Verification	0
139		8	Non-conducting of Internal Audit	0
140	FBR (HQ), Islamabad (Expenditure) F-4708	5	Irregular award of contract	6.072
141		7	Irregular Procurement of hardware through splitting	1.402
142		8	Irregular Procurement of civil works through splitting	2.534
143		9	Inadmissible payment of deputation allowances	0.435
144		10	Excess/Inadmissible payment of Computer allowance	0.045
145		12	Short-accountal of principal amount of Motor Car Advance	0.150
146		15	Inadmissible payment of telephone allowance	0.040
147		18	In-admissible payment of conveyance allowance	0.026
148		25	Inadmissible payment of instruction allowance	0.005
149		26	Non-surrendering of unspent balances	0
150	DDO, Directorate of Internal Audit (Northern Region) FBR, Islamabad F-4722	1	In-admissible Payment on account of house rent allowance	0.023
151		2	Inadmissible reimbursement of medical charges-	0.005
152		4	Non-surrendering of unutilized budget	0.134
153		5	Non-maintenance of GPF ledger/ broad sheet	0.000
154		6	Non-Carrying out of Physical Verification of Stores/Stocks	0.000
155		7	Non-conducting of Internal Audit	0.000
157	CEO, PRAL, Islamabad (Expenditure) F-4732	9	Excess payment of ICT Sales Tax on Services	0.058
158		10	Non-charging of sales tax on legal & professional charges	0.050
159		11	Short charging of Sales Tax on IT system	39.733
160		12	Non-Carrying out of Physical Verification of Stores/Stocks	0
163	DDO, Revenue Division, Islamabad F-4721	2	Non-recovery of 5% normal rent	0.011
164		4	Inadmissible reimbursement of medical charges	0.018
165		5	Non-surrendering of unutilized budget	20.249
166		6	Non - maintenance of GPF ledge	0
167		7	Non-Carrying out of Physical Verification	0
168		8	Non-conducting of Internal Audit	0
169	DDO, LTO Islamabad F-4707	5	Inadmissible reimbursement of medical charge	0.322
170		8	Procurement of office uniforms without observing PPRA	0.127
171		9	Inadmissible payment of Mobile phone and Monetization of Residential Mobile charges	0.053
172		10	Excess payment of Travelling Allowance	0.033
173		11	Non recovery of interest payable on Motor Cycle Advance	0.027

174		12	Short deduction of Income Tax on payment of rent	0.027
175		13	Over payment of hired residential accommodation	0.007
176		14	Unauthorized expenditure of posting of employees in excess of filled in strengths as per budget estimates	21.988
177		15	Variation in the figures of different set of books of accounts maintained by the department.	0
178		16	Non maintenance of fixed assets register	0
179		17	Non-surrendering of savings and excess expenditure	0
180	Commissioner (Enforcement Zone), LTO Multan F-4737	16	Inadmissible Input Tax Adjustment	1.065
181	Commissioner Audit (Zone-II), LTO Multan F-4736	12	Evasion of Income Tax	4.119
182		1/II	Inadmissible adjustment of Input Tax	0.464
183		2/II	Nonpayment of Penalty and Default Surcharge	0.013
184	Commissioner Audit (Zone I), LTO Multan F-4738	15	Inadmissible Input Tax Adjustment	1.609
185	DDO, Director Internal Audit IR, Lahore F-4718	6	Non Recovery of House Building Advance	0.017
186		7	In admissible Payment of House Rent Allowance	0.015
187		8	Inadmissible Payment on Account of Integrated Allowance	0.011
188		9	Irregular Payment of Fixed TA/DA	0.004
189		10	Non-Maintenance of G.P.F Ledger	0
190		11	Non-disposal of Stores/Spares & Old News Papers	0
191	DDO, LTO Lahore F-4719	3	Non-surrendering/utilization of unspent balance	2.574
192		11	Non-deduction of Group Insurance	0.012
193		12	Inadmissible Payment of Integrated Allowance	0.005
194		1/II	Non-Maintenance of G.P.F Ledger	0
195		2/II	Non-disposal of Stores/Spares & Old News Papers	0
196	Commissioner (Audit-I), LTO Lahore F-4748	7	Unjustified sanction of sales tax refunds through ERS due to non-conducting of Post Refund Audits	3192.154
197		13	Excess Tax credit Claimed	0.725
198	Commissioner (Audit-II), LTO Lahore F-4749	17	In-admissible claim / sanction of Sales Tax Refund	2.968
199	Commissioner (Enforcement), LTO Lahore F-4747	5	Irregular adjustment of other years refund without observance of prescribed law	306.509
200		6	Short-realization of Income Tax due to claim of unexplained deductions	70.520
201		7	Short Assessment of Income Tax u/s 113	33.847
202		8	Loss of revenue due to inadmissible claim of provisions	148.061
203		13	Wrong Assessment on Normal Income Tax Liability	53.974
204		15	Non-recovery of arrears of Tax demand	7857.019
205		16	Inadmissible Claim of Tax Depreciation / Initial Allowance	97.137
206		18	Unjustified sanction of sales tax refunds through ERS due to non-conducting of Post Refund Audits	3663.454
207		19	Non-withholding of Income Tax u/s 149(1)	2.780
208		21	Claim of Donations as Admissible Deduction against the provision of Section 61 of the Income Tax Ordinance 2001	60.518
209	22	Inadmissible Claim of Withholding taxes deducted	40.170	
210	DDO, CTO Lahore F-4710	23	Irregular Adjustment of Income Tax Refund through Pay	0.013
211		24	Non-Maintenance of G.P.F Ledger	0.000
212		25	Non-disposal of Stores/Spares & Old News Papers	0.000
213	DDO, Directorate of Intelligence & Investigation IR, Lahore F-4717	1/II	Inadmissible Payment of Integrated Allowance	0.011
214		2/II	Inadmissible Payment on account of Special Pay	0.008
215		3/II	Inadmissible Payment of Conveyance Allowance	0.006
216		4/II	Non-Maintenance of G.P.F Ledger	0
217		5/II	Non-updation of service books	0



218		6/II	Non-conducting of internal audit	0
219	Commissioner Enf, CTO Islamabad F- 4742	1	Non-recovery of arrears of income tax	2926.678
220	Commissioner Enforcement, CTO Islamabad F-4742	15	In-admissible adjustment of input tax on Supplies made to un-registered persons without mentioning NTN/CNIC	9.682
221		17	Short Realization of Sales tax	8.691
222		26	Inadmissible adjustment of input tax	1.424
223	DDO, RTO Gujranwala F- 4715	9	Non realization of sales tax	0.056
224		7	Non surrendering of unutilized budget	10.124
225	Commissioner Zone-I, RTO Gujranwala F- 4727	6	Loss of revenue due to unlawful adjustment of final tax	19.183
226		20	-do-	4.616
227		27	-do-	2.231
228		38	-do-	0.957
229	CIR Zone-II, RTO Gujranwala F-4745	14	Non realization of further tax	4.075
230		20	Erroneous assessment under section 121(1)	0.000
231	Commissioner Chenab Zone (City-II), RTO Faisalabad F-4754	3	Non-assessment of Sales Tax liability	2.664
232		4	-do-	2.860
233		9	Excess refund due to short recovery of further tax	1.619
234	CIR Corporate Zone, RTO Faisalabad F- 4729	16	Concealment of imports resulting loss of sales tax	37.957
235		17	Inadmissible adjustment of input tax	0.031
236	DDO, Directorate of Intelligence & Investigation IR, Faisalabad F-4726	3	Mis-procurement of Stationery, Printing & Publication	1.400
237		4	Irregular expenditure due to Misclassification	0.142
238		5	Non-surrendering of unspent balances	0.220
239		9	Non-recovery of Interest on Motor Cycle advance	0.026
240		10	Unjustified Payment of Default Surcharge	0.022
241		11	Non/short recovery of Group Insurance	0.021
242		12	Excess payment on account of TA/DA	0.011
243		13	Inadmissible payment of Conveyance Allowance	0.009
244		14	Inadmissible payment on account of Integrated Allowance	0.002
245		5	Mis-procurement of expenses	0.729
246	10	Irregular expenditure due to Misclassification	0.305	
247	11	Non-surrendering of unspent balances	2.744	
248	14	Short recovery of loan due to less value of installment	0.067	
249	15	Overpayment of Pay and Allowances	0.026	
250	16	Excess claim of TA / DA	0.048	
251	17	Excess claim of Over Time Allowance	0.019	
252	18	Irregular sanction of Earned Leave	0	
253	19	Irregular allotment of houses	0	
254	20	Unauthorized maintenance of bank account in commercial banks	0	
255	Commissioner Jhang Zone, RTO Faisalabad F-4755	11	Non-realization of Sales Tax due to concealment of sales	0.668
256		14	Non-finalization of admissibility of refund of sales tax due to non-conducting the post refund audit	0.000
257	CIR Lyallpur Zone (City-I), RTO Faisalabad F-4753	12	Evasion of Sales Tax due to concealment of closing stocks	0.279
258	CIR Corporate Zone, RTO Peshawar F-4720	15	Acceptance of invalid returns u/s 114 (2)	0
259	Commissioner D.I.Khan Zone, RTO Peshawar F-4758	7	Non recovery of withholding tax on Brokerage & Commission	0.084
260		8	Acceptance of invalid returns u/s 114 (2) of the Income Tax Ordinance 2001	0
261		15	Short payment of Sales Tax	1.595

262	DDO, Directorate of I&I, Peshawar F-4760	4	Irregular payment of Cash Reward	0.040
263		5	Non deduction of withholding income tax on services	0.038
264		6	Non recovery of Sales Tax on Services	0.014
265		01/II	Short of benevolent fund	0.002
266		02/II	Non-Maintenance of G. P. Fund Ledger	0.000
267		03/II	Non Carrying out of Physical Verification of Stores / Stocks	0.000
268		04/II	Improper Maintenance of Record Due to Lack of Internal Control	0
269	DDO, RTO Peshawar F-4704	6	Non disposal of unserviceable items, scraps and non used Furniture hardware etc. approximate valuing	0.520
270		10	Inadmissible payment of washing allowance and dress / uniform allowance and integrated allowance	0.050
271		11	Non deduction of withholding income tax on services	0.041
272		12	Inadmissible payment of medical charges	0.030
273		13	Non recovery of Sales Tax on Services	0.026
274		14	Inadmissible payment of medical charges	0.013
275		15	Non recovery of Sales Tax on Supplies	0.011
276		1/II	Non-Maintenance of G. P. Fund Ledger	0
277	2/II	Non availability of performance guarantee	0	
278	Commissioner Mardan Zone, RTO Peshawar F-4759	1	Invalid Return and incorrect claim of Refund	575.677
279		5	Short payment of Income Tax	23.932
280		14	Weak Internal control resulted in Sanction of Refund against time Barred Claims	0
281		21	Non registration of marble and granite industries for Sales Tax	0
282		22	Non registration of distributor of Ghee and Oil	0
283		23	Short recovery of Sales Tax and Federal Excise Duty by tobacco Sector due to weak internal control	0
284		5	Loss of Revenue due to short payment of tax on property income	3.276
285	Commissioner Peshawar Zone, RTO Peshawar F-4735	7	Short collection of advance income tax under section 236I of the Income Tax Ordinance 2001 –	19.937
286		13	Excess Payment of refund due to wrong credit u/s 235	0.028
287		14	Acceptance of invalid returns u/s 114 (2) of the Income Tax Ordinance 2001,	0
288	Commissioner Gujrat Zone, RTO Sialkot F-4761	11	Short-realization of Income Tax due to concealment of income	9.950
289		19	Short payment of tax due to adjustment of prior years refund without verification	2.270
290		23	Short-realization of Sales Tax due to application of incorrect rate of tax	0.324
291		27	Non realization of Sales Tax on Waste sales	0.133
292	Commissioner Sialkot Zone, RTO Sialkot F-4757	4	Concealment of purchases resulting in short realization of sales tax	84.519
293		5	Short realization of sales tax and further tax due to concealment of exports	70.484
294		16	Short-realization of Income Tax due to concealment of stocks	2.236
295		21	Short-realization of Income Tax due to concealment of income	0.900
296		22	Short payment of tax due to adjustment of prior years refund without verification	0.604
297		26	Non-imposition of penalty for non/late filing of monthly Sales Tax returns	0.110
298	DDO, RTO Sialkot F-4716	2	Unjustified payment on account of legal charges	3.804
299		4	Non-surrendering of unspent balances	1.481
300		6	Irregular payment of overtime allowance	1.100

301		7	Irregular expenditure on POL/Repair due to non-maintenance of log books and movement registers	0.552
302		10	Overpayment of house rent allowance @45% instead of 30%	0.222
303		13	Inadmissible payment of washing allowance & dress allowance	0.180
304		14	Non-recovery of interest from the officials	0.148
305		15	Inadmissible payment of allowances	0.147
306		17	In-admissible payment of Pay and Allowances during leave period	0.066
307		18	Excess payment of special performance allowance	0.064
308		19	Irregular payment on printing and publications	0.047
309		20	Inadmissible payment of Integrated Allowance	0.032
310		21	Irregular allotment of house accommodation	0
311		22	Non conducting of physical verification of stores/stocks	0
312	DDO, MCC (A&F) Peshawar F-163	14	Excess payment of Ad-hoc Allowances and Performance Allowance during leave period	0.046
313		15	Excess payment of pay and allowances after death	0.045
314		16	Non/short recovery of Group Insurance	0.029
315		17	Short deduction of withholding tax on rental income	0.010
316		1/II	Irregular payment through cash instead of cross cheques	0
317		2/II	Non-conduct of internal audit	0
318		3/II	Non-disposal of replaced auto parts and news paper	0
319	DDO, MCC (E&C) Peshawar F-169	14	Non / short deduction of Benevolent Fund	0.046
320		15	Non/short recovery of Group Insurance	0.044
321		1/II	Non recovery of room rent charges of Guest House	0.030
322		2/II	Short deduction of withholding tax on rental income	0.029
323		3/II	Un-authorized and un-justified expenditure on over time	0.025
324		4/II	Non vacation of un-utilized government house	0
325		5/II	Non-disposal of replaced auto parts news paper	0
326	AC DTRE MCC (A&F) Peshawar F-167	10	Misuse of authority as regulatory collector in granting of DTRE approval	0
327	AC BWH Gadoon Amazai MCC (A&F) Peshawar F-177	1	Non-realization of warehousing surcharge	0.047
328	AC R&R MCC (A&F) Peshawar F-161	8	Excess payment of rebate	0.013
329	AC SWH A to G MCC (E&C) Peshawar F-173	9	Under valuation of confiscated goods	0.035
330		10	Application of lesser rates of regulatory duty	0.025
331		1/II	Clearance of confiscated goods at duty & taxes at lesser value	0.018
332		2/II	Irregular release of Mobile Phones	0.000
333	AC SWH Mardan F-164	3	Non charging Sales Tax at retail price	0.030
334		1/II	Non conducting the Internal Audit of State Ware House	0
335	AC SWH Nowshera F-174	3	Non-charging Sales Tax at retail price	0.046
336	AC Customs (SWH) Islamabad F-241	1/II	Non-conducting of stock taking	0
337	DDO, DG Post Clearance Audit (North) Islamabad F-238	3	Non deduction of GP Fund Subscription	0.057
338		1/II	Shortage of stock due to non-receiving of Samsung Tab	0.035
339		2/II	Inadmissible expenditure of performance allowances	0.033
340		3/II	Non / short deduction of BF and Group Insurance	0.004
341		4/II	Inadmissible payment of Conveyance Allowance	0.003
342		5/II	Unjustified payment on account of Honorarium	0
343		DDO, Collectorate of Customs, Islamabad F-239	1/II	Non deduction of GP Fund Subscription
344	2/II		Non/short recovery of Group Insurance	0.173
345	3/II		Non / short deduction of Benevolent Fund	0.155
346	4/II		Over payment of inadmissible Allowances	0.072

347		5/II	Unlawful expenditure on account of TA on transfer grant	0.062
348		6/II	Un-justified payment of Honorarium	0.020
349		7/II	Inadmissible payment of Conveyance Allowance	0.010
350		8/II	Non finalization of disciplinary proceedings	0.000
351	DDO, DG I&I Customs, Islamabad F-243	1/II	Non deduction of GP Fund Subscription	0.121
352		2/II	Excess payment on account of hiring charges	0.057
353		3/II	Non / short deduction of Benevolent Fund	0.037
354		4/II	Non/short recovery of Group Insurance	0.010
355	AC Customs (SWH) AFU Islamabad F-247	1/II	Non-disposal of confiscated Liquor	0
356	AC Customs (SWH) AFU Islamabad F-249	3	Pilferage of revenue due to under valuation of imported goods	2.692
357	DDO, Collectorate of Customs, Faisalabad F-146	7	Irregular payment of Pay & allowances	0.084
358		8	Non/ short deduction of Benevolent Fund	0.017
359		9	Non/short recovery of Group Insurance from Gazetted Officers	0.016
360		1/II	Non-Conducting of Internal Audit	0
361		2/II	Non-conducting of Physical Verification of Stores / Stocks	0
362		3/II	Non-Existence of Internal Control	0
363	AC (DTRE), Collectorate of Customs, Faisalabad F-152	1/II	Loss of revenue on un-exported goods	0.030
364		2/II	Non-conduct of post exportation audit of DTRE approvals	0
365	AC (Import), Collectorate of Customs, Faisalabad F-149	11	Pilferage of government revenue due to under valuation	0.156
366		13	-do-	0.108
367		1/II	-do-	0.027
368		2/II	-do-	0.008
369		3/II	-do-	0.007
370	Director I & I (SWH), Faisalabad F-150	1/II	Non-conducting the Internal Audit of State Ware House	0
371	AC (DTRE), Dryport Multan, Collectorate of Customs, Faisalabad F-147	5	Non imposition of penalty on DTRE user due to export of goods to unapproved buyers	0.100
372		6	Non realization of fine from DTRE users due to failure to submit reconciliation statements on time	0.100
373		7	Non-disposal of wastage during manufacturing process	0
374		8	Non-conduct of post exportation audit of DTRE approvals	0
375	AC (Manufacturing, Private/Public Bonds), Dryport Multan, Collectorate Fsd. F-154	1/II	Non conducting of annual audit	0
376	AC (Manufacturing, Private/Public Bonds), Collectorate of Customs, Faisalabad F-153	9	Less realization of duty & taxes	0.039
377		10	Non conducting of annual audit	0
378	DDO, MCC Gilgit F-14	1/II	Excess payment on account of daily allowance	0.030
379		2/II	Non-deduction of group insurance from gazetted Officers	0.027
380		3/II	Inadmissible re-imburement of medical charges	0.020
381		4/II	Inadmissible payment of miscellaneous expenses	0.012
382	DC Customs, DTRE Sialkot F-132	8	Utilization of input goods without determination of input-output ratios	775.671
383	DC Customs, EPZs, Collectorate of Customs, Sialkot F- 134	1/II	Non-export of too old input goods	0
384		2/II	Non-observance of law regarding import and export to tariff area from the zones	0
385		3/II	Blockage of revenue due to non-disposal of wastage	0
386		4/II	Establishment of parallel businesses in the Zones	0
387		5/II	Provision of incomplete record	0
388		6/II	Un-authorized issuance of EPZ rules by the FBR	0

389		7/II	Un-authorized import and export without Form-I	0
390		8/II	Non Provisions of record of financial transactions	0
391	DC Customs, (Imports), Dry port, Sambrial, Sialkot F- 136	4	Non-realization of anti-dumping duty	2.394
392	DDO, RTO Multan F-4725	3	Un-authorized expenditure on POL for generator	1.735
393		4	Excess payment of special performance allowance	4.033
394		10	Overpayment of HRA @45% instead of 30%	0.292
395		13	In-admissible payment of Pay and allowances	0.163
396		21	In-admissible payment of Performance allowance	0.032
397		23	Inadmissible payment on account of Washing Allowance	0.018
398		24	Undue expenditure on account of Sales Tax	0.010
399		25	Non-Maintenance of G.P. Fund Ledger	0
400	26	Non maintenance of fixed assets register	0	
401	27	Non-disposal of old News Papers	0	
402	Commissioner Corporate Zone, RTO Multan F-4740	1	Short payment of income tax due to concealment of sales	146.078
403		3	Non realization of Income Tax	24.326
404		12	Loss of revenue due to excess claim of Initial Allowance	0.034
405	DDO, Director I&I, Multan F-4709	1	Non-surrendering of unspent balances	1.046
406		4	Irregular expenditure on account of courier service	0.018
407		5	Inadmissible payment of Conveyance Allowance	0.010
408		6	Non /Short deduction of 1/5 <sup>th</sup> withholding sales tax	0.004
409		7	In-admissible payment on account of Telephone allowance	0.001
410		8	Non maintenance of fixed assets register	0
411		9	Non-disposal of Unserviceable Store Items	0
412	10	Non-Maintenance of G.P. Fund Ledger	0	
413	Commissioner Multan Zone, RTO Multan F-4741	2	Non realization of minimum tax	65.582
414		3	Short-realization of Income Tax due to concealment of income	30.233
415		7	Excess issuance of Income Tax refund due to non deduction of outstanding liabilities	2.923
416		8	Non realization of Worker Welfare Fund (WWF)	0.656
417	CC IR (DDO) RTO Rwp	20265-Exp	Un-authorized expenditure on Repair of transformer	0.334
418	AC Customs, (SWH), Dryport, Sialkot	7684-Cus	Short-realization of revenue due to under-valuation	0.174
419	Corporate Zone, Pindi	20187-ST	Non-recovery of ST	91.036
420	Zone-II, RTO, Abbottabad	20252-ST	Evasion of Sales Tax	16.982
421	Audit-I, LTO, Multan	20408-ST	Inadmissible Input Tax Adjustment	2,697.986
422	Enforcement, LTO, Mtn	20446-ST	Illegal sanction of sales tax refund amounting to	1,817.504
423	Zone-II, LTO, Multan	20435-ST	Evasion of Sales Tax	174.779
424	Jhang Zone, RTO, Faisalabad	20558-ST	Inadmissible adjustment of input tax due to non filing of Annexure-J of the Sales Tax return	196.992
425	Corporate Zone, RTO, FSD	20582-ST	-do-	73.012
426	Chenab Zone, RTO, FSD	20551-ST	-do-	31.414
427	City Zone, RTO, Pindi	20275-ST	Inadmissible adjustment of input tax	22.505
428	Corporate Zone, RTO, Multan	20481-ST	Inadmissible adjustment of input tax	21.606
429	Corporate Zone, RTO, Multan	20483-ST	Non-realization of Sales Tax due to concealment of stocks	7.800
430	Corporate Zone, RTO, Multan	20686-ST	Non-withholding of Sales Tax on advertisement services	2.587

431	Audit-II, LTO, Lahore	20702-ST	Non-withholding of Sales Tax on advertisement services	8.426
432	WHT, Zone, RTO, Peshawar	20350-ST	Non recovery of withholding of Sales Tax	14.178
433	Zone-II, LTO, Multan	20437-ST	Short Payment of FED amounting	1,267.258
434	Cantt Zone, RTO, Rawalpindi	20170-ST	Non-realization of Extra Tax	0.247
435	Corporate Zone, RTO, Rawalpindi	20191-ST	Non-realization of Def. Sur. against the advances	2.850
436	Corporate Zone, RTO, Multan	20541-ST	Non-realization of Default Surcharge on advances received from customers	20.867
437	Sialkot Zone, RTO, Sialkot	20875-ST	Non-realization of Default Surcharge against the advances received from customers	1.303
438	Audit-II, LTO, Multan	20423-ST	Evasion of Sales Tax	48.589
439	Lyalpur Zone, RTO, Fsd	20569-ST	Non-apportionment of input tax	139.641
440	Audit-I, LTO, Lahore	20689-ST	Non realization of sales tax on miscellaneous taxable receipts	568.430
441	Audit-II, LTO, Lahore	20711-ST	Non/Short realization of sales tax	666.344
442	RTO Faisalabad	20583-ST	Non-realization of minimum tax (Sales Tax)	12.728
443	LTO Multan	20418-ST	Illegal Issuance of Flying Invoices involving tax	48.184
444	RTO Multan	20484-ST	Inadmissible adjustment of input tax credit	6.065
445	RTO Abbottabad	20253-ST	Evasion of ST and Further tax	11.624
446	LTO Islamabad	20520-ST	Non verification of assessment record	3.296
447	RTO Rawalpindi	20274-ST	Inadmissible adjustment of input tax on vehicles	1.632
448	RTO Rawalpindi	20166-ST	Non-apportionment of input tax	28.690
449	LTO Multan	20420-ST	Short-payment of FED due to under valuation	49.367
450	DDO, Sialkot	20899-Exp	Irregular expenditure on account of courier services	0.329
451	AC (SWH) AFU, Islamabad	7405-Cus	Potential loss of government revenue due to non-shifting of valuables to State Bank of Pakistan	0
452	DC Customs, BG Cell, AFU Lahore	7045-Cus	Release of bank guarantees without export proof	220.92
453	DC Import, Dry Port, MCC (A & F), Peshawar	7520-Cus	Non closing the Bank Account opened with Scheduled Bank, illegal retention and Non Depositing G.D processing fee into Consolidated Fund	0
454	DC DTRE, Mughalpura MCC A & F, Lahore	7162-Cus	Grant of extension in the presence of discrepancies and non-completion of Audit	0
455	DC DTRE, Mughalpura MCC A & F, Lahore	7168-Cus	Non-finalization of Contravention Report	0
456	DC DTRE, Mughalpura MCC A & F, Lahore	7169-Cus	Non-conduct of post exportation audit of nineteen DTRE approvals	0
457	DC MBCO, Mughalpura MCC A & F Lahore	7143-Cus	Non-conduct of stock taking and mandatory audits	0
458	DC MBCO, Mughalpura MCC A & F Lahore	7142-Cus	Non-cancellation of manufacturing licenses of dormant licensees	0
459	DC Import Mughalpura, MCC A & F Lahore	7275-Cus	Clearance of imported goods with incomplete examination and assessment	0
460	DD (Auction) I & I Rawalpindi	7396-Cus	Irregular auction of subjudice vehicle	7.26
461	DC Customs, (Bank	7124-Cus	Potential loss of government revenue due to non-	

	Guarantee) at NLC Dryport, Lahore		finalization of Provisionally Assessed Cases	93.85
462	AC Auction MCC (E & C), Peshawar	7626-Cus	Non-payment of Petroleum Levy on petroleum product	0.14
463	Bond(Cus) Fsd	7362-Cus	Non realization of warehousing surcharge on HSD removed after expiry of six month period	0.18
464	AC Auction MCC (E & C), Peshawar	7628-Cus	Delivery of goods by receiving lesser amount than offered by the bidder in bid sheet	0.22
465	AC Auction MCC (E & C), Peshawar	7627-Cus	Revision of reserve price without any reason and non-obtaining the approval from competent authority	0.19
466	AC Auction Islamabad	7371-Cus	Loss of revenue due to non-forfeiture of earnest money	0.44
467	DC Customs (Imports), AFU, Lahore	7057-Cus	Misclassification of servers and parts thereof	309.00
468	DC Customs (Imports), AFU, Lahore	7087-Cus	Non-realization of regulatory duty	1.10
469	DC Import, Dry Port, MCC (A & F), Peshawar	7519-Cus	Undervaluation of mobile ear pod resulted in short realization of government revenue	0.96
470	DC MBCO, Mughalpura MCC A & F Lahore	7147-Cus	Non disposal of wastage resulted in non-realization of sales tax	0.34
471	Bond(Cus) Fsd	7342-Cus	Pilferage of government revenue due to application of lower rate of petroleum levy on High Speed Diesel	9.74
472	DC Customs, (Private/Public Bonds) Mughal Pura Dryport, MCC A&F Lahore	7291-Cus	Pilferage of government revenue due to application of lower rate of petroleum levy on High Speed Diesel	44.57
473	DC Customs, (Private/Public Bonds) Mughal Pura Dryport, MCC A&F Lahore	7292-Cus	Pilferage of government revenue due to application of lower rate of petroleum levy on High Speed Diesel	96.84
474	I&I Faisalabad	7319-Cus	Non recovery of personal penalty	1.00
475	Manufacturing & Private Bonds	7678-Cus	Issuance of input goods more than imported quantity	3.00
476	Bond(Cus) Faisalabad	7343-Cus	Unjustified accountal of imported and exported goods	4.84
477	CC IR (DDO) RTO Rawalpindi	20268-Exp	Un-authorized expenditure on A03302 Water	0.111
478	CIR DDO, LTO, Islamabad	20318-Exp	Irregular expenditure under the Head of Electronic Communication-	0.329
479	I&I, Islamabad	20677-Exp	Incorrect/excess payment to lesser on account of repair	1.078
<b>Grand Total</b>				<b>31,880.49</b>

#### DGAIR & Customs, Karachi

S. No	Name of Formation	AIR No./ No. of Paras / DP No.	Title of Para	Total Amount (Rs In million)
1	Joint Director,	Para-4	In-admissible payment on A/C of Integrated Allowance	0.005
2	DPC, Karachi	Para-5	Rush of Expenditure in month of June, 2021	0

3	(Expenditure)	Para-6	Non disposal of Newspapers	0
4	Commissioner, Appeals, Quetta (Expenditure)	Para-1	Non-observance of PPRA Rules and General Financial Rules	1.109
5		Para-2	Irregular withdrawal of government funds in name DDO	0.401
6		Para-3	Irregular payment on account of honorarium	0.401
7		Para-4	Irregular expenditure of stores	0.883
8		Para-5	Non-conducting of physical verification of store/stock	0
9		Para-6	Non-obtaining of surety/fidelity bond	0
10		Para-7	Non-preparation of T.A. Appropriation register	0
11		Para-8	Non- Conduct of Internal Audit	0
12		Para-9	Improper maintenance of cash book	0
13	Deputy Director Internal Audit , Quetta (Expenditure)	Para-1	Irregular payment of Assistance Package	0.800
14		Para-2	Irregular/wasteful expenses	0
15		Para-3	Irregular expenditure of stores	0.158
16		Para-4	Irregular payment on account of cash reward	0.148
17		Para-5	Excess / advance payment on account of telephone charges	0.025
18		Para-6	Non-preparation of T.A. Appropriation register	0
19		Para-7	Non-surrendering of un-utilized budget	1.609
20		Para-8	Excess expenditure over and above budget	2.176
21	Chief Commissioner Inland Revenue, MTO, Karachi (Expenditure)	Para-5	Irregular payment on account of assistance package	1.640
22		Para-6	Irregular expenditure incurred on POL	0.341
23		Para-7	Non-accountal of receipt & stores	4.145
24		Para-8	Irregular expenditure on DSL connections	0.780
25		Para-9	Un-authorized payment under the head TA/DA	0.213
26		Para-10	Irregular reimbursement of medical charges	0.284
27		Para-11	Non-conducting of Internal Audit.	0
28		Para-12	Non-verification of service books.	0
29		Para-13	Non-obtaining of surety/ fidelity bond	0
30		Para-1	Non-accountal of furniture	0.200
31	Commissioner Appeals-II, (IR) Karachi (Expenditure)	Para-2	Non-payment of sales tax	0.025
32		Para-3	Non-maintenance of dead stock register	0
33		Para-4	Irregular expenditure on account of honoraria/awards	1.269
34		Para-5	Non-reconciliation of figures of expenditure	17.219
35		Para-6	Non-surrendering of savings in time	0.146
36		Para-1	Irregular expenditure	0.750
37	Director, Data Processing Unit, Hyderabad (Expenditure)	Para-2	Non-accountal of furniture	0.050
38		Para-3	Non-recoveries of conveyance allowance	0.002
39		Para-4	Non-maintenance of dead stock register	0
40		Para-5	Physical verification of store not carried out	0
41		Para-6	Physical verification of store not carried out	0
42		Additional Director, Internal Audit, Hyderabad (Expenditure)	Para-1	Irregular expenditure
43	Para-2		Non-surrendering of savings amounting	0.185
44	Para-3		Irregular expenditure amounting to	1.346
45	Para-4		Non-accountal of items	0.050
46	Para-5		Irregular expenditure on repair & maintenance	0.175
47	Para-6		Non-maintenance of dead stock register	0
48	Para-7		Non-reconciliation of figures of expenditure	0
49	Para-8		Non-maintenance of history sheet of Photo state machine	0
50	Para-9		Non- conducting of internal audit	0
51	Para-10		Irregular expenditure on account of honoraria/awards of	0.763
52	Chief Commissioner, RTO, Quetta (Expenditure & Receipts)	Para-14	Non-maintenance of record	0
53		Para-15	Non-maintenance of register of advances	0
54		Para-16	Non-verification of service books by audit officer.	0
55		Para-17	Non verification of cash book by an officer other than drawing and disbursement officer	0
56		Para-18	Non- conducting of internal audit	0
57		PDP-6839/ST	Irregular claim of exemption of sales tax	0.380



58		PDP-6940/ST	Potential loss of sales tax due to non-registration of persons liable to be registered	1.145
59		SSR-WHT/4/5 <sup>TH</sup> Para-4.3	Short deduction of sales tax	593.014
60		SSR-WHT/4/5 <sup>TH</sup> Para-4.4	Non-payment of sales tax by suppliers	440.040
61		SSR-WHT/4/5 <sup>TH</sup> Para-4.5	Irregular exemption of sales tax	368.744
62	Chief Commissioner, CTO, Karachi (Expenditure)	Para-19	Non-disposal of the news Papers	0
63		Para-20	Non-conducting of internal audit	0
64		Para-21	Non-maintenance of register of advances	0
65	Director, Intelligence & Investigation, Karachi (Expenditure)	Para-7	Non-disposal of the newspapers	0
66		Para-8	Non-maintenance of register of advances	0
67	Chief Commissioner, RTO-I, Karachi (Expenditure & Receipts)	Para-17	Non-disposal of the newspapers	0
68		Para-18	Non-maintenance of register of advances	0
69		Para-19	Non-verification of service books by audit officer.	0
70		Para-20	Non-conducting of internal audit	0
71		Para-21	Indecorous maintenance of G.P fund record	0
72		PDP-6902/ST	Inadmissible refund of sales tax	1.130
73		PDP-6888/ST	Short payment of sales tax	359.299
74	Chief Commissioner, RTO-II, Karachi (Expenditure & Receipts)	Para-11	Non-disposal of the newspapers	0
75		Para-12	Non-maintenance of register of advances	0
76		SSR-WHT/4/5 <sup>TH</sup> Para-4.1	Non-short deduction of Sales Tax (Withholding Tax)	6,075.680
77	Chief Commissioner, RTO, Hyderabad (Expenditure)	Para-5	Non-disposal of the newspapers	0.260
78		Para-6	Non-levy/surcharge of Sindh sales tax	0.176
79		Para-8	Non-deduction of conveyance allowance during leave	0.012
80		Para-9	In-admissible expenditure on account of TA on Transfer	0.010
81		Para-10	Non-verification of certificates/degrees of education	0
82		Para-11	Non-maintenance of register of advances	0
83		Para-12	Non-reconciliation of annual financial statement with DGPR	0
84		Para-13	Non-disposal of parts purchased/replaced during 2020-21	0
85		Para-14	Non-submission of monthly withholding sales tax returns	0
86		Para-15	Non-maintenance of leave Account	0
87	Directorate of Training & Research, Inland Revenue, Karachi (Expenditure)	Para-1	Lapse of government money due to non-surrender of savings	0.812
88		Para-4	Non-disposal of the newspapers	0.093
89		Para-6	Irregular Expenditure on Account of TA Advance	0.050
90		Para-7	Un-authorized expenditure without allocation of budget grant	0.015
91		Para-8	Mis-classification of expenditure	0.014
92		Para-9	Non deduction of Income Tax on Hiring bills	0.008
93		Para-10	Irregular Expenditure on Account of Courier & Pilot Service	0.005
94		Para-11	Non-filing of income tax returns	0
95		Para-12	Non-verification of certificates/degrees of education	0
96		Para-13	Non-conducting of internal audit	0
97		Para-14	Non-reconciliation of annual financial statement with DGPR	0
98		Para-1	Expenditure unauthorized being without allocation of budget	0.065
99		Para-2	Non-conducting of physical verification of store/stock	0
100		Para-3	Non-conduct of internal audit	0
101	Para-4	Non-maintenance of dead stock register	0	
102	Para-5	Non-accountal of receipt & stores	0.072	
103	Commissioner appeal-I, Karachi (Expenditure)	Para-1	Irregular expenditure on purchase of cost of other stores items	0.049
104		Para-2	Irregular expenditure on purchase of computer stationery	0.077
105		Para-3	Irregular expenditure on purchase of plant and machinery items	0.138

106		Para-4	Irregular expenditure incurred on repair of furniture	0.043
107		Para-5	Non-accountal of purchased /repaired items	0.805
108		Para-6	Non disposal of the newspapers amounting	0.005
109		Para-7	Non-maintenance of the cash book	1.665
110	Director Internal Audit (SR) Karachi (Expenditure)	Para-1	Non-payment of outstanding dues of NTC	0.075
111		Para-2	Irregular expenditure incurred on repair of furniture	0.598
112		Para-3	Irregular expenditure incurred on repair of machinery	0.736
113		Para-4	Irregular expenditure incurred on repair of hard wares	0.206
114		Para-5	Non-maintenance of the cash book.	0
115		Para-6	Annual physical verification of stock articles not conducted.	0
116		Para-7	Non-disposal of the newspapers of the newspaper	0.005
117		Para-8	Non-maintenance of the dead stock register	0
118		Para-9	Irregular expenditure on purchase of computer stationery	0.192
119	Chief Commissioner, LTO, Karachi (Expenditure & Receipts)	Para-11	Non-disposal of newspapers purchased	0.752
120		Para-13	Non- maintenance of service books	0
121		Para-14	Non-maintenance of Cash Book	0
122		PDP-6856/ST	Inadmissible refund of sales tax	18.150
123		PDP-6852/ST	Non/short payment of sales tax (Withholding)	96.120
124	Addi Director, Internal Audit, RTO, Sukkur	Para-05	Irregular expenditure incurred due to non-maintenance of cash book	0
125	Chief Commissioner RTO, Sukkur	Para-12	Non-disposal of Junked / Unserviceable Items	0
126		Para-13	Non-disposal of Newspaper	0
127		Para-14	Irregular expenditure due to non-maintenance of cash book	0
128	Additional Director, Internal Audit, Quetta (Expenditure)	Para-2	Non-disposal of parts purchased/replaced	0
129		Para-3	Non-carrying out of Internal Check	0
130		Para-4	Non-carrying out physical verification of Stores	0
131		Para-5	Non-obtaining of surety/fidelity bond	0
132		Para-9	Non maintenance of registers required to be maintained	0
133	Additional Director, Data Processing Unit, Quetta (Expenditure)	Para-2	Irregular Expenditure on Account of Courier & Pilot Service	0
134		Para-4	Non-disposal of parts purchased/replaced during 2020-21	0.005
135		Para-5	Non-carrying out physical verification of Stores	0
136		Para-6	Irregular Expenditure on Account of Courier & Pilot Service	0
<b>Sub-Total - Inland Revenue Services</b>				<b>7,997.989</b>
<b>Customs (Karachi)</b>				
137	Director General, Training & Research (Customs), Karachi (Expenditure)	08	Irregular expenditure on courier services	0.040
138		09	Non-deposit of tender documents fee/price into Government account	0.005
139		10	Non-carrying out physical verification of Stores/Stocks	0
140		11	Non-carrying out Internal Check	0
141		12	Non-reconciliation of annual financial statement with DGPR	0
142	Directorate Of Customs, Intelligence & Investigation, Karachi (Expenditure)	04	Irregular expenditure due to non-carrying out of printing from Government press	0.097
143		05	Inadmissible payment of mobile phone charges	0.017
144		06	Short-deduction of withholding tax on purchase of goods	0.006
145		07	Excess payment of sales tax	0.004
146		08	Non-maintenance of cash book	0
147		09	Non-disposal of replaced tyres of repaired vehicles	0
148		10	Non-completion of service books of non-gazette employees	0
149		MCC Preventive Quetta (Expenditure)	11	Non- conduct of internal audit
150	12		Non-conducting of physical verification of store/stock	0
151	13		Non-obtaining of surety/fidelity bond	0
152	AC, Taftan,	06	Short realization of revenue due to under valuation	0.992

153	Quetta (Receipts)	07	Non realization of additional sales tax	0.870
154		08	Short realization of revenue due to under valuation	0.226
155	AC, Chaman,	08	Inadmissible exemption/concession of duty & taxes	0.374
156	MCC	09	Short/non-realization of Custom duty at import stage	0.369
157	Appraisement & Facilitation,	10	Misclassification of imported goods	0.236
158	Quetta	11	Misclassification of imported goods	0.074
159	(Receipts)	12	Misclassification of imported goods	0.043
160		13	Under-valuation of imported goods	0.034
161		02	Non-maintenance of Log book	0
162	Chief	03	Non-disposal of parts purchased/replaced during 202-021	0
163	Collectorate	04	Non-maintenance of Stationery Register	0
164	Customs, Quetta	05	Non-carrying out of Internal Check	0
165	(Expenditure)	06	Non-carrying out physical verification of Stores	0
166	Collector Of	01	Irregular Expenditure On Account Of Office Vehicles	0.457
167	Customs	02	Irregular Expenditure On Account Of Pol For Generator	0.200
168	(Appeals)	03	Irregular Purchase On Account Of Purchase Machinery	0.121
169	Karachi	04	Non-accountal Of Furniture	0.216
170	(Expenditure)	05	Unauthorized Printing From Private Firm	0.050
171		06	Non-Maintenance Of Dead Stock Register	0
172	Collector, Model	05	Non-recovery of conveyance allowance	0.032
173	Customs	06	Non-accountal of Purchase Items	1.324
174	Collectorate	07	Doubtful purchase of uniforms & liveries	0
175	Hyderabad	08	Excess payment on account of pre-mature increment	0.029
176	(Expenditure)	09	Excess payment on account of salary	0.029
177		10	Non-obtaining of surety/fidelity bond	0
178		11	Non-conducting of physical verification of store/stock	0
179		12	Non- conduct of internal audit	0
180	Director Post	06	Doubtful purchase of uniforms & liveries	0
181	Clearance Audit,	07	Non-obtaining of surety/fidelity bond	0
182	Karachi (Exp)	08	Non-conducting of physical verification of store/stock	0
183	DDO	01	Irregular expenditure on purchase of Cost of other stores items	0.460
184	.Collectorate of	02	Un authorized printing of stationery items from Private firms	0.302
185	Adjudication-I,	03	Irregular expenditure on purchase of Computer stationery	0.432
186	Karachi	04	Irregular expenditure incurred on purchase of Newspapers	0.198
187	(Expenditure)	05	Inadmissible payment of cash reward	3.000
188		06	Non-maintenance of the cash book	0
189		07	Non-conduct of the internal audit	0
190	DDO,	01	Irregular expenditure incurred on POL	0.655
191	Collectorate of	02	Irregular expenditure incurred on repair of Transport	0.109
192	Adjudication-II,	03	Inadmissible payment of cash reward-	2.658
193	Karachi	04	Non-maintenance of the cash book.	0
194	(Expenditure)	05	Annual physical verification of stock articles not conducted.	0
195		06	Non-conduct of the internal audit.	0
196		07	Non disposal of the newspapers -	0.005
197		04	Un-authorized payment of Hill Allowance	0.002
198	Director Internal	05	Non-deduction of Income Tax on Cash Reward (A03959)	0.004
199	Audit Customs	06	Less deduction of Income Tax from Cash Reward	0.005
200	Karachi	08	Non-carrying out of internal check	0
201	(Expenditure)I	09	Non maintenance of leave account	0
202		10	Non-completion of service books of non-gazetted staff.	0
203	Dg IOCO,	01	Non-Adjustment of TA/DA Advance	0.016
204	Custom House	02	Non-deduction of Conveyance Allowance	0.002
205	Karachi	06	Non-disposal of News Papers	0
206	(Expenditure)	07	Annual physical verification of stock and stores	0
207		08	Non-completion of service books of non-gazetted staff.	0
208	Director Ipr	01	Splitting up of expenditure	0.550

209	Customs Karachi	07	Excess expenditure over and above released budget	0.005
210	(Expenditure)	08	Non-disposal of news paper	0
211		09	Non-Completion Of Service Books Of Non-Gazetted Staff.	0
212	Director Risk	04	Improper/Non- maintenance of dead stock/fixed assets register	0
213	Management	05	Non-carrying out of internal check	0
214	Karachi (Exp)	06	Non-disposal of old news Papers	0
215	Director I&I,	05	Non-accountal of Uniform Articles	0.300
216	Gawader (Expenditure)	06	Non-disposal of old spare parts of vehicles	0
217	DDO MCC Gawadar	06	Non-disposal of News Papers purchased in the financial year 2020-21.	0
218	Director, Reforms & Automation, Karachi	09	Non-disposal of newspapers purchased	0.374
219	MCC,	06	Non-completion of service books of non-gazetted staff	0
220	Appraisalment & Facilitation,	08	Non-maintenance of Fixed Assets/Dead Stock Register	0
221	Quetta	09	Non-preparation Of T.A Appropriation Register	0
222	(Expenditure)	10	Lack of internal control for proper utilization of government money	0
223	MCC,	09	Non maintenance of Cash Book	0
224	Appraisalment & Facilitation, West Karachi	10	Non-Preparation Of T.A Appropriation Register	0
225	(Expenditure)	11	Lack of internal control for proper utilization of government money	0
226	MCC,	07	Un-authorized absence from duty	0
227	Appraisalment & Facilitation,	09	Non-completion of service books of non-gazetted staff.	0
228	Import PMBQ Khi (Exp.)	11	Non-carrying out of Internal Audit	0
229	DG, Valuation,	01	Unjustified payment on account of self-hiring	0.296
230	Karachi	08	Non-disposal of newspapers purchased	0.108
231	(Expenditure)	09	Non-completion of service books of non-gazetted staff.	0
232	Directorate of I&I (Anti-Smuggling & Enforcement), Hyderabad (Sukkur Range) (Receipts)	08	Non-deposit of Earnest Money at the time of final bid	3.818
233	Director I&I	01	Lapse of government money due to non-surrender of savings	10.805
234	(Enforcement	07	Non-Levy/surcharge of Sindh Sales Tax	0.099
235	And Anti-	08	Unauthorized Printing Works From Private Firm	0.052
236	Smuggling),	09	Non-Levy/surcharge of Sindh Sales Tax	0.012
237	Hyderabad	10	Non Verification of Certificates/Degrees of Education	0
238	(Expenditure)	11	Non- conducting of internal audit	0
239		12	Non-maintenance of Stationery Register	0
240		13	Non-completion of service books of non-gazetted staff	0
241	AC/DC Customs DTRE, MCC Appraisalment, Quetta (Expenditure)	04	Non-maintenance of Master recovery register	0
242	AC/DC Group- III, Appraisalment & Facilitation Collectorate, West, Karachi (Expenditure)	15	Non-maintenance of Master recovery register	0
243	Add. Collector	09	Irregular expenditure of Rs 257,786/- under Others	0.258
244	Customs	10	Non-maintenance of dead stock register	0

245	(Adjudication)	11	Non-maintenance of Stationery Register	0
246	Quetta	12	Non-disposal of Newspapers purchased during 2020-21	0
247	(Expenditure)	13	Non-maintenance of Stock Register for Books	0
248	Directorate Intelligence & Investigation, Quetta (Expenditure)	05	Non-maintenance of Stationery Register	0
249	Assistant	02	Short-realization of duties and taxes due to under-valuation	0.009
250	Collector Un-Accompanied	03	Irregular grant of depreciation	0.086
251	Baggage (East Wharf), Karachi (Receipts)	04	Non-Disposal Of Confiscated Whisky	0
252		05	Short-realization of duties and taxes due to under-valuation	0.003
253	Chief Collector, Appraisement (South), Karachi	04	Non-carrying out of Internal Check	0
254		05	Improper maintenance of dead stock/fixed assets register	0
255	Chief Collector, Enforcement (South), Karachi (Expenditure)	02	Non-disposal of old newspapers and periodicals purchased	0.159
256		03	Non-disposal of spare/replaced parts during repair & maintenance	0.012
257		05	Non-carrying out of physical verification of dead stock/stores	0
258	Model Customs	02	Non-Verification of Degrees of Gazette Staff	0
259	Collectorate	03	Non-Adjustment Of TA/DA Advances	0.086
260	Exports, (PMBQ), Karachi (Expenditure)	06	Non-Recovery of Conveyance Allowance of the Leave Period	0.060
261		07	Non-recovery of Performance Allowance	0.246
262		08	Irregular expenditure due to non-adoption of austerity measures	20.773
263		09	Non-levy/charging of Sindh Sales Tax on Law charges	0.108
264		12	Unjustified expenditure on POL	1.209
265	MCC (JIAP-AFU), Karachi (Expenditure)	05	Irregular Payment Of Pay & Allowance Of Officers / Staff Transferred from Other Departments / MCCs	0
266		07	Non-Conducting Of Physical Verification Of Store / Stock	0
267		08	Non-Carrying Out Internal Check	0
268		09	Non - Maintenance Of Dead Stock / Fixed Assets Register	0
269		10	Non-Maintenance Of Cash Book	0
270		11	Non-Disposal Of Newspapers	0.114
271		12	Non-Reconciliation Of Annual Financial Statement	0
272	MCC	03	Irregular payment of Service Charges to M/s PSO Limited	0.038
273	Appraisement & Facilitation (East), Custom House, Karachi (Expenditure)	05	Unjustified expenditure on maintenance of Garden	0.094
274		08	Non-completion of service books of non-gazetted staff	0
275		13	Lapse of government money due to non-surrender of savings	0.012
276		14	Non-carrying out of Internal Check	0
277		15	Non-carrying out of physical verification of dead stock/stores	0
278		16	Non maintenance of Cash Book	0
279		17	Improper maintenance of dead stock/fixed assets register	0
280	Model Customs	02	Non-Disposal Of Newspapers Purchased during the year	0.080
281	Collectorate Of Exports, (Custom House), Karachi (Expenditure)	03	Irregular payment of Service Charges to M/s PSO Limited	0.025
282		05	Non-Verification Of Degrees Of Gazetted Staff	0
283		06	Non-Completion Of Service Books Of Non-Gazetted Staff	0
284		07	Irregular Payment Of Pay & Allowance Of Officers / Staff Transferred To Other Departments / MCCs	0
285		11	Non-Reconciliation Of Annual Financial Statement with DGPR	0
286		12	Non-Conducting Of Physical Verification Of Store / Stock	0
287		13	Non-Carrying Out Internal Check	0
288		14	Non - Maintenance Of Dead Stock / Fixed Assets Register	0
289		15	Non-Maintenance Of Cash Book	0
290	MCC	01	Irregular expenditure due to non-adoption of austerity measures	73.411

291	(Enforcement & Compliance), Custom House, Karachi (Expenditure)	13	Non-Disposal Of Newspapers	0.330
292		14	Non-Maintenance Of Cash Book	0
293		15	Non - Maintenance Of Dead Stock / Fixed Assets Register	0
294		16	Non-Reconciliation Of Annual Financial Statement With DGPR	0
295		17	Non-Verification Of Degrees Of Non-Gazette Staff	0
296	DC Export, AFU, JIAP, Karachi	1321/CDK	Non-production of record.	0
297	MCC Enforcement & Compliance Karachi	1329/ CDK	Loss of government revenue due non realization of penal surcharge	24.58
298	MCC, Gwadar	1392/ CDK	Non-realization of the Baluchistan Infrastructure Development Cess	7.42
299		1398/ CDK	-do-	0.55
300		1400/ CDK	Non-revalidation/cancellation of Private Bonded Warehouse licenses	0
301	MCC Import Port Qasim Karachi	1444/ CDK	Short-realization of duty and taxes due to undue claim of tare weight on import of Auto Parts Scrap	36.04
302	Director Intelligence & Investigation, Gawadar	1634/ CDK	Non-providing revenue figures for the year 2020-21	0
303	Collector of Customs, JIAP, Karachi	1641/ CDK	Excess deduction of commission charges by GPO	2.17
304	Director Transit Trade Karachi	1797/ CDK	Non-receipt of T.1 certificate	0
305	Directorate Intelligence & Investigation Quetta	1803/ CDK	Non production of record	0
306	Directorate Transit Trade Quetta	1807/ CDK	Un-authorized adjudication by the departmental authority	0
307	Collectorate of Customs, Appraisement (PMBQ), Karachi	1815/ CDK	Verification of arrears recovered during Dec 2019	500.00
308		1816/ CDK	Non follow up of cases disposed off/decided	0
309	MCC Appraisement (East), Custom House Karachi	1821/ CDK	Verification of arrears recovered during July 2020	0.60
310		1822/ CDK	Non follow up of cases disposed off/ decided	0
311		1823/ CDK	Non maintenance of master register of recoveries	0
312	MCC Appraisement West, Custom House, Karachi	1826/ CDK	Non finalization of adjudged cases involving duty and taxes	147.47
313		1831/ CDK	Non verification of arrears recovered	134.58
314		1832/ CDK	Non maintenance of master register of recoveries	0
315		1834/ CDK	Non follow up of cases disposed off/ decided along with recovery position	0
316	Deputy Director Auction MCC Preventive Quetta (Receipts)	05	Irregular auction due to unavailability of detailed assessment sheet	0
317		06	Non-maintenance of receipts register	0
318		07	Non-maintenance of vehicle auction register	0
319		08	Non- conduct of internal audit	0
<b>Sub-Total – Customs</b>				<b>980.63</b>
<b>Grand Total ( Karachi)</b>				<b>8,978.62</b>
<b>Grand Total ( Karachi + Lahore)</b>				<b>40,859.11</b>

**Annexure-2**

[Para 4.1]

**Less realization of income tax due to non finalization of proceedings under relevant head - Rs 19,094.74 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Peshawar	20604	2020	01	8.80	under process
		20358	2020	01	77.50	under process
2	LTO Islamabad	20334	2020	02	43.92	under process
		20289	2020	01	20.33	under process
3	RTO Gujranwala	20750	2020	09	28.44	under process
		20733	2020	02	2.77	under process
4	RTO Faisalabad	20578	2015 & 2017	02	3.53	under process
5	LTO Lahore	20535	2020	02	340.00	under process
6	RTO Sargodha	20212	2014 to 2018	55	00	under process
<b>Sub-total</b>				<b>75</b>	<b>525.29</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax year	No of cases	Amount	Remarks
1	LTO Karachi	2300	2019	23	15,447.57	Rs 256.00 Recovered, Rs 3,368.03 charged recovery awaited, Rs 11,823.54 under process
		2305	2019	01	1,909.05	under process
		2306	2019	02	506.87	Rs 272.88 charged recovery awaited, Rs 233.99 Subjudice.
2	RTO-II	2430	2020	04	19.14	Under process

	Karachi					
3	RTO Hyderabad	2500	2020	147	82.12	Under Process
4	RTO Sukkur	2436	2020	01	233.47	Under Process
5	RTO Quetta	2391	2020	07	627.23	Under Process
<b>Sub-total</b>				<b>185</b>	<b>18,825.45</b>	
<b>Grand Total</b>				<b>260</b>	<b>19,350.74</b>	
<b>Recovered</b>					<b>256.00</b>	
<b>Balance</b>					<b>19,094.74</b>	

Rs 256.00 recovered and verified, Rs 12,096.42 charged recovery awaited, Rs 233.99 million Subjudice and Rs 6,764.33 under process



**Annexure-03**

[Para 4.2]

**Incorrect claim of tax credit - Rs 11,672.79 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No	Tax Year	No of cases	Amount	Remarks
1	LTO Islamabad	20310	2020	01	2,535.76	Under process
		20291	2020	01	31.69	Under process
2	LTO Lahore	20681	2020	01	428.14	Under process
		20533	2020	01	94.34	Under process
3	RTO Faisalabad	20566	2020	01	2.60	Under process
<b>Sub-total</b>				<b>05</b>	<b>3,092.53</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No	Tax Year	No of cases	Amount	Remarks
1	LTO Karachi	2308	2019	105	8,575.48	Rs 166.07 recovered Rs 337.10 charged recovery awaited and Rs 8,072.54 subjudice.
2	MTO Karachi	2360	2019	02	151.78	Under process
3	RTO Quetta	2321	2020	03	19.07	Under process
<b>Sub-total</b>				<b>110</b>	<b>8,746.33</b>	
<b>Grand Total</b>				<b>115</b>	<b>11,838.86</b>	
<b>Recovered</b>					<b>166.07</b>	
<b>Balance</b>					<b>11,672.79</b>	

Rs 166.07 Recovered and verified, Rs 337.10 Recovery awaited, Rs 8,072.54 Subjudice and Rs 3,263.15 under process
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**Annexure-04**

[Para 4.3]

**Incorrect adjustment of tax payments - Rs 2,117.42 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No	Tax Year	No of cases	Amount	Remarks
1	LTO Islamabad	20319	2020	01	920.47	Under process
		20315	2020	01	35.77	Under process
2	RTO Multan	20492	2020	01	10.23	Under process
		20458	2019 & 2020	03	5.93	Under process
		20457	2020	01	18.72	Under process
3	RTO Sialkot	20865	2020	08	42.72	Under process
4	RTO Peshawar	20624	2020	01	0.70	Under process
5	RTO Sargodha	20219	2019	05	31.09	Under process
6	CTO Islamabad	20781	2020	03	25.94	Under process
		20831	2020	03	16.61	Under process
		20798	2020	03	21.40	Under process
7	RTO Rawalpindi	20159	2019	04	86.99	Recovery awaited Rs 4.83, Under process Rs 82.16
		20176	2019 & 2020	06	121.42	Under process
		20277	2020	02	18.67	Under process
<b>Sub-total</b>				<b>42</b>	<b>1,356.66</b>	

## DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No	Tax year	No of cases	Amount	Remarks
1	RTO-II Karachi	2333	2020	4	112.33	Under process
2	RTO Hyderabad	2478	2020	10	241.17	Rs 50.54 charged recovery awaited, Rs 190.63 under process
		2480	2020	20	10.68	Under process
		2484	2020	23	199.61	Under process
		2492	2020	15	61.13	Under process
3	RTO Sukkur	2442	2020	31	37.60	Under process
4	RTO Quetta	2324	2020	7	43.52	Under process
		2405	2020	4	54.50	Under process
<b>Sub-total</b>				<b>114</b>	<b>760.76</b>	
<b>Grand Total</b>				<b>156</b>	<b>2,117.42</b>	

Recovery awaited Rs 55.37 million. Under Process Rs 2,062.05 million
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**Annexure-05**

[Para 4.5]

**Non-treatment of withholding tax as minimum tax liability – Rs 142.35 million**

DGAIR & C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Gujranwala	20756	2020	02	3.49
		20747	2020	25	77.80
		20735	2020	01	5.67
2	LTO Islamabad	20290	2020	01	34.93
3	RTO Abbottabad	20248	2015 to 2017	01	2.72
<b>Sub Total</b>				<b>30</b>	<b>124.61</b>

DGAIR & C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO-I Karachi	2351	2020	02	0.81
		2384	2020	02	10.16
		2386	2020	01	6.78
<b>Sub Total</b>				<b>05</b>	<b>17.74</b>
<b>Grand Total</b>				<b>35</b>	<b>142.35</b>

Under Process Rs 142.35 million

**Annexure -6**

[Para 4.6]

**Non / less levy of minimum tax - Rs 8,382.74 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax year	No of cases	Amount	Remarks
1	LTO Lahore	20710	2020	01	1,330.09	Under process
		20528	2020	04	2,391.14	Under process
		20699	2020	01	46.66	Under process
2	RTO Gujranwala	20755	2020	02	7.46	Under process
		20751	2020	07	28.39	Under process
		20728	2020	05	9.24	Under process
3	RTO Faisalabad	20577	2020	01	3.00	Recovery awaited
		20565	2020	02	11.20	Recovery awaited Rs 9.97, Under process Rs 1.23
		20554	2020	02	0.32	Under Process
		20548	2020	06	7.66	Under process Rs 7.66, (Rs 0.933 settled by DAC and reduced also)
4	RTO Multan	20501	2020	02	23.66	Under process
		20494	2019 & 2020	02	3.26	Under process
5	LTO Islamabad	20331	2020	01	7.05	Under process
		20306	2020	15	692.46	Under process
6	RTO Abbottabad	20244	2020	01	0.50	Under process
		20242	2020	01	1.80	Under process
		20239	2020	01	3.54	Under process
7	CTO	20836	2020	02	10.04	Under process

	Islamabad	20794	2020	02	42.68	Under process
		20782	2020	02	34.15	Under process
8	RTO Peshawar	20632	2020	22	17.37	Under process
		20622	2020	07	34.24	Under process
		20605	2020	04	6.86	Under process
		20345	2020	04	9.83	Under process
9	RTO Sialkot	20870	2020	02	5.12	Under process
		20844	2020	06	2.69	Under process
10	RTO Sargodha	20223	2019	13	1.56	Under process
		20210	2019	17	17.29	Under process
		20207	2019	04	2.55	Under process
11	RTO Rawalpindi	20181	2019	01	0.41	Under process
		20165	2020	01	0.46	Under process
12	LTO Multan	20424	2020	01	2,288.11	Under process
		20409	2020	01	134.89	Under process
<b>Sub-total</b>				<b>143</b>	<b>7,175.68</b>	

DGAIR & C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax year	No of cases	Amount	Remarks
1	LTO Karachi	2304	2020	20	1,330.25	Rs 238.03 recovered, Rs 1,092.22 under process
2	RTO-I Karachi	2463	2020	03	0.54	Under process
		2385	2020	03	6.89	Under process
3	RTO-II Karachi	2433	2020	06	3.26	Under process
		2451	2020	20	7.20	Under process
4	RTO Sukkur	2440	2020	11	59.24	Under process
5	RTO Quetta	2392	2020	03	30.25	Under process
		2411	2020	05	7.45	Under process
<b>Sub-total</b>				<b>71</b>	<b>1,445.08</b>	
<b>Grand Total</b>				<b>214</b>	<b>8,620.76</b>	
<b>Recovered</b>					<b>238.03</b>	
<b>Balance</b>					<b>8,382.74</b>	
Recovered and verified Rs 238.03, Recovery awaited Rs 9.97 million. Under Process Rs 8,372.76 million						

**Annexure-7**

[Para 4.8]

**Less realization of tax due to claim of provisional expenses  
- Rs 20.63 million**

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>Tax Year</b>	<b>No. of cases</b>	<b>Amount</b>	<b>Remarks</b>
1	CTO Islamabad	20833	2020	01	9.21	Under process
		20320	2020	01	0.48	Under process
2	LTO Lahore	20706	2020	01	8.07	Under process
		20532	2020	01	0.22	Under process
3	RTO Peshawar	20372	2020	01	1.03	Under process
4	RTO Abbottabad	20243	2019	01	1.62	Under process
<b>Total</b>				<b>06</b>	<b>20.63</b>	

Under Process Rs 20.63 million

**Annexure-8**

[Para 4.9]

**Less levy of tax due to claim of inadmissible tax depreciation allowance  
- Rs 1,545.88 million**

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Peshawar	20617	2020	01	2.52	Under process
2	RTO Rawalpindi	20183	2019	03	1,357.38	Under process
3	LTO Lahore	20536	2020	01	114.38	Under process
		20287	2020	01	3.29	Under process
4	CTO Islamabad	20818	2020	08	15.54	Under process
		20791	2020	08	8.54	Under process
		20789	2020	13	7.02	Under process
5	LTO Islamabad	20329	2020	01	1.20	Under process
		20298	2020	20	33.62	Under process
6	RTO Sialkot	20868	2020	01	2.39	Under process
<b>Total</b>				<b>57</b>	<b>1,545.88</b>	

Under Process Rs 1,545.88 million



**Annexure-9**

[Para 4.10]

**Less realization of tax due to non-apportionment of expenses  
- Rs 384.57 million**

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>Tax Year</b>	<b>No. of cases</b>	<b>Amount</b>	<b>Remarks</b>
1	RTO Sialkot	20887	2020	01	1.92	Under process
2	RTO Gujranwala	20748	2020	01	41.49	Under process
		20729	2020	01	4.98	Under process
3	RTO Peshawar	20611	2020	01	0.25	Under process
		20344	2020	02	40.07	Under process
4	LTO Lahore	20529	2020	01	49.22	Under process
5	LTO Islamabad	20303	2020	01	246.64	Under process
<b>Total</b>				<b>08</b>	<b>384.57</b>	

**Annexure-10**

[Para 4.11]

**Less levy of tax due to allowing inadmissible expenses - Rs 40,791.37 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Islamabad	20837	2019 & 2020	01	0.87	Under process
		20796	2019 & 2020	01	12.45	Under process
		20793	2020	01	6.83	Under process
2	RTO Gujranwala	20736	2020	02	5.59	Under process
		20723	2020	04	35.93	Under process
3	RTO Peshawar	20377	2020	02	1.80	Under process
		20355	2019 & 2020	01	15.65	Under process
		20341	2020	01	0.80	Under process
4	LTO Islamabad	20324	2020	02	32.34	Under process
		20321	2020	01	19.59	Under process
		20311	2020	03	5,132.51	Under process
		20305	2020	02	162.57	Under process
		20299	2020	24	4,721.5	Recovered Rs 528.63 Under process Rs 4,192.87
<b>Sub-total</b>				<b>45</b>	<b>10,148.43</b>	

## DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2299	2019	11	41,001.90	Rs 9,909.73 recovered, Rs 16,990.46 charged recovery awaited, Rs 14,101.71 Under Process.
2	RTO-II Karachi	2374	2020	5	4.04	Under process
		2431	2020	60	13.21	Under process
3	RTO Hyderabad	2481	2020	18	37.87	Under process
		2488	2020	03	0	Under process
		2489	2020	01	0	Under process
4	RTO Sukkur	2448	2020	01	2.96	Under process
5	RTO Quetta	2408	2020	06	21.32	Under process
<b>Sub-total</b>				<b>105</b>	<b>41,081.30</b>	
<b>Grand Total</b>				<b>150</b>	<b>51,229.73</b>	
<b>Recovered</b>					<b>10,438.36</b>	
<b>Balance</b>					<b>40,791.37</b>	

Rs 10,438.36 million recovered and verified, Rs 16,990.46 million charged recovery awaited and Rs 23,800.91 million under process.

**Annexure-11**

[Para 4.12]

**Loss of revenue due to incorrect claim of tax credit  
- Rs 1,132.84 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	20332	2020	02	28.17	Under process
2	CTO Islamabad	20840	2020	01	1.73	Under process
		20792	2020	02	77.27	Under process
3	RTO Peshawar	20375	2020	01	72.87	Under process
4	RTO Rawalpindi	20161	2019	01	39.50	Under process
<b>Sub-total</b>				<b>07</b>	<b>219.54</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	MTO Karachi	2352	2019	3	699.45	Under process
2	RTO Sukkur	2441	2020	1	40.26	Under process
3	RTO Quetta	2395	2020	2	173.59	Under process
<b>Sub-total</b>				<b>6</b>	<b>913.30</b>	
<b>Grand Total</b>				<b>13</b>	<b>1,132.84</b>	

Rs 1,132.84 under process

**Annexure-12**

[Para 4.14]

**Less levy of tax due to non-taxation of income received under the head  
“Income from Other Sources” - Rs 687.67 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	20308	2020	01	124.32	Under process
		20296	2020	10	254.96	Under process
		20330	2020	01	163.05	Under process
2	RTO Peshawar	20619	2017 to 2020	01	30.56	Under process
<b>Sub-total</b>				<b>13</b>	<b>572.89</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO-II Karachi	2373	2020	4	87.69	Under process
		2432	2020	3	7.28	Under process
		2450	2020	2	10.85	Under process
2	RTO Sukkur	2417	2020	2	7.00	Under process
		2449	2020	1	1.96	Under process
<b>Sub-total</b>				<b>12</b>	<b>114.78</b>	
<b>Grand Total</b>				<b>25</b>	<b>687.67</b>	

Rs 687.67 million under process.

**Annexure-13**

[Para 4.15]

**Non-levy of default surcharge for late payment of assessed tax / penalty  
– Rs 3,537.08 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Islamabad	20839	2020	01	0.19	Under process
		20790	2020	13	5.48	Under process
		20786	2020	27	15.45	Under process
2	RTO Sialkot	20894	2020	02	0.16	Under process
		20871	2020	03	2.16	Under process
3	LTO Islamabad	20335	2020	16	39.51	Under process
		20328	2020	01	1.49	Under process
		20293	2020	01	0.09	Under process
<b>Sub-total</b>				<b>64</b>	<b>64.53</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2312	2019	65	3,109.22	Under process
		2315	2019	3	124.07	Under process
2	MTO Karachi	2362	2019	8	19.50	Under process
3	RTO-I Karachi	2346	2020	17	39.09	Under process
		2428	2020	9	1.10	Under process
		2462	2020	13	1.41	Under process
		2520	2020	28	30.49	Under process
4	RTO-II Karachi	2455	2020	12	1.66	Under process
		2507	2020	42	4.72	Under process
5	RTO Hyderabad	2467	2020	5	0.08	Under process
		2487	2020	18	2.50	Under process
		2490	2020	25	5.43	Under process

6	RTO Sukkur	2367	2020	26	113.78	Under process
		2421	2020	12	0.40	Under process
		2445	2020	11	6.24	Under process
		2446	2020	19	6.15	Under process
7	RTO Quetta	2393	2020	5	2.86	Under process
		2399	2020	10	3.27	Rs 0.23 million charged & recovered, Rs 3.04 million under process
		2409	2020	5	0.81	Under process
<b>Sub-total</b>				<b>333</b>	<b>3,472.78</b>	
<b>Grand Total</b>				<b>397</b>	<b>3,537.31</b>	
<b>Recovered</b>					<b>0.23</b>	
<b>Balance</b>					<b>3,537.08</b>	

Rs 0.23 million recovered and Rs 3,537.08 million under process
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**Annexure-14**

[Para 4.16]

**Non-levy of penalty for late/non filing of returns - Rs 5,943.03 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Abbottabad	20241	2019	02	2.23	Under process
2	CTO Islamabad	20783	2020	13	11.42	Under process
3	LTO Multan	20439	2020	02	57.17	Under process
		20427	2020	01	577.47	Under process
		20425	2020	01	3.94	Under process
		20416	2020	02	4.56	Under process
		20410	2020	02	42.81	Under process
4	LTO Islamabad	20304	2020	28	13.29	Under process
5	RTO Multan	20498	2019 & 2020	01	0.49	Under process
<b>Sub-total</b>				<b>52</b>	<b>713.38</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2313	2019	65	1,320.67	Under process
		2314	2019	1	437.15	Rs 437.15 Subjudice
		2317	2019	4	13.69	Under process
2	MTO Karachi	2363	2019	22	18.59	Under process
		2365	2019	154	3.08	Under process
3	RTO-I Karachi	2347	2020	17	32.57	Under process
		2350	2020	98	1.96	Under process
		2381	2020	1575	88.69	Under process
		2389	2020	81,630	2,963.16	Under process
		2423	2020	2	13.79	Under process
		2427	2020	12	4.67	Under process
		2460	2020	9	2.90	Under process
2517	2020	37	21.68	Under process		



4	RTO-II Karachi	2329	2020	26	5.94	Under process
		2332	2020	8	0.56	Under process
		2336	2020	14	2.97	Under process
		2337	2020	100	1.00	Under process
		2377	2020	14	0.97	Under process
		2435	2020	15	1.64	Under process
		2452	2020	20	3.12	Under process
		2505	2020	550	22.00	Under process
		2508	2020	46	3.19	Under process
		2510	2020	18	1.27	Under process
5	RTO Hyderabad	2468	2020	8	9.40	Under process
		2482	2020	110	1.45	Under process
		2497	2020	71	0.71	Under process
6	RTO Sukkur	2368	2020	26	69.22	Under process
		2372	2020	16	4.19	Under process
		2419	2020	50	3.89	Under process
		2439	2020	54	62.37	Under process
7	RTO Quetta	2394	2020	18	34.62	Rs 0.29 charged, Rs 34.33 under process
		2400	2020	10	0.43	Rs 0.02 charged, Rs 0.41 under process
		2410	2020	12	75.43	Under process
		2322	2020	134	2.68	Under process
<b>Sub-total</b>				<b>84,946</b>	<b>5,229.65</b>	
<b>Grand Total</b>				<b>84,998</b>	<b>5,943.03</b>	

Rs 0.30 million charged recovery awaited, Rs 437.15 million subjudice and  
Rs 5,505.58 million under process

**Annexure-15**

[Para 4.17]

**Non-recovery of arrears of Tax demand - Rs 11,346.44 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Sialkot	20858	2019 & 2020	01	16.20	Under process
2	RTO Rawalpindi	20186	2019	02	5.98	Under process
3	LTO Multan	20444	2019	29	6,656.61	Recovered Rs 65.81 Subjudice Rs 5,129.60 Recovery awaited Rs 1,461.20
<b>Sub-total</b>				<b>32</b>	<b>6,678.79</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	MTO Karachi	2355	2019	07	290.57	Rs 127.29 charged recovery awaited. Rs 163.28 under process
2	RTO-I Karachi	2345	2020	13	140.50	Under process
		2380	2020	14790	2,724.72	Under process
		2457	2020	3	45.90	Under process
3	RTO-II Karachi	2343	2020	8	589.53	Under process
4	RTO Hyderabad	2491	2020	10	690.91	Charged recovery awaited
5	RTO Sukkur	2415	2020	4	67.47	Under process
		2438	2020	10	183.86	Under process
<b>Sub-total</b>				<b>14845</b>	<b>4,733.46</b>	
<b>Grand Total</b>				<b>14877</b>	<b>11,412.25</b>	
<b>Recovered</b>					<b>65.81</b>	
<b>Balance</b>					<b>11,346.44</b>	
*Amount recovered Rs 65.81 million, Subjudice Rs 5,129.60. Recovery awaited Rs 2,279.40 Under Process Rs 3,937.44 million.						

**Annexure-16**

[Para 4.18]

**Loss of revenue due to concealment of income or assets - Rs 11,880.21 million**  
DGAIR & C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Abbottabad	20246	2019	05	32.89	Under process
		20236	2019	02	17.86	Under process
2	RTO Sargodha	20209	2019	02	35.70	Under process
		20208	2018	01	14.00	Subjudice
3	RTO Rawalpindi	20276	2019	03	298.72	Under process
		20184	2019	03	424.86	Under process
		20182	2019 - 2020	02	0.37	Under process
		20177	2019	02	81.24	Under process
		20163	2019	01	3.53	Under process
		20160	2019	01	43.56	Under process
4	RTO Faisalabad	20158	2019	03	112.44	Under process
		20575	2020	01	5.40	Under process
		20567	2019 - 2020	01	127.61	Under process
		20547	2020	23	168.64	Under process
5	RTO Multan	20553	2018	01	13.14	Under process
		20539	2020	02	14.78	Under process
		20538	2020	01	24.53	Under process
		20503	2020	01	3.50	Under process
		20502	2020	02	95.11	Under process
		20500	2020	01	12.21	Under process
6	RTO Gujranwala	20491	2020	01	33.04	Under process
		20754	2020	02	8.67	Under process
		20752	2020	02	19.85	Under process
		20749	2020	01	35.97	Under process
		20746	2020	01	126.35	Under process
		20734	2020	01	2.12	Under process
		20730	2020	01	4.16	Under process
		20727	2020	01	12.69	Under process
		20726	2020	01	14.32	Under process
		20725	2020	01	29.30	Under process
		20724	2020	01	43.50	Under process
20722	2020	01	145.54	Under process		
		20618	2020	02	13.87	Under process

7	RTO Peshawar	20354	2020	01	267.94	Under process
		20353	2019 - 2020	01	175.17	Under process
		20339	2018 to 2020	01	1.16	Under process
8	RTO Sialkot	20893	2016 - 2017	01	9.02	Under process
		20892	2018	02	3.00	Under process
		20888	2016 to 2020	01	4.25	Under process
		20886	2016 to 2019	01	91.10	Under process
		20874	2020	01	2.47	Under process
		20869	2020	01	15.71	Under process
		20855	2020	01	7.49	Under process
		20846	2019 - 2020	03	22.47	Under process
		20843	2020	03	12.24	Under process
9	LTO Multan	20426	2020	01	6,634.10	Under process
		20415	2020	04	147.31	Under process
		20452	2020	03	885.32	Under process
10	CTO Islamabad	20830	2020	01	2.83	Under process
		20800	2020	03	26.70	Under process
		20784	2020	02	180.57	Under process
<b>Sub-total</b>				<b>106</b>	<b>10,510.24</b>	

DGAIR & C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO-I Karachi	2382	2020	72	46.16	Under process
		2422	2020	2	13.79	Under process
2	RTO Hyderabad	2476	2020	36	83.53	Under process
		2486	2020	3	150.18	Under process
		2496	2020	70	83.31	Under process
3	RTO Quetta	2397	2020	1	20.62	Under process
		2413	2020	1	75.62	Under process
4	RTO Sukkur	2414	2020	19	634.72	Under process
		2416	2020	10	10.53	Under process
		2437	2020	29	229.41	Under process
		2443	2020	22	22.10	Under process
<b>Sub-total</b>				<b>265</b>	<b>1,369.97</b>	
<b>Grand Total</b>				<b>371</b>	<b>11,880.21</b>	

Subjudice Rs 14.0 million. Under Process Rs 11,866.21 million

**Annexure-17**

[Para 4.19]

**Non-levy of Alternative Corporate Tax - Rs 4,265.26 million**

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>Tax Year</b>	<b>No. of cases</b>	<b>Amount</b>	<b>Remarks</b>
1	LTO Karachi	2303	2020	01	3,943.13	Under process
2	MTO Karachi	2354	2019	04	322.13	Under process
<b>Total</b>				<b>05</b>	<b>4,265.26</b>	

Rs 4,265.26 million Under Process

**Annexure - 18**

[Para 4.20]

**Loss of Rs 4,281.74 million due to less/non-deduction of withholding tax**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	20708	2020	01	12.63	Under process
		20707	2020	01	16.36	Under process
		20682	2020	01	203.89	Under process
		20525	2020	02	137.09	Under process
2	RTO Gujranwala	20753	2020	06	15.09	Under process
		20732	2020	02	2.85	Under process
		20719	2020	34	208.98	Under process
3	RTO Faisalabad	20590	2020	13	78.74	Recovery awaited Rs 36.01 Under process Rs 42.73
4	RTO Multan	20497	2020	03	1.75	Under process
		20455	2019 2020	06	31.63	Under process
		20454	2020	03	84.26	Under process
		20453	2019 2020	01	232.50	Under process
		20333	2020	11	103.37	Under process
		20292	2020	02	10.03	Under process
		20301	2020	01	3.61	Under process
5	CTO Islamabad	20832	2020	09	275.18	Under process
		20795	2020	04	31.63	Under process
		20785	2020	04	22.56	Under process
6	RTO Peshawar	20629	2020	01	5.56	Under process
		20621	2019 2020	05	34.38	Under process
		20608	2019 2020	04	17.59	Under process
		20374	2019 2020	04	66.47	Under process

7	RTO Sialkot	20864	2020	10	29.25	Under process
		20857	2020	13	39.28	Under process
		20282	2017 to 2020	05	110.41	Under process
8	RTO Sargodha	20222	2019	01	1.91	Under process
		20218	2019 & 2020	12	46.37	Under process
9	RTO Rawalpindi	20185	2019	01	6.11	Under process
		20162	2020	01	4.31	Under process
10	LTO Multan	20428	2020	01	278.34	Under process
		20450	2020	03	113.59	Under process
		20411	2020	01	132.14	Under process
<b>Sub-total</b>				<b>166</b>	<b>2,357.86</b>	

DGAIR & C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2311	2019	1	412.13	Under process
2	RTO-I Karachi	2515	2020	28	210.21	Under process
		2344	2020	17	325.72	Under process
3	RTO-II Karachi	2334	2020	12	29.14	Under process
		2475	2020	8	61.63	Under process
		2504	2020	42	30.59	Under process
4	RTO Hyderabad	2466	2020	6	93.53	Under process
		2465	2020	4	18.17	Rs 18.17 charged recovery awaited
5	RTO Sukkur	2366	2020	26	692.18	Under process
6	RTO Quetta	2398	2020	7	50.58	Rs 0.99 charged recovery awaited, Rs 49.59 under process
<b>Sub-total</b>				<b>151</b>	<b>1,923.88</b>	
<b>Grand Total</b>				<b>317</b>	<b>4,281.74</b>	

Recovery Awaited Rs 55.17 million, Under Process Rs 4,226.57 million
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**Annexure-19**

[Para 4.21]

**Loss of Rs 1,100.75 million due to non-realization of Withholding Tax on salary  
DGAIR & C (North) Lahore**

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Sialkot	20860	2016 to 2020	01	45.62	Under process
2	RTO Rawalpindi	20281	2019	01	354.78	Under process
		20279	2019	01	0.54	Under process
3	RTO Peshawar	20373	2019 & 2020	05	16.68	Under process
		20610	2019 & 2020	04	7.91	Under process
		20613	2020	02	2.15	Under process
		20623	2019 & 2020	04	7.13	Under process
		20634	2020	01	0.64	Under process
		20630	2020	02	2.24	Under process
4	RTO Multan	20459	2019	01	0.32	Under process
		20493	2019 & 2020	07	4.13	Under process
5	LTO Lahore	20530	2020	03	51.81	Under process
		20683	2020	01	8.62	Under process
		20703	2020	01	2.61	Under process
6	RTO Gujranwala	20721	2020	12	38.51	Under process
7	LTO Multan	20414	2020	05	17.60	Under process
		20431	2020	04	27.66	Under process
		20449	2020	04	311.85	Under process
8	RTO Abbottabad	20235	2019	05	109.18	Under process
		20245	2019	09	70.32	Under process
<b>Sub-total</b>				<b>73</b>	<b>1,080.30</b>	



## DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	MTO Karachi	2364	2019	2	6.06	Under process
2	RTO-II Karachi	2379	2020	3	0.63	Under process
		2514	2020	1	0.64	Under process
3	RTO Sukkur	2370	2020	23	13.11	Under process
<b>Total</b>				<b>29</b>	<b>20.45</b>	
<b>Grand Total</b>				<b>102</b>	<b>1,100.75</b>	

Rs 1,100.75 million under process

**Annexure-20**

[Para 4.23]

**Loss of Rs 3,295.60 million due to non-collection of advance tax from prescribed persons**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	20288	2020	01	0.13	Under process
2	RTO Faisalabad	20589	2020	03	6.08	Recovery Awaited Rs 4.23 Under process Rs 1.85
3	RTO Peshawar	20357	2020	02	20.21	Under process
		20607	2019 & 2020	01	6.21	Under process
4	RTO Rawalpindi	20285	2017 to 2019	03	40.21	Under process
		20284	2019	02	44.72	Under process
		20178	2019 & 2020	04	1.52	Rs 1.52 Under process. DAC settled the 03 cases of Rs 9.96 million
5	RTO Multan	20456	2020	01	27.22	Under process
		20499	2019 & 2020	01	0.13	Under process
6	LTO Lahore	20531	2020	01	0.99	Under process
		20684	2020	02	91.63	Under process
		20705	2020	02	7.85	Under process
		20709	2020	01	30.12	Under process
		20716	2020	01	80.86	Under process
7	RTO Sialkot	20861	2020	01	0.28	Under process
		20862	2020	02	45.96	Under process
8	RTO Sargodha	20221	2019 & 2020	02	3.42	Under process
<b>Sub-total</b>				<b>30</b>	<b>407.54</b>	

## DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2310	2019	49	2,851.34	Under process
2	RTO-I Karachi	2349	2020	4	3.37	Under process
		2387	2020	1	2.96	Under process
		2388	2020	9	2.55	Under process
		2464	2020	1	0.03	Under process
3	RTO Hyderabad	2469	2020	2	0.47	Under process
4	RTO Quetta	2401	2020	6	22.85	Under process
		2402	2020	10	4.49	Rs 1.49 million charged recovery awaited, Rs 2.99 million under process
<b>Sub-total</b>				<b>82</b>	<b>2,888.06</b>	
<b>Grand Total</b>				<b>112</b>	<b>3,295.60</b>	

Recovery awaited Rs 5.72 million. Under Process Rs 3,289.88 million
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**Annexure-21**

[Para 4.24]

**Loss of Rs 725.11 million due to non-recovery of withholding tax on income from property**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	20309	2020	01	9.94	Under process
2	RTO Faisalabad	20591	2020	07	13.92	Recovery awaited Rs 0.31 Under process Rs 13.61
3	RTO Peshawar	20343	2019 & 2020	01	0.51	Under process
		20612	2020	02	0.40	Under process
		20625	2020	04	1.63	Under process
		20631	2020	04	6.45	Under process
4	CTO Islamabad	20834	2020	03	7.86	Under process
5	RTO Rawalpindi	20283	2019	02	78.86	Under process
6	RTO Multan	20460	2019 & 2020	02	0.21	Under process
		20496	2020	01	2.70	Under process
7	LTO Multan	20451	2019	01	14.07	Under process
		20704	2020	01	0.49	Under process
8	RTO Sialkot	20859	2020	04	20.92	Under process
9	RTO Sargodha	20220	2019 & 2020	08	12.81	Under process
<b>Sub-total</b>				<b>41</b>	<b>170.77</b>	

## DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	MTO Karachi	2353	2019	19	438.17	Under Process
2	RTO-I Karachi	2348	2020	9	16.88	Under Process
		2424	2020	8	10.98	Under Process
		2459	2020	5	5.62	Under Process
		2516	2020	23	25.67	Under Process
3	RTO-II Karachi	2327	2020	18	18.16	Under Process
		2335	2020	12	7.78	Under Process
		2340	2020	5	0.24	Under Process
		2378	2020	2	0.68	Under Process
		2434	2020	7	1.68	Under Process
		2456	2020	3	0.84	Under Process
		2512	2020	17	0.99	Under Process
4	RTO Sukkur	2371	2020	3	4.61	Under Process
5	RTO Quetta	2403	2020	6	22.05	Under Process
<b>Sub-total</b>				<b>137</b>	<b>554.34</b>	
<b>Grand Total</b>				<b>178</b>	<b>725.11</b>	

Recovery awaited Rs 0.31 million. Under Process Rs 724.80 million
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**Annexure-22**

[Para 4.25]

**Loss of Rs 247.71 million due to non withholding of tax on brokerage and commission**

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	20526	2020	01	8.20	Under process
		20534	2020	01	80.51	Under process
		20685	2020	01	3.92	Under process
2	RTO Gujranwala	20720	2020	02	3.55	Under process
3	RTO Peshawar	20609	2020	01	0.56	Under process
4	RTO Sargodha	20224	2019 & 2020	02	0.55	Under process
5	LTO Multan	20419	2020	02	2.97	Under process
		20432	2020	01	147.45	Under process
<b>Total</b>				<b>11</b>	<b>247.71</b>	

Under Process Rs 247.71 million

**Annexure-23**

[Para 4.26]

**Loss of revenue due to less deduction of tax on profit on debt-  
Rs 56.27 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Peshawar	20620	2020	01	1.59	Under process
<b>Sub-total</b>				<b>01</b>	<b>1.59</b>	

DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO-I Karachi	2518	2020	10	2.52	Under process
2	RTO-II Karachi	2328	2020	5	2.90	Under process
		2338	2020	2	1.91	Under process
		2509	2020	4	1.37	Under process
3	RTO Hyderabad	2470	2020	12	12.57	Under process
4	RTO Sukkur	2369	2020	10	21.79	Under process
5	RTO Quetta	2406	2020	3	11.63	Under process
<b>Sub-total</b>				<b>46</b>	<b>54.68</b>	
<b>Grand Total</b>				<b>47</b>	<b>56.27</b>	

Rs 56.27 million under process

**Annexure-24**

[Para 4.28]

**Non-deduction of tax on monetary value of sales promotion items  
- Rs 10,099.79 million**

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>Tax Year</b>	<b>No. of cases</b>	<b>Amount</b>	<b>Remarks</b>
1	LTO Karachi	2309	2019	14	9,873.07	under process
2	MTO Karachi	2359	2019	20	179.80	under process
		2361	2019	17	39.73	Rs 0.37 million charged recovery awaited and Rs 39.36 million under process
		2519	2020	9	6.54	under process
3	RTO-II Karachi	2513	2020	3	0.65	under process
<b>Total</b>				<b>63</b>	<b>10,099.79</b>	

Rs 0.37 charged recovery awaited and Rs 10,099.42 under process



**Annexure-25**

[Para 4.29]

**Issuance of refund without observance to prescribed law – Rs 5,953.20 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	20327	2017	02	415.66	Under process
2	CTO Islamabad	20799	2020	03	22.67	Under process
		20787	2020	02	12.25	Under process
		20835	2020	02	19.62	Under process
3	LTO Lahore	20527	2020	04	126.44	Under process
4	RTO Faisalabad	20579	2016 to 2019	01	5.80	Under process
		20564	2018 to 2020	02	2.30	Under process
5	RTO Sialkot	20873	2017 to 2019	02	0.55	Under process
		20867	2019	01	3.79	Under process
		20842	2020	09	10.63	Under process
6	RTO Peshawar	20348	2020	01	0.20	Under process
		20337	2020	01	3.69	Under process
		20336	2020	01	22.39	Under process
7	LTO Multan	20442	2016	01	722.42	Under process
8	RTO Rawalpindi	20278	2019 & 2020	02	1.88	Under process
		20179	2019	01	1.01	Under process
		20164	2019	01	0.55	Under process
9	RTO Abbottabad	20247	2018	01	21.14	Under process
		20240	2018	01	2.39	Under process
		20194	2015	01	6.33	Under process
<b>Sub-total</b>				<b>39</b>	<b>1,401.71</b>	

## DGAIR &amp; C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2318	2019	83	6,383.86	Rs 2,438.24 recovered Rs 3,945.62 under process
2	MTO Karachi	2357	2019	14	194.62	Under process
3	RTO-I Karachi	2383	2020	9	14.57	Under process
		2426	2020	5	5.39	Under process
		2461	2020	8	2.75	Under process
4	RTO-II Karachi	2326	2020	17	21.95	Under process
		2342	2020	5	1.48	Under process
		2375	2020	3	2.01	Under process
		2429	2020	13	26.16	Under process
		2453	2020	11	2.13	Under process
		2511	2020	9	1.20	Under process
5	RTO Hyderabad	2477	2020	6	2.51	Under process
		2483	2020	18	79.23	Under process
		2485	2020	12	4.32	Under process
		2493	2020	14	89.05	Under process
		2494	2020	10	5.47	Under process
		2495	2020	34	19.65	Under process
		2499	2020	9	2.62	Under process
6	RTO Sukkur	2418	2020	38	6.34	Under process
		2444	2020	14	12.91	Under process
7	RTO Quetta	2325	2020	4	4.97	Under process
		2390	2020	9	90.97	Under process
		2404	2020	3	1.45	Under process
		2407	2020	12	14.12	Under process
<b>Sub-total</b>				<b>360</b>	<b>6,989.73</b>	
<b>Grand Total</b>				<b>399</b>	<b>8,391.44</b>	
<b>Recovered</b>					<b>2,438.24</b>	
<b>Balance</b>					<b>5,953.20</b>	

Rs 2,438.24 million recovered and verified &amp; Rs 5,953.20 under process

**Annexure-26**

[Para 4.31]

**Non-realization of Worker's Welfare Fund – Rs 2,999.83 million**

DGAIR &amp; C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Faisalabad	20549	2019 & 2020	12	4.95	Recovery awaited Rs 0.20 Under process Rs 4.75
		20576	2019 & 2020	07	2.08	Recovery awaited Rs 0.08 Under process Rs 2.00
2	RTO Rawalpindi	20180	2019	05	0.54	Under process
		20280	2019 & 2020	11	1.00	Under process
3	RTO Abbottabad	20249	2019	02	0.95	Under process
		20238	2019	02	4.17	Under process
4	RTO Multan	20495	2020	08	2.93	Under process
5	RTO Gujranwala	20731	2020	10	3.12	Recovered Rs 0.28 Under process Rs 2.84
6	LTO Islamabad	20322	2020	04	410.23	Under process
		20300	2020	20	48.36	Under process
		20295	2018	01	46.65	Under process
7	RTO Peshawar	20633	2019 & 2020	05	1.87	Under process
		20606	2020	03	4.77	Recovered Rs 0.61 Under process Rs 4.16
		20356	2020	02	2.97	Under process
		20338	2020	415	42.40	Under process
8	RTO Sargodha	20225	2019	09	3.32	Under process
		20211	2019	06	0.71	Under process
9	CTO Islamabad	20838	2020	03	20.68	Under process
		20797	2020	03	1.87	Under process

		20788	2020	02	0.12	Under process
10	RTO Sialkot	20891	2020	04	0.17	Under process
		20872	2020	05	0.15	Under process
11	LTO Multan	20441	2020	03	20.75	Under process
		20433	2020	01	3.50	Under process
<b>Sub-total</b>				<b>543</b>	<b>628.26</b>	

DGAIR & C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2319	2019	43	2,035.35	Rs 16.24 recovered Rs 62.13 charged recovery awaited, Rs 1,956.98 under process
2	MTO Karachi	2356	2020	31	271.19	Rs 18.94 recovery awaited, Rs 252.25 under process
3	RTO-I Karachi	2425	2020	12	6.44	Under process
		2458	2020	36	7.34	Under process
4	RTO-II Karachi	2331	2020	5	1.04	Under process
		2341	2020	12	0.67	Under process
		2376	2020	11	1.99	Under process
		2454	2020	9	1.93	Under process
5	RTO Hyderabad	2479	2020	44	6.03	Under process
		2498	2020	54	6.46	Under process
6	RTO Sukkur	2420	2020	10	0.52	Under process
		2447	2020	47	4.52	Under process
7	RTO Quetta	2323	2020	44	4.20	Under process
		2396	2020	6	34.47	Under process
		2412	2020	4	0.79	Under process
<b>Sub-total</b>				<b>397</b>	<b>2,388.70</b>	
<b>Grand Total</b>				<b>940</b>	<b>3,016.96</b>	
<b>Recovered</b>					<b>17.13</b>	
<b>Balance</b>					<b>2,999.83</b>	

Rs 17.13 million recovered, Rs 81.35 million recovery awaited & Rs 2,918.48 million Under Process

**Annexure-27**

[Para 5.1]

**Less realization of sales tax due to non-apportionment of input tax  
- Rs 4,570.35 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Multan	20504-ST	02	983.78
		20514-ST	04	1.97
		20490-ST	01	0.16
2	RTO Sialkot	20879-ST	01	983.33
		20880-ST	04	913.55
		20850-ST	02	32.73
		20877-ST	01	18.14
		20852-ST	01	0.47
		20851-ST	01	0.99
3	LTO Lahore	20717-ST	10	423.34
		20701-ST	09	299.32
		20690-ST	06	160.17
4	LTO Multan	20412-ST	02	139.87
		20440-ST	01	57.22
5	CTO Islamabad	20808-ST	01	91.27
		20825-ST	01	49.03
		20805-ST	01	12.87
		20828-ST	02	5.31
6	RTO Faisalabad	20561-ST	01	32.88
		20550-ST	01	10.76
		20570-ST	01	3.74
7	RTO Rawalpindi	20271-ST	03	24.59
		20189-ST	03	12.03
8	LTO Islamabad	20523-ST	02	5.03
9	RTO Gujranwala	20744-ST	01	2.74
10	RTO Abbottabad	20232-ST	01	1.78
<b>Sub-total</b>			<b>63</b>	<b>4,267.07</b>

DG, AIR&C (South), Karachi

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>
1	LTO Karachi	6844-ST/K	03	204.44
		6867-ST/K	01	57.67
		6849-ST/K	03	15.50
2	RTO Quetta	6938-ST/K	02	11.42
		6893-ST/K	02	2.21
3	MTO Karachi	6876-ST/K	01	8.12
4	RTO-I Karachi	6903-ST/K	01	1.08
		6927-ST/K	01	2.84
<b>Sub-total</b>			<b>14</b>	<b>303.28</b>
<b>Grand Total</b>			<b>77</b>	<b>4,570.35</b>

**Annexure-28**

[Para 5.2]

**Inadmissible adjustment of input tax against invoices issued by the  
blacklisted/suspended taxpayers - Rs 2,609.60 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance amount
1	RTO Multan	20479-ST	03	341.47	-	341.47
		20507-ST	33	26.47	-	26.47
2	RTO Faisalabad	20574-ST	62	56.26	-	56.26
3	RTO Rawalpindi	20173-ST	02	55.23	-	55.23
		20188-ST	01	23.09	-	23.09
4	CTO Islamabad	20814-ST	02	1.19	-	1.19
<b>Sub-total</b>			<b>103</b>	<b>503.71</b>	<b>-</b>	<b>503.71</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Office	DP No./ Para	No. of cases	Amount pointed out	Recovered/ Not due	Balance amount
1	RTO-I Karachi	6887-ST/K	44	1,453.52	781.35	672.17
2	RTO-II Karachi	6910-ST/K	01	1.78	-	1.78
		SSR Para 4.2	01	2.53	-	2.53
3	RTO Hyderabad	6950-ST/K	02	122.84	-	122.84
		6955-ST/K	02	79.63	-	79.63
4	RTO Sukkur	6918-ST/K	01	16.56	-	16.56
		SSR Para 4.2	55	27.5	-	27.5
5	RTO Quetta	6838-ST/K	02	72.92	-	72.92
		SSR Para 4.2	187	1,109.96	-	1,109.96
<b>Sub-total</b>			<b>295</b>	<b>2,887.24</b>	<b>781.35</b>	<b>2,105.89</b>
<b>Grand Total</b>			<b>398</b>	<b>3,390.95</b>	<b>781.35</b>	<b>2,609.60</b>

**Annexure-29**

[Para 5.3]

**Inadmissible adjustment of input tax on goods/services not related to taxable supplies - Rs 2,248.50 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance amount
1	LTO Lahore	20700-ST	03	390.42	-	390.42
		20687-ST	11	112.77	-	112.77
2	CTO Islamabad	20822-ST	10	197.47	-	197.47
		20807-ST	05	153.01	-	153.01
		20772-ST	02	43.31	-	43.31
		20771-ST	06	10.13	-	10.13
		20810-ST	80	8.87	0.50	8.37
		20815-ST	07	4.19	-	4.19
		20816-ST	01	1.95	-	1.95
3	RTO Abbottabad	20250-ST	01	191.26	-	191.26
4	LTO Islamabad	20522-ST	03	17.74	1.60	16.14
5	RTO Rawalpindi	20174-ST	01	15.60	-	15.60
		20171-ST	01	0.22	-	0.22
6	RTO Faisalabad	20555-ST	02	11.23	-	11.23
		20552-ST	04	6.53	-	6.53
		20572-ST	01	1.26	-	1.26
7	RTO Peshawar	20368-ST	01	9.37	-	9.37
		20603-ST	02	7.24	-	7.24
		20351-ST	01	4.79	-	4.79
		20627-ST	01	3.06	-	3.06
		20639-ST	01	1.24	-	1.24
8	RTO Sialkot	20878-ST	02	7.37	-	7.37
9	RTO Gujranwala	20740-ST	06	5.50	0.72	4.78
		20759-ST	01	0.58	-	0.58
10	RTO Sargodha	20217-ST	01	4.91	-	4.91



11	RTO Multan	20513-ST	02	2.99	-	2.99
		20488-ST	03	1.03	-	1.03
		20517-ST	02	0.26	-	0.26
		20518-ST	01	0.13	-	0.13
12	LTO Multan	20417-ST	02	1.07	-	1.07
		20421-ST	01	0.43	-	0.43
<b>Sub-total</b>			<b>165</b>	<b>1,215.93</b>	<b>2.82</b>	<b>1,213.11</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance amount
1	LTO Karachi	6846-ST/K	01	850.58	-	850.58
		6848-ST/K	06	91.99	-	91.99
2	MTO Karachi	6881-ST/K	01	0.20	-	0.20
3	RTO-I Karachi	6907-ST/K	01	0.40	-	0.40
4	RTO-II Karachi	6861-ST/K	01	8.66	-	8.66
		6884-ST/K	02	0.57	-	0.57
5	RTO Hyderabad	6949-ST/K	04	1.83	-	1.83
		6951-ST/K	02	2.11	-	2.11
6	RTO Quetta	6835-ST/K	01	59.41	-	59.41
		6894-ST/K	11	18.54	-	18.54
		6895-ST/K	03	1.10	-	1.10
<b>Sub-total</b>			<b>33</b>	<b>1,035.39</b>	<b>-</b>	<b>1,035.39</b>
<b>Grand Total</b>			<b>198</b>	<b>2,251.32</b>	<b>2.82</b>	<b>2,248.50</b>

**Annexure-30**

[Para 5.5]

**Loss of revenue due to non collection of sales tax on taxable goods and services - Rs 1,170.87 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>
1	CTO Islamabad	20803-ST	11	309.43
		20774-ST	11	305.74
		20806-ST	01	6.39
		20829-ST	03	5.68
		20841-ST	01	5.26
		20768-ST	01	4.36
		20770-ST	03	0.40
		20802-ST	03	0.34
2	RTO Sargodha	20201-ST	11	122.48
		20213-ST	01	30.00
		20214-ST	34	26.28
		20216-ST	180	20.49
3	RTO Peshawar	20349-ST	250	45.00
		20369-ST	01	3.23
		20628-ST	01	1.35
4	LTO Multan	20430-ST	01	2.85
5	RTO Sialkot	20890-ST	61	14.64
		20883-ST	05	2.42
6	RTO Rawalpindi	20175-ST	46	5.52
		20190-ST	01	5.26
		20193-ST	01	1.24
7	LTO Lahore	20698-ST	01	0.14
8	RTO Multan	20519-ST	01	0.07
<b>Sub-total</b>			<b>629</b>	<b>918.57</b>

DG, AIR&C (South), Karachi

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>
1	LTO Karachi	6843-ST/K	85	240.16
		6845-ST/K	01	0.95
2	MTO Karachi	6879-ST/K	04	0.82
3	RTO-I, Karachi	6901-ST/K	01	3.73
		6932-ST/K	01	0.02
4	RTO-II, Karachi	6883-ST/K	02	1.03
		6912-ST/K	01	1.09
		6967-ST/K	01	4.50
<b>Sub-total</b>			<b>96</b>	<b>252.30</b>
<b>Grand Total</b>			<b>725</b>	<b>1,170.87</b>

**Annexure-31**

[Para 5.6]

**Excess adjustment of input tax - Rs 655.59 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>
1	RTO Multan	20480-ST	02	56.51
2	RTO Abbottabad	20254-ST	01	7.49
3	RTO Gujranwala	20743-ST	03	5.22
4	RTO Sialkot	20885-ST	02	1.63
5	RTO Sargodha	20205-ST	01	0.18
<b>Sub-total</b>			<b>09</b>	<b>71.03</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No</b>	<b>No of cases</b>	<b>Amount</b>
1	LTO Karachi	6847-ST/K	03	466.27
		6871-ST/K	01	12.54
2	MTO Karachi	6878-ST/K	01	1.04
3	RTO-II Karachi	6865-ST/K	01	0.13
4	RTO Quetta	6837-ST/K	01	6.09
		6892-ST/K	01	92.12
		6937-ST/K	01	6.37
<b>Sub-total</b>			<b>09</b>	<b>584.56</b>
<b>Grand Total</b>			<b>18</b>	<b>655.59</b>

**Annexure-32**

[Para 5.7]

**Non-realization of further tax - Rs 406.23 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance amount
1	RTO Multan	20506-ST	04	217.02	-	217.02
		20485-ST	03	4.56	-	4.56
2	CTO Islamabad	20819-ST	05	14.73	-	14.73
		20769-ST	01	1.86	-	1.86
		20809-ST	02	0.82	0.08	0.74
3	RTO Sargodha	20203-ST	03	9.62	-	9.62
4	RTO Rawalpindi	20168-ST	02	9.08	-	9.08
		20273-ST	02	1.66	-	1.66
5	RTO Gujranwala	20739-ST	02	6.56	-	6.56
6	RTO Peshawar	20635-ST	01	3.38	-	3.38
7	RTO Abbottabad	20234-ST	01	0.51	-	0.51
8	RTO Sialkot	20881-ST	02	0.35	-	0.35
		20854-ST	02	0.22	-	0.22
<b>Sub-total</b>			<b>30</b>	<b>270.37</b>	<b>0.08</b>	<b>270.29</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered / Not due	Balance amount
1	LTO Karachi	6850-ST/K	02	66.19	-	66.19
		6851-ST/K	01	7.53	-	7.53

		6870-ST/K	01	38.35	-	38.35
2	RTO-I Karachi	6905-ST/K	02	1.07	-	1.07
		6928-ST/K	01	1.59	-	1.59
3	RTO-II Karachi	6936-ST/K	01	0.55	-	0.55
4	RTO Hyderabad	6956-ST/K	01	1.24	-	1.24
5	RTO Sukkur	6915-ST/K	01	9.97	-	9.97
		6923-ST/K	01	0.33	-	0.33
6	RTO Quetta	6939-ST/K	03	9.12	-	9.12
<b>Sub-total</b>			<b>14</b>	<b>135.94</b>	-	<b>135.94</b>
<b>Grand Total</b>			<b>44</b>	<b>406.31</b>	<b>0.08</b>	<b>406.23</b>

**Annexure-33**

[Para 5.9]

**Evasion of sales tax due to under valuation of taxable goods  
- Rs 376.87 million**

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount pointed out</b>	<b>Recovered/ Not due</b>	<b>Balance amount</b>
1	RTO Peshawar	20640-ST	01	192.41	-	192.41
		20636-ST	01	15.68	-	15.68
2	LTO Multan	20422-ST	01	57.87	-	57.87
		20447-ST	01	57.39	-	57.39
3	RTO Abbottabad	20230-ST	03	29.26	2.04	27.22
4	RTO Multan	20509-ST	01	14.52	-	14.52
		20542-ST	01	8.66	-	8.66
5	RTO Faisalabad	20560-ST	01	3.12	-	3.12
<b>Total</b>			<b>10</b>	<b>378.91</b>	<b>2.04</b>	<b>376.87</b>

**Annexure-34**

[Para 5.12]

**Discrepancies among figures of sales / stocks in income tax and sales tax returns resulting in less realization of sales tax - Rs 15,137.10 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance amount
1	LTO Multan	20436	02	12,736.40	-	12,736.40
		20438	05	958.89	-	958.89
		20413	03	43.94	-	43.94
2	CTO Islamabad	20824	05	249.32	-	249.32
		20776	05	219.97	-	219.97
		20823	05	128.94	-	128.94
		20801	07	106.84	-	106.84
		20821	01	32.74	-	32.74
		20775	01	5.24	-	5.24
3	RTO Gujranwala	20757	02	123.05	-	123.05
		20758	03	13.08	-	13.08
		20742	03	6.33	-	6.33
4	RTO Rawalpindi	20172	04	74.08	6.39	67.69
		20270	02	46.32	3.24	43.08
		20167	03	12.37	-	12.37
		20192	01	1.91	-	1.91
5	RTO Faisalabad	20588	01	46.49	-	46.49
		20568	01	15.05	-	15.05
6	RTO Abbottabad	20251	05	30.93	-	30.93
		20231	01	1.76	-	1.76
7	RTO Sialkot	20876	02	23.12	-	23.12
		20849	04	6.15	-	6.15
8	RTO Sargodha	20204	01	6.04	-	6.04
9	RTO Multan	20489	01	0.23	-	0.23
<b>Sub-total</b>			<b>68</b>	<b>14,889.19</b>	<b>9.63</b>	<b>14,879.56</b>



DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance amount
1	MTO Karachi	6875-ST/K	01	9.95	-	9.95
2	RTO-I Karachi	6898-ST/K	03	9.76	-	9.76
		6925-ST/K	03	4.27	-	4.27
3	RTO-II Karachi	6933-ST/K	02	14.82	-	14.82
4	RTO Hyderabad	6953-ST/K	01	1.02	-	1.02
5	RTO Sukkur	6916-ST/K	01	3.39	-	3.39
		6920-ST/K	05	41.60	-	41.60
6	RTO Quetta	6834-ST/K	04	165.30	-	165.30
		6897-ST/K	02	5.84	-	5.84
		6943-ST/K	01	1.59	-	1.59
<b>Sub-total</b>			<b>23</b>	<b>257.54</b>	-	<b>257.54</b>
<b>Grand Total</b>			<b>91</b>	<b>15,146.73</b>	<b>9.63</b>	<b>15,137.10</b>

**Annexure-35**

[Para 5.13]

**Non-recovery of adjudged dues / arrears - Rs 32,992.95 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance amount
1	LTO Islamabad	20602-ST	06	12,951.77	0.05	12,951.72
2	RTO Peshawar	20637-ST	68	10,814.17	-	10,814.17
3	LTO Multan	20445-ST	73	4,295.09	-	4,295.09
4	CTO Islamabad	20778-ST	27	2,537.49	-	2,537.49
<b>Sub-total</b>			<b>174</b>	<b>30,598.52</b>	<b>0.05</b>	<b>30,598.47</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance amount
1	RTO-I Karachi	6890-ST/K	MPR	6,833.10	5,324.68	1,508.42
2	RTO-II Karachi	6863-ST/K	18	0.92	-	0.92
		6909-ST/K	5	10.38	-	10.38
3	RTO Hyderabad	6948-ST/K	7	590.57	-	590.57
		6952-ST/K	10	37.26	-	37.26
4	RTO Quetta	6942-ST/K	7	246.93	-	246.93
<b>Sub-total</b>			<b>47</b>	<b>7,719.16</b>	<b>5,324.68</b>	<b>2,394.48</b>
<b>Grand Total</b>			<b>221</b>	<b>38,317.68</b>	<b>5,324.73</b>	<b>32,992.95</b>

**Annexure-36**

[Para 5.14]

**Non imposition of penalty and default surcharge - Rs 333.44 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>
1	LTO Multan	20407-ST	11	16.02
		20448-ST	08	11.79
2	RTO Multan	20482-ST	73	9.47
		20515-ST	05	1.14
3	CTO Islamabad	20773-ST	500	5.00
4	RTO Peshawar	20370-ST	01	3.89
		20638-ST	03	0.33
5	RTO Faisalabad	20585-ST	158	3.16
6	RTO Abbottabad	20233-ST	04	1.31
		20255-ST	02	1.03
7	RTO Gujranwala	20745-ST	96	0.96
8	RTO Sargodha	20206-ST	01	0.16
<b>Sub-total</b>			<b>862</b>	<b>54.26</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

<b>S. No.</b>	<b>Offices</b>	<b>DP No.</b>	<b>Tax Year</b>	<b>No of cases</b>	<b>Amount</b>
1	LTO Karachi	6855-ST/K	2019-20	10	45.26
		6866-ST/K	2019-20	01	8.35
2	MTO Karachi	6877-ST/K	2019-20	12	1.44
		6882-ST/K	2019-20	02	0.15

3	RTO-I Karachi	6889-ST/K	2019-20 & 2020-21	1755	77.30
		6899-ST/K	2019-20	03	9.76
		6904-ST/K	2020-21	10	1.10
		6906-ST/K	2020-21	39	0.93
		6926-ST/K	2019-20	03	4.27
		6929-ST/K	2020-21	06	0.72
		6931-ST/K	2020-21	10	0.40
4	RTO-II Karachi	6841-ST/K	2019-20	08	0.96
		6842-ST/K	2019-20	24	0.83
		6862-ST/K	2019-20	12	1.20
		6864-ST/K	2019-20	05	0.33
		6885-ST/K	2020-21	20	0.56
		6886-ST/K	2020-21	04	0.44
		6908-ST/K	2020-21	272	14.00
		6934-ST/K	2019-20	02	14.82
		6935-ST/K	2020-21	68	4.18
		6965-ST/K	2020-21	04	0.44
		6966-ST/K	2020-21	10	1.20
5	RTO Hyderabad	6945-ST/K	2020-21	20	2.40
		6946-ST/K	2020-21	13	2.49
		6947-ST/K	2020-21	16	1.92
		6954-ST/K	2020-21	42	0.63
6	RTO Sukkur	6913-ST/K	2019-20	02	29.27
		6919-ST/K	2020-21	05	41.60
		6921-ST/K	2020-21	01	1.09
		6922-ST/K	2020-21	10	0.43
		6924-ST/K	2020-21	01	0.13
		6968-ST/K	2019-20	01	4.90
7	RTO Quetta	6836-ST/K	2019-20	47	2.82
		6840-ST/K	2019-20	16	1.92
		6896-ST/K	2020-21	03	0.49
		6941-ST/K	2019-20 & 2020-21	03	0.45
<b>Sub-total</b>				<b>2460</b>	<b>279.18</b>
<b>Grand Total</b>				<b>3,322</b>	<b>333.44</b>

**Annexure-37**

[Para 5.16]

**Inadmissible exemption of sales tax- Rs 186.07 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>
1	RTO Peshawar	20352-ST	01	53.99
		20641-ST	01	9.92
		20342-ST	01	2.23
		20346-ST	02	0.33
2	RTO Faisalabad	20581-ST	01	18.23
		20556-ST	01	17.83
3	RTO Rawalpindi	20272-ST	01	16.16
		20169-ST	01	2.12
<b>Sub-total</b>			<b>09</b>	<b>120.81</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

<b>S. No.</b>	<b>Offices</b>	<b>DP No.</b>	<b>No of cases</b>	<b>Amount</b>
1	LTO Karachi	6869-ST/K	01	55.05
		6873-ST/K	01	10.21
<b>Sub-total</b>			<b>02</b>	<b>65.26</b>
<b>Grand Total</b>			<b>11</b>	<b>186.07</b>

**Annexure-38**

[Para 5.17]

**Non-withholding of sales tax - Rs 95.44 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>
1	RTO Sialkot	20856-ST	131	35.07
2	CTO Islamabad	20767-ST	01	1.14
		20811-ST	01	0.28
		20817-ST	01	0.15
<b>Sub-total</b>			<b>134</b>	<b>36.64</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No</b>	<b>No of cases</b>	<b>Amount</b>
1	LTO Karachi	6853-ST/K	01	28.49
		6854-ST/K	01	12.54
		6874-ST/K	01	10.04
		6880-ST/K	01	0.77
2	RTO-I Karachi	6930-ST/K	01	0.68
3	RTO Quetta	6944-ST/K	01	6.28
<b>Sub-total</b>			<b>06</b>	<b>58.80</b>
<b>Grand Total</b>			<b>140</b>	<b>95.44</b>

**Annexure-39**

[Para 5.19]

**Payment of refund in excess of input tax actually consumed in supplies of zero rated goods - Rs 856.69 million**

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount</b>	<b>Law/Rule violated</b>
1	RTO Sialkot	20884-ST	12	506.65	Rule 28 of the Sales Tax Rules, 2006
		20889-ST	19	169.44	Rule 28 of the Sales Tax Rules, 2006
		20848-ST	02	6.22	Rule 33 of the Sales Tax Rules, 2006
2	LTO Lahore	20688-ST	02	154.92	Rule 28,39D & 39F of the Sales Tax Rules, 2006
3	RTO Faisalabad	20557-ST	01	9.63	Rule 33 of the Sales Tax Rules, 2006
		20559-ST	01	1.53	Rule 33 of the Sales Tax Rules, 2006
		20571-ST	01	0.93	Rule 33 of the Sales Tax Rules, 2006
4	RTO Multan	20511-ST	02	4.86	Rule 33 of the Sales Tax Rules, 2006
		20487-ST	02	1.52	Rule 33 of the Sales Tax Rules, 2006
		20516-ST	01	0.99	Rule 28,39D & 39F of the Sales Tax Rules, 2006
<b>Total</b>			<b>43</b>	<b>856.69</b>	

**Annexure-40**

[Para 7.1]

**Under-valuation of imported goods resulted into loss of government revenue – Rs 3,480.73 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	DC Customs Bond Mughal Pura Dryport, MCC Appraisalment & Facilitation Lahore	7289	5	15.25	0	15.25
		7293	57	10.85	0	10.85
		7294	8	20.18	0	20.18
		7295	5	6.30	0	6.30
		7297	39	3.36	0	3.36
		7301	2	1.02	0	1.02
		7303	1	0.63	0	0.63
		7305	5	0.30	0	0.30
		7307	1	0.11	0	0.11
		7308	1	0.07	0	0.07
		7309	2	0.07	0	0.07
2	AC Imports AFU Islamabad	7414	3	0.60	0	0.60
		7420	15	0.54	0	0.54
	AC Imports Dryport Islamabad	7431	10	0.19	0.03	0.16
		7435	5	0.23	0.07	0.16
		7439	1	0.30	0	0.30
		7440	5	0.36	0.03	0.32
		7441	3	0.43	0	0.43
		7445	85	0.61	0.53	0.08
7450	3	0.21	0	0.21		
4	EPZ/EOU, Sialkot	7665	7	0.44	0.09	0.35
5	Import, Dry port, Sost	7686	188	129.23	0	129.23
		7687	42	19.46	0	19.46
		7688	112	13.83	0	13.83
		7696	8	0.60	0	0.60
7	DC Customs (Accompanied Baggage), AFU, Lahore	7046	1	0.26	0	0.26
8	DC Customs (Imports), AFU, Lahore	7084	429	2,159.98	0	2,159.98
9	DC Customs	7053	10	3.38	0	3.38



	(Imports), T-10, Lahore					
10	DC (Import) FSD	7329	9	2.28	2.26	0.02
		7332	2	0.15	0	0.15
		7368	2	0.60	0	0.60
		7335	1	0.40	0.18	0.22
		7337	1	0.08	0	0.08
11	DC (Import) Multan	7321	7	0.72	0	0.72
		7322	1	0.48	0	0.48
		7328	8	0.04	0	0.04
12	DC Import, Dry Port, MCC (A & F), Peshawar	7501	2	0.84	0	0.84
		7512	1	0.26	0	0.26
		7473	328	37.21	0	37.21
		7515	5	0.58	0	0.58
		7472	8	0.47	0	0.47
		7471	8	0.26	0	0.26
		7466	20	11.30	0	11.30
		7476	26	2.35	0.22	2.13
		7524	17	3.14	0	3.14
		7525	25	8.91	0	8.91
		7485	7	0.44	0	0.44
		7532	17	2.09	0	2.09
		7489	10	0.48	0	0.48
		7464	112	1.27	0	1.27
		7498	1	0.18	0	0.18
		7527	3	0.44	0	0.44
		7534	2	1.69	0	1.69
		7495	2	0.22	0.17	0.05
		7528	2	0.60	0	0.60
		7496	4	0.47	0.05	0.42
7588	3	0.14	0	0.14		
7505	3	0.22	0.11	0.11		
7519	1	0.96	0	0.96		
13	DC Import Prem Nagar, Dry Port, Lahore	7127	1	5.57	0	5.57
		7133	2	1.53	0	1.53
		7137	1	0.67	0	0.67
		7138	1	0.27	0	0.27
14	DC Import NLC Dry Port, MCC A & F Lahore	7187	1	19.39	0	19.39
		7176	91	4.82	0	4.82
		7182	1	3.10	1.63	1.47

		7179	2	1.15	0	1.15
		7184	1	0.30	0	0.30
		7185	2	0.23	0	0.23
15	DC Import Mughalpura, MCC A & F Lahore	7189	3	0.30	0	0.30
		7191	3	0.86	0	0.86
		7195	1	0.16	0	0.16
		7197	1	1.04	0	1.04
		7201	5	8.39	0	8.39
		7207	3	1.92	0	1.92
		7208	14	8.41	0	8.41
		7209	3	1.61	0	1.61
		7210	22	8.11	0	8.11
		7211	3	1.50	0	1.50
		7212	3	1.32	0	1.32
		7213	5	1.08	0	1.08
		7214	75	11.11	0	11.11
		7215	1	0.63	0	0.63
		7217	1	0.20	0	0.20
		7219	1	0.12	0	0.12
		7221	1	4.97	0	4.97
		7222	1	1.76	0	1.76
7224	1	1.84	0	1.84		
7271	1	0.45	0	0.45		
7204	1	2.93	0	2.93		
16	DC SWH, A to G, MCC E & C, Peshawar	7549	1	0.07	0	0.07
<b>Sub-total</b>		<b>1,944</b>	<b>2,563.81</b>	<b>5.37</b>	<b>2,558.44</b>	

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Enforcement & Compliance, Karachi	1324	46	22.56	0	22.56
		1325	24	11.49	0	11.49
		1326	81	30.86	0	30.86
		1328	24	158.32	0	158.32
2	Collectorate of Customs,	1336	5	0.37	0	0.37
		1337	1	0.20	0	0.20

	Appraisalment (PMBQ), Karachi	1340	1	0.16	0	0.16
		1345	2	1.27	1.10	0.17
		1347	2	0.67	0	0.67
		1349	4	0.19	0.14	0.04
		1350	1	0.15	0.13	0.02
		1355	5	1.38	0	1.38
		1356	3	1.30	0	1.30
		1507	3	1.87	0.26	1.61
		1614	2	4.17	0	4.17
		1740	4	0.58	0.35	0.23
		1742	9	4.75	0	4.75
		1751	14	11.13	0	11.13
3	Collectorate of Customs, Appraisalment (East), Karachi	1407	1	1.11	0	1.11
		1458	1	5.60	0	5.60
		1471	16	8.40	0	8.40
		1474	9	5.63	2.89	2.74
		1475	12	4.20	0	4.20
		1478	28	1.76	0	1.76
		1479	17	1.46	0	1.46
		1484	14	2.75	0	2.75
		1487	3	0.85	0	0.85
		1677	4	0.32	0	0.32
		1678	5	0.05	0	0.05
		1680	7	4.37	0.94	3.43
		1682	9	4.30	0	4.30
		1763	5	0.38	0	0.38
4	Collectorate of Customs, Appraisalment (West), Karachi	1433	1	0.11	0	0.11
		1434	1	0.10	0	0.10
		1438	1	0.22	0	0.22
		1594	3	2.13	0	2.13
		1625	5	0.91	0	0.91
		1627	2	0.22	0	0.22
		1669	1	0.02	0	0.02
5	Collectorate of Customs, Appraisalment (West), Karachi	1674	1	0.06	0	0.06
		1720	7	0.54	0	0.54
		1721	2	0.31	0	0.31
		1722	10	0.32	0	0.32
		1723	2	1.59	0	1.59
		1724	20	3.04	0	3.04
		1725	7	3.56	0	3.56

		1726	23	2.48	0	2.48
		1727	2	0.48	0	0.48
		1728	21	2.58	0	2.58
		1729	17	3.88	0	3.88
		1730	17	3.32	0	3.32
		1731	19	3.88	0	3.88
		1732	10	0.34	0	0.34
		1733	10	0.09	0	0.09
		1734	38	14.93	0	14.93
		1735	71	7.28	0	7.28
		1790	1	0.73	0	0.73
6	Collectorate of Customs Exports (PMBQ), Karachi	1432	9	0.31	0	0.31
		1431	252	1.79	0	1.79
7	Collectorate of Customs, Appraisement, Quetta	1605	15	0.60	0	0.60
		1607	6	0.46	0	0.46
		1608	66	1.82	0	1.82
		1609	45	1.52	0	1.52
		1610	71	1.65	0	1.65
		1657	3	0.28	0	0.28
		1659	1	0.10	0	0.10
		1660	1	0.09	0	0.09
		1661	4	0.08	0	0.08
		1686	504	9.78	0	9.78
		1687	79	5.76	0	5.76
		1688	7	0.57	0	0.57
		1689	2	0.13	0	0.13
		1690	13	28.59	0	28.59
		1691	302	528.80	0	528.80
1692	3	0.06	0	0.06		
<b>Sub-total</b>		<b>2037</b>	<b>928.10</b>	<b>5.81</b>	<b>922.29</b>	
<b>Grand Total</b>		<b>3982</b>	<b>3492.07</b>	<b>11.34</b>	<b>3,480.73</b>	

**Annexure-41**

[Para 7.2]

**Less assessment of sales tax and value addition tax caused loss of revenue –  
Rs 1,281.78 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	AC Imports Dryport Islamabad	7444	42	0.54	0.11	0.43
		7455	520	1.68	0	1.68
2	DC Import, Dry Port, MCC (A & F), Peshawar	7462	722	11.11	0	11.11
3	DC Customs (Imports), AFU, Lahore	7076	661	20.36	0.49	19.88
		7080	108	9.64	0.26	9.38
4	DC Customs (Imports), T-10, Lahore	7054	70	8.22	0	8.22
5	DC Import, Torkhum, MCC (A & F), Peshawar	7595	812	45.71	0	45.71
6	DC SWH, A to G, MCC E & C, Peshawar	7550	11	0.12	0	0.12
7	DC Import Prem Nagar, Dry Port, Lahore	7134	11	2.70	0	2.70
8	DC Import NLC Dry Port, MCC A & F Lahore	7267	9	13.58	0	13.58
9	DC Import Mughalpura, MCC A & F Lahore	7225	537	62.27	0	62.27
10	DC PB (Bonds) Mughal Pura Dryport, MCC Appraisalment & Facilitation Lahore	7306	4	0.23	0	0.23
11	Import Dryport Sialkot	7669	63	1.95	0	1.95
12	DTRE (Cus) FSD	7352	2	0.12	0	0.12
13	DC Customs (BWH), MCC A & F, Peshawar	7585	1	2.11	0	2.11
<b>Sub-total</b>			<b>3,573</b>	<b>180.34</b>	<b>0.86</b>	<b>179.48</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Enforcement & Compliance, Karachi	1327	13	2.14	0	2.14
2	Collectorate of Customs, JIAP, Karachi	1774	15	0.19	0	0.19
3	Collectorate of Customs, Gwadar	1386	1	49.85	0	49.85
		1390	1	9.66	0	9.66
		1391	3	5.71	0	5.71
		1397	2	3.59	0	3.59
4	Collectorate of Customs, Appraisalment, Quetta	1603	86	0.82	0	0.82
		1658	64	0.92	0	0.92
5	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1331	1,674	339.33	0	339.33
		1332	122	22.08	0	22.08
		1342	168	9.36	0	9.36
		1354	26	2.29	0	2.29
		1501	28	2.47	0	2.47
		1514	3	0.07	0	0.07
		1573	26	330.04	0	330.04
		1574	10	2.47	0	2.47
		1577	1	1.66	0	1.66
		1343	4	2.17	0	2.17
		1360	4	0.68	0	0.68
		1362	28	170.35	0	170.35
		1498	1	0.07	0	0.07
		1569	13	9.70	0	9.70
1570	1	1.09	0	1.09		
6	Collectorate of Customs, Appraisalment (East), Karachi	1385	3	0.16	0	0.16
		1451	1	0.15	0	0.15
		1455	1	0.01	0	0.01
		1590	10	0.62	0	0.62
		1622	32	0.24	0	0.24
		1628	17	0.20	0	0.20
		1675	36	0.77	0	0.77

		1767	6	0.37	0	0.37
		1784	1	0.54	0	0.54
		1785	51	1.60	0	1.60
		1403	405	38.34	0	38.34
		1405	170	14.47	0	14.47
		1470	82	10.25	9.59	0.66
		1406	2	5.20	0	5.20
		1411	6	6.42	0	6.42
		1460	12	4.55	0	4.55
		1466	6	4.58	0	4.58
		1473	10	6.45	0	6.45
		1482	4	0.83	0.70	0.12
		1585	26	18.21	0	18.21
		1587	3	1.00	0	1.00
		1592	5	1.31	0	1.31
		1616	4	18.28	0	18.28
		1617	1	0.65	0	0.65
		1772	5	1.42	0	1.42
		1376	10	3.92	0	3.92
		1378	16	3.07	0	3.07
		1380	7	2.30	0	2.30
		<b>Sub-total</b>	<b>3,226</b>	<b>1,112.59</b>	<b>10.29</b>	<b>1,102.30</b>
		<b>Grand Total</b>	<b>6799</b>	<b>1,292.93</b>	<b>11.15</b>	<b>1,281.78</b>

**Annexure-42**

[Para 7.3]

**Inadmissible exemption/concession in duty and taxes - Rs 800.75 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	DC Customs (Imports), AFU, Lahore	7056	50	52.728	0	52.73
		7058	213	380.107	0	380.11
		7065	173	29.138	5.724	23.41
		7067	7	2.277	0	2.28
		7072	35	5.596	4.995	0.60
		7086	24	0.687	0	0.69
		7089	1,432	3.869	0	3.87
2	DC Import Prem Nagar, Dry Port, Lahore	7126	6	1.034	0.103	0.93
		7128	5	3.282	0	3.28
3	DC Import NLC Dry Port, MCC A & F Lahore	7173	40	3.249	0.073	3.18
		7177	43	52.092	0	52.09
		7269	37	25.055	0	25.06
		7174	1	0.801	0.132	0.67
4	DC Import Mughal Pura, MCC A & F Lahore	7254	13	14.953	0	14.95
		7255	8	4.807	0	4.81
		7256	11	5.590	0	5.59
		7257	2	1.068	0	1.07
		7259	1	1.212	0	1.21
		7260	1	3.215	0	3.21
		7261	5	0.411	0	0.41
		7262	2	34.777	0	34.78
7274	2	0.239	0.18	0.06		
5	AC Imports AFU Islamabad	7424	1	0.105	0	0.11
6	DC Import, Dry Port, MCC (A & F), Peshawar	7463	86	3.68	0	3.68
		7465	166	14.66	0	14.66
7	DC Import / Export AFU, MCC (A & F), Peshawar	7624	3	1.59	0	1.59
		7569	1	0.05	0	0.05
		7570	2	0.06	0	0.06
		7572	3	0.18	0	0.18
		7574	1	0.47	0	0.47



	EPZ/EOU, Sialkot	7660	3	15.67	11.434	4.23
8	DC Torkhum MCC A & F Peshawar	7573	1	0.36	0	0.36
		7576	1	8.08	0	8.08
		7577	4	8.39	0	8.39
9	Manufacturing & Private Bonds, Silakot	7672	40	14.21	0	14.21
<b>Sub-total</b>			<b>2,423</b>	<b>693.70</b>	<b>22.64</b>	<b>671.05</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1348	5	0.19	0	0.19
		1582	18	127.45	0	127.45
2	Collectorate of Customs, Appraisalment (East), Karachi	1599	1	0.10	0	0.10
3	Collectorate of Customs, Appraisalment, Quetta	1611	4	1.33	0	1.33
4	Collectorate of Customs, JIAP, Karachi	1781	8	0.62	0	0.62
<b>Sub-total</b>			<b>36</b>	<b>129.70</b>	<b>0</b>	<b>129.70</b>
<b>Grand Total</b>			<b>2459</b>	<b>823.40</b>	<b>22.64</b>	<b>800.75</b>

**Annexure-43**

[Para 7.4]

**Misclassification of imported goods resulted into less-realization of government revenue - Rs 736.42 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	DC Bonds Mughalpura Lahore	7287	7	15.51	0	15.51
		7296	1	8.805	0	8.81
		7302	7	0.962	0	0.96
2	AC Imports AFU Islamabad	7415	3	0.541	0	0.54
		7416	1	0.442	0	0.44
		7419	9	0.422	0	0.42
		7423	14	0.090	0	0.09
3	AC Imports Dryport Islamabad	7437	6	0.267	0	0.27
		7456	13	1.489	0	1.49
4	Import, Dry port, Sost	7685	453	301.37	0	301.37
		7691	12	3.90	0	3.90
		7693	36	1.32	0	1.32
		7695	12	1.16	0	1.16
		7698	2	0.14	0	0.14
		7690	27	4.49	0	4.49
5	DC Customs (Imports), AFU, Lahore	7082	18	89.38	7.415	81.97
		7085	228	41.397	0	41.40
		7081	37	12.142	3.252	8.89
		7074	81	11.106	0	11.11
		7079	25	8.59	0.678	7.91
		7077	12	5.034	3.216	1.82
		7090	1	3.62	0	3.63
		7088	5	2.03	1.972	0.06
	7066	88	9.38	0	9.38	
6	DC Customs (Imports), T-10, Lahore	7051	2	1.95	0	1.96
7	DC (Import) FSD	7334	2	1.16	0	1.16
8	DC (Import) Multan	7326	10	0.13	0.026	0.10
9	DC Import / Export AFU, MCC,	7622	4	0.09	0	0.09
		7586	2	0.29	0	0.29

	Peshawar	7499	12	1.07	0	1.07
		7500	39	2.38	0	2.38
		7625	6	11.06	0	11.06
10	DC Import, Dry Port, MCC (A & F), Peshawar	7490	35	1.25	0	1.25
		7482	118	1.50	0	1.50
		7480	83	22.82	0	22.82
		7479	8	1.54	0	1.54
		7504	16	0.76	0	0.76
		7511	4	0.29	0	0.29
		7510	15	0.27	0	0.27
		7513	2	0.38	0	0.38
		7517	43	8.67	0	8.67
		7518	35	2.26	0	2.26
		7514	11	2.56	0	2.56
		7506	3	0.26	0.026	0.23
		7470	10	1.75	0	1.75
		7469	9	0.46	0.053	0.41
		7531	7	0.97	0	0.97
		7474	32	0.90	0	0.90
		7530	5	2.48	0	2.48
		7523	8	3.62	0	3.62
		7516	2	1.58	0	1.58
		7484	3	0.15	0	0.15
		7483	2	0.61	0	0.61
		7493	4	0.22	0	0.22
		7487	13	0.70	0	0.70
		7529	34	2.34	0	2.34
		7533	34	1.60	0	1.60
		7502	61	3.37	0	3.37
		7491	34	3.09	0	3.09
		7536	3	2.20	0	2.20
		7468	1	0.24	0	0.24
		7507	6	0.44	0	0.44
		7508	13	0.66	0	0.66
7535	62	6.45	0	6.45		
7461	46	13.35	0	13.35		
7488	24	0.53	0	0.53		
11	DC Import, Torkhum, MCC (A & F), Peshawar	7591	1	0.99	0	0.99
		7594	18	1.85	0	1.85

12	DC Import Prem Nagar, Dry Port, Lahore	7139	14	1.21	0	1.21
13	DC Import NLC Dry Port, MCC A & F Lahore	7175	6	0.75	0.045	0.71
14	DC Import Mughalpur, MCC A & F Lahore	7199	1	0.24	0	0.24
		7206	4	2.02	0	2.02
		7227	7	4.74	4.5	0.24
		7228	1	1.78	0	1.78
		7229	68	5.70	1.38	4.32
		7230	5	0.43	0.165	0.26
		7232	41	3.16	0.417	2.75
		7233	13	0.24	0.064	0.17
		7236	56	4.52	0	4.52
		7237	2	1.87	0	1.87
		7240	7	1.22	0	1.22
		7241	1	0.45	0	0.45
		7242	59	1.07	0.066	1.01
		7243	3	0.71	0	0.71
		7244	2	0.65	0	0.65
		7246	9	0.87	0	0.87
		7247	27	5.46	0	5.46
		7248	2	0.29	0	0.29
7250	13	1.41	0	1.41		
7251	1	4.09	0	4.09		
7252	2	1.56	0	1.56		
7272	681	10.94	0	10.94		
7231	8	0.41	0	0.41		
15	DC SWH, A to G, MCC E & C, Peshawar	7551	1	0.13	0	0.13
<b>Sub-total</b>			<b>3,014</b>	<b>690.77</b>	<b>23.28</b>	<b>667.50</b>

DG, AIR&C (South), Karachi

(Rs. in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of	1408	2	0.31	0	0.31

	Customs, Appraisement (East), Karachi	1409	1	2.25	0	2.25
		1459	1	0.11	0	0.11
		1548	10	8.37	0	8.37
		1762	8	4.38	0	4.38
2	Collectorate of Customs, Appraisement (West), Karachi	1435	3	0.02	0	0.02
		1439	1	0.01	0	0.01
		1626	4	0.57	0	0.57
		1665	2	0.14	0	0.14
		1673	1	0.43	0	0.43
		1771	1	1.81	0	1.81
3	Collectorate of Customs, Appraisement (PMBQ), Karachi	1443	38	47.99	0	47.99
4	Collectorate of Customs, Appraisement, Quetta	1612	2	1.01	0	1.01
		1694	1	0.15	0	0.15
5	Collectorate of Customs, JIAP, Karachi	1776	15	0.17	0	0.17
<b>Sub-total</b>		<b>91</b>	<b>68.92</b>	<b>0</b>	<b>68.92</b>	
<b>Grand Total</b>		<b>3105</b>	<b>759.69</b>	<b>23.28</b>	<b>736.42</b>	

**Annexure-44**

[Para 7.6]

**Non-realization of anti-dumping duty – Rs 295.43 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	DC Customs, (Private/Public Bonds) Mughal Pura Dry port, MCC A & F Lahore	7298	64	3.20	-	3.20
2	DC Import Prem Nagar, Dry Port, Lahore	7136	5	0.54	0	0.54
3	DC Import NLC Dry Port, MCC A & F Lahore	7178	11	4.59	0.089	4.50
4	DC Import Mughalpura, MCC A & F Lahore	7263	39	11.41	5.373	6.03
5	DC Customs (Imports), AFU, Lahore	7055	18	3.38	3.03	0.35
<b>Sub-total</b>			<b>137</b>	<b>23.12</b>	<b>8.49</b>	<b>14.63</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Appraisement (PMBQ), Karachi	1338	3	0.16	0	0.16
		1446	3	1.91	0	1.91
		1448	4	0.06	0	0.06
		1449	7	1.47	0	1.47
		1502	4	2.18	0	2.18
		1748	11	4.70	0	

						4.70
2	Collectorate of Customs, Appraisalment (East), Karachi	1476	9	4.14	1.43	2.71
		1483	6	6.44	0	6.44
		1764	7	2.36	0	2.36
3	Collectorate of Customs, Appraisalment (West), Karachi	1374	14	10.07	0	10.07
		1382	5	1.34	0	1.34
		1593	16	5.69	0	5.69
		1629	1	0.13	0	0.13
		1769	4	2.50	0	2.50
		1773	14	233.52	0	233.52
		1789	47	5.56	0	5.56
<b>Sub-total</b>		<b>155</b>		<b>282.24</b>	<b>1.43</b>	<b>280.81</b>
<b>Grand Total</b>		<b>292</b>		<b>305.35</b>	<b>9.92</b>	<b>295.43</b>

**Annexure-45**

[Para 7.7]

**Less/non realization of federal excise duty – Rs 119.72 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	AC Imports AFU Islamabad	7409	78	89.72	0	89.72
		7426	3	0.06	0	0.06
		7073	105	8.00	3.42	4.58
2	AC Imports Dry port Islamabad	7451	30	2.80	0.76	2.04
<b>Sub-total</b>			<b>216</b>	<b>100.58</b>	<b>4.18</b>	<b>96.40</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Appraisement (East), Karachi	1410	50	21.89	0	21.89
2	Collectorate of Customs, Appraisement (West), Karachi	1452	1	1.16	0	1.16
		1461	19	0.28	0	0.28
<b>Sub-total</b>			<b>70</b>	<b>23.32</b>	<b>0</b>	<b>23.32</b>
<b>Grand Total</b>			<b>286</b>	<b>123.90</b>	<b>4.18</b>	<b>119.72</b>



**Annexure-46**

[Para 7.8]

**Less assessment of withholding tax caused loss of revenue – Rs 118.98 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	AC Auction Islamabad	7374	1	0.11	0	0.11
2	AC Imports AFU Islamabad	7418	3	0.37	0	0.37
3	AC Imports Dryport Islamabad	7442	8	0.33	0	0.33
4	DC Import Prem Nagar, Dry Port, Lahore	7130	1	2.17	0	2.17
5	DC Import Mughalpura, MCC A & F Lahore	7253	2	0.57	0	0.57
<b>Sub-total</b>			<b>15</b>	<b>3.53</b>	<b>0</b>	<b>3.53</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1333	34	5.42	0	5.42
		1334	15	1.64	0	1.64
		1353	5	2.45	0	2.45
		1572	1	1.22	0	1.22
		1583	2	0.39	0	0.39
		1520	1	13.72	0	13.72
2	Collectorate of Customs, Appraisalment (West), Karachi	1381	12	1.36	0	1.36
		1436	14	0.77	0	0.77
		1440	3	0.43	0	0.43
		1450	100	3.75	0	3.75
		1561	1	0.55	0.23	0.32
		1565	1	1.11	0	1.11
		1589	4	1.63	0	1.63

3	Collectorate of Customs, Appraisalment (East), Karachi	1412	18	23.70	0	23.70
		1477	3	1.80	0	1.80
		1486	4	1.54	0	1.54
		1552	1	17.84	0	17.84
4	Collectorate of Customs Exports (PMBQ), Karachi	1319	193	36.02	0	36.02
5	Directorate of I&I, Customs, Quetta	1800	55	-	0	-
		1805	2	0.33	0	0.33
<b>Sub-total</b>		<b>469</b>	<b>115.68</b>	<b>0.23</b>	<b>115.44</b>	
<b>Grand Total</b>		<b>484</b>	<b>119.21</b>	<b>0.23</b>	<b>118.98</b>	

**Annexure-47**

[Para 7.9]

**Less assessment of customs duties caused loss of revenue – Rs 26.42 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	DC Customs (Accompanied Baggage), AFU, Lahore	7049	1	0.06	0	0.06
2	DC Customs (Imports), T-10, Lahore	7052	3	0.41	0.08	0.33
3	DC Import NLC Dry Port, MCC A & F Lahore	7268	12	4.24	0	4.24
4	DC Customs PB Mughal Pura Dryport, Lahore	7299	1	1.67	0	1.67
		7300	8	1.21	0	1.21
		7304	1	0.37	0	0.37
5	I&I Faisalabad	7364	1	0.36	0	0.36
6	AC Imports Dryport Islamabad	7434	38	0.21	0	0.21
		7438	1	0.30	0	0.30
		7447	4	1.05	0	1.05
		7449	479	7.43	2.34	5.09
		7454	7	1.69	0.17	1.52
7	DC Import, Dry Port, MCC (A & F), Peshawar	7497	2	0.20	0	0.20
		7521	8	2.28	0.25	2.03
8	DC SWH, A to G, MCC E & C, Peshawar	7552	1	0.19	0	0.19
9	DC Customs (BWH), MCC A & F, Peshawar	7579	2	0.08	0	0.08
10	DC Customs (DTRE), MCC A & F, Peshawar	7583	6	4.23	0	4.23
11	DD I & I SWH, Peshawar	7619	1	0.06	0	0.06
12	AC Auction Islamabad	7373	2	0.39	0	0.39
13	AC Imports AFU Islamabad	7412	12	0.71	0	0.71
14	Manufacturing & Private Bonds, Sialkot	7677	40	1.64	0	1.64
15	EPZ / EOU, Sialkot	7664	1	0.47	0	0.47
		<b>Total</b>	<b>631</b>	<b>29.27</b>	<b>2.85</b>	<b>26.42</b>

**Annexure-48**

[Para 7.10]

**Non-realization of duty, taxes and warehousing surcharge on overstayed goods – Rs 894.52 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Gwadar	1395	4	51.53	0	51.53
2	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1365	3	47.68	0	47.68
		1366	2	40.41	0	40.41
		1367	1	20.21	0	20.21
		1500	36	13.09	12.04	1.05
		1512	3	41.13	0	41.13
		1576	5	0.12	0	0.12
		1580	34	19.03	0	19.03
		1584	15	102.19	0	102.19
3	Collectorate of Customs, Appraisalment (East), Karachi	1369	30	569.56	0	569.56
4	Collectorate of Customs, Appraisalment (West), Karachi	1621	5	1.62	0	1.62
		<b>Total</b>	<b>138</b>	<b>906.56</b>	<b>12.04</b>	<b>894.52</b>

**Annexure-49**

[Para 7.11]

**Unlawful removal of input goods - Rs 516.51 million**

(Rs in million)

<b>S. No.</b>	<b>Name of Formation</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount pointed out</b>	<b>Balance Amount</b>
1	DC MBCO, Mughalpura MCC A & F Lahore	7151	4	5.59	5.59
		7150	2	2.48	2.48
		7140	1	0.14	0.14
2	EPZ / EOU, Sialkot	7656	404	343.40	343.40
		7657	4	164.90	164.90
<b>Total</b>			<b>415</b>	<b>516.51</b>	<b>516.51</b>

**Annexure-50**

[Para 7.13]

**Non-realization of duty & taxes on excess stock of input goods - Rs 58.09 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out
1	EPZ/EOU, Sialkot	7659	1	29.12
2	Manufacturing & Private Bonds, Sialkot	7671	1	15.14
3	DC MBCO, Mughalpura MCC A & F Lahore	7148	1	9.51
		7152	1	3.69
		7141	1	0.64
<b>Total</b>			<b>5</b>	<b>58.09</b>

**Annexure-51**

[Para 7.15]

**Non-recovery of adjudged government revenue - Rs 6,892.00 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	DTRE (Customs) FSD	7347	3	1.22	0.11	1.11
2	DC MBCO, Mughalpura MCC A & F Lahore	7149	1	2.98	0	2.98
<b>Sub-total</b>			<b>4</b>	<b>4.20</b>	<b>0.11</b>	<b>4.09</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered / Not due	Balance Amount
1	Directorate of I&I, Customs, Karachi	1490	3	89.45	0	89.45
		1492	4	7.82	0	7.82
		1494	1	0.34	0	0.34
2	Collectorate of Customs, Appraisalment, Quetta	1601	2	6.34	0	6.34
		1602	2	4.79	0	4.79
		1757	1	2.68	0	2.68
		1758	1	0.33	0	0.33
		1759	1	1.22	0	1.22
3	Collectorate of Customs, Enforcement & Compliance, Karachi	1543	1	0.45	0	0.45
4	Collectorate of Customs Exports, Custom House, Karachi	1323	1	2.53	0	2.53
5	Collectorate of Customs, JIAP, Karachi	1777	23	15.17	0	15.17
6	Directorate of Transit Trade, Quetta	1808	1	0.80	0	0.80
7	Directorate of I&I,	1630	2	0.45	0	0.45

	Customs, Gwadar					
8	Collectorate of Customs, Hyderabad	1557	1	16.23	0	16.23
		1558	4	0.30	0	0.30
9	Collectorate of Customs, Appraisement (PMBQ), Karachi	1812	280	78.03	0	78.03
		1813	13	2.57	0	2.57
		1814	9	36.44	0	36.44
10	Collectorate of Customs, Appraisement (East), Karachi	1817	368	28.68	0	28.68
		1818	214	124.61	0	124.61
		1819	1	1,735.54	0	1,735.54
		1820	1	53.82	0	53.82
		1824	1	1,789.36	0	1,789.36
11	Collectorate of Customs, Appraisement (West), Karachi	1564	1	243.02	0	243.02
		1827	24	1.71	0	1.71
		1828	173	75.31	0	75.31
		1829	1	210.50	0	210.50
		1830	1	1,074.46	0	1,074.46
		1833	1	1,284.96	0	1,284.96
<b>Sub-total</b>		<b>1136</b>		<b>6,887.91</b>	<b>0</b>	<b>6,887.91</b>
<b>Grand Total</b>		<b>1140</b>		<b>6,892.11</b>	<b>0.11</b>	<b>6,892.00</b>



**Annexure-52**

[Para 7.16]

**Blockage of revenue due to non-disposal of confiscated goods - Rs 6,818.99 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	I&I Faisalabad	7366	1	1.17	0	1.17
		7320	15	-	0	-
		7317	27	114.70	29.1	85.60
		7318	35	1,203.19	173.79	1,029.40
2	Director Intelligence & Investigation, (SWH/Auction), Lahore	7116	51	595.46	281.03	314.44
		7119	2	111.33	0	111.33
3	DC Customs, (PB Bonds) Mughal Pura Dryport, MCC Appraisement & Facilitation Lahore	7290	8	30.65	17.20	13.45
4	AC SWH Islamabad	7369	36	115.05	61.42	53.63
5	Deputy Director (SWH) Directorate of I & I Rawalpindi	7399	46	152.66	71.23	81.43
		7401	1	0.71	0	0.71
		7400	1	62.62	0	62.62
6	AC (SWH) AFU, Islamabad	7402	58	1.24	0	1.24
		7404	24	0.16	0.11	0.05
		7428	688	-	0	-
7	Import Dryport Sialkot	7668	2	10.04	0.91	9.14
8	Manufacturing & Private Bonds	7675	3	2.42	0	2.42
		7676	6	2.22	0	2.22
9	SWH & Auction, Sialkot	7683	50	312.10	145.58	166.52
10	DTRE (Cus) FSD	7350	3	25.05	0.53	24.52
11	DTRE (Cus)	7348	2	7.38	3.5	3.88

	Multan					
12	AC Auction MCC (E & C), Peshawar	7632	132	29.75	0	29.75
13	DC SWH, A to G, MCC E & C, Peshawar	7554	46	51.90	0	51.90
		7553	84	11.30	0.75	10.55
14	DC SWH, Abbotabad, MCC E & C Peshawar	7460	14	9.72	0.88	8.84
		7459	5	6.00	2	4.00
15	DC SWH, Kohat, MCC E & C Peshawar	7621	28	48.27	6.5	41.77
16	DD I & I SWH, Peshawar	7620	76	136.46	26.34	110.12
17	DC SWH Mardan, MCC E & C Peshawar	7545	21	14.34	0	14.34
18	DC SWH Nowshehra, MCC E & C Peshawar	7548	21	6.13	0	6.13
<b>Sub-total</b>		<b>1,486</b>		<b>3,062.02</b>	<b>820.87</b>	<b>2,241.15</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Enforcement, Quetta	1314	65	151.56	57.09	94.47
		1315	43	132.05	5.78	126.27
		1316	4	-	0	-
		1760	172	350.85	0	350.85
2	Directorate of I&I, Customs, Karachi	1488	16	273.38	73.46	199.93
		1489	18	103.77	8.23	95.54
		1491	14	37.45	22.13	15.32
		1493	6	6.33	3.62	2.71
3	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1515	9	213.42	2.83	210.59
		1516	15	139.90	0	139.90
		1517	18	91.64	0	91.64
		1518	14	86.90	0	86.90
		1519	7	36.03	24.86	11.17
		1810	20	82.22	0	82.22

		1811	23	78.02	0	78.02
4	Directorate of I&I, Customs, Hyderabad	1521	1	35.34	0	35.34
		1522	8	28.30	0	28.30
		1523	2	22.53	0	22.53
		1524	8	15.38	0	15.38
		1525	3	11.26	0	11.26
		1526	1	3.93	0	3.93
		1527	1	3.82	0	3.82
		1528	1	3.04	0	3.04
		1529	1	2.94	0	2.94
		1530	2	2.90	0	2.90
		1531	1	1.94	0	1.94
		1532	1	1.43	0	1.43
		1533	1	0.29	0	0.29
		1535	3	12.69	0	12.69
5	Directorate of I&I, Customs, Sukkur	1647	13	8.13	0	8.13
		1648	3	7.48	0	7.48
		1649	1	33.14	0	33.14
		1650	1	12.35	6.50	5.85
		1651	1	11.98	0	11.98
6	Collectorate of Customs, Enforcement & Compliance, Karachi	1537	1	0.83	0	0.83
		1538	1	-	0	-
		1542	1	2.49	0	2.49
7	Collectorate of Customs, Appraisement (East), Karachi	1549	2	75.86	23.11	52.76
		1550	13	98.01	0	98.01
		1555	1	0.84	0.55	0.29
		1825	61	222.87	0	222.87
8	Collectorate of Customs, Appraisement (West), Karachi	1559	29	192.57	7.76	184.81
		1560	2	30.89	0	30.89
		1562	26	-	0	-
		1563	4	223.01	0	223.01
		1566	1	0.43	0	0.43
		1567	35	82.55	0	82.55
		1568	10	28.33	0	28.33
		1835	14	0.90	0	0.90
9	Directorate of I&I, Customs, Gwadar	1631	3	10.93	0	10.93
		1632	4	3.22	0	3.22
		1633	3	7.50	0	7.50
10	Collectorate of	1635	26	127.63	0	127.63

	Customs, Hyderabad	1636	16	79.08	0	79.08
		1637	91	190.41	0	190.41
		1638	29	16.35	0	16.35
		1639	23	37.19	0	37.19
		1640	39	107.68	0	107.68
11	Collectorate of Customs, JIAP, Karachi	1642	1	3.01	0	3.01
		1643	1	1.64	0	1.64
		1644	1	3.14	0	3.14
		1645	3	-	0	-
		1646	28	-	0	-
12	Collectorate of Customs, Gwadar	1652	36	34.85	0	34.85
		1653	14	10.27	0	10.27
		1654	18	61.38	0	61.38
		1655	2	2.60	1.64	0.96
		1656	1	1.87	1.24	0.63
13	Directorate of I&I, Customs, Quetta	1802	5	5.68	0	5.68
		1804	358	1,016.28	0	1,016.28
14	Directorate of Transit Trade, Karachi	1796	12	-	0	-
		1799	32	91.65	0	91.65
15	Directorate of Transit Trade, Quetta	1809	1	42.31	0	42.31
		<b>Sub-total</b>	<b>1445</b>	<b>4,816.66</b>	<b>238.78</b>	<b>4,577.88</b>
		<b>Grand Total</b>	<b>2,931</b>	<b>7,878.64</b>	<b>1,059.65</b>	<b>6,818.99</b>

**Annexure-53**

[Para 7.17]

**Blockage of government revenue of Rs 2,705.27 million due to non-encashment of financial instruments**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Director Intelligence & Investigation, (SWH/Auction), Lahore	7118	3	3.07	1.56	1.51
2	Deputy Collector Customs, (Bank Guarantee) at NLC Dry port, MCC Appraisalment & Facilitation Lahore	7123	75	56.71	0	56.71
		7125	1	2.07	0	2.07
3	Deputy Collector Customs, (Bank Guarantee) Mughal Pura Dry port, MCC Appraisalment & Facilitation Lahore	7712	16	1,486.11	79.78	1,406.33
		7713	87	216.91	152.09	64.82
		7714	112	169.93	0	169.93
		7717	9	16.01	0	16.01
		7718	11	15.29	0.17	15.13
4	DC Customs, BG Cell, AFU Lahore	7044	2,515	1,843.56	1607.42	236.13
5	DC Customs (BG), MCC (A & F), Peshawar	7596	8	12.25	0	12.25
		7597	39	48.84	0	48.84
		7599	35	271.05	0	271.05
		7598	54	187.83	0	187.83
<b>Sub-total</b>			<b>2,965</b>	<b>4,329.61</b>	<b>1,841.02</b>	<b>2,488.59</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered / Not due	Balance Amount
1	Collectorate of Customs Exports (PMBQ), Karachi	1318	69	31.75	0	31.75
		1429	134	19.25	12.18	7.07
2	Collectorate of Customs	1322	9	-	0	-

	Exports, Karachi					
3	Collectorate of Customs, Appraisalment (East), Karachi	1370	30	56.82	13.23	43.59
4	Collectorate of Customs, Appraisalment (West), Karachi	1588	71	31.48	0	31.48
5	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1579	9	94.57	0	94.57
6	Collectorate of Customs, JIAP, Karachi	1320	71	-	0	-
7	Directorate of Transit Trade, Karachi	1798	4	8.23	0	8.23
8	Directorate of Transit Trade, Quetta	1806	2687	-	0	-
<b>Sub-total</b>		<b>3084</b>	<b>3084</b>	<b>242.09</b>	<b>25.41</b>	<b>216.68</b>
<b>Grand Total</b>		<b>6049</b>	<b>6049</b>	<b>4,571.70</b>	<b>1,866.43</b>	<b>2,705.27</b>

**Annexure-54**

[Para 7.18]

**Non-adherence to DTRE Rules resulted in loss of revenue - Rs 839.32 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	DTRE Sialkot	7651	10	13.37	0	13.37
		7653		6.95	0	6.95
		7650	1	80.60	0	80.60
		7652	7	10.41	0	10.41
		7655	-	-	0	-
		7654	20	3.92	0.237	3.68
2	DC DTRE, Mughalpura MCC A & F, Lahore	7170	1	0.17	0	0.17
		7161	1	1.28	0	1.28
		7163	1	7.27	0	7.27
		7158	1	1.59	0	1.59
		7166	1	0.68	0	0.68
		7165	1	0.97	0	0.97
		7164	1	0.06	0	0.06
		7265	1	2.15	0	2.15
		7156	1	0.60	0	0.60
3	DC Customs (DTRE), MCC A & F, Peshawar	7584	1	27.67	0	27.67
4	DTRE (Customs) FSD	7351	4	0.20	0.100	0.10
5	Manufacturing & Private Bonds	7674	1	4.52	0	4.52
<b>Sub-total</b>			<b>53</b>	<b>162.40</b>	<b>0.10</b>	<b>162.06</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out	Recovered/ Not due	Balance Amount
1	Collectorate of Customs, Gwadar	1394	1	53.82	0	53.82
		1396	1	18.41	0	18.41
		1399	2	-	0	-
2	Collectorate of Customs Exports (PMBQ), Karachi	1413	2	86.46	52.42	34.04
		1414	4	54.91	6.43	48.48
		1425	7	-	0	-
		1426	9	-	0	-
3	Collectorate of Customs, Hyderabad	1556	2	457.60	453.42	4.18
4	Collectorate of Customs, Appraisement, Quetta	1664	1	53.81	0	53.81
5	Collectorate of Customs Exports, Karachi	1696	8	249.86	214.89	34.98
		1697	12	-	0	-
		1698	14	770.44	345.48	424.96
		1701	1	3.78	0	3.78
		1704	1	0.49	0	0.49
		1705	1	0.24	0.10	0.14
		1715	1	0.18	0	0.18
<b>Sub-total</b>			<b>67</b>	<b>1,750.00</b>	<b>1,072.74</b>	<b>677.27</b>
<b>Grand Total</b>			<b>120</b>	<b>1,912.40</b>	<b>1,072.84</b>	<b>839.32</b>



**Annexure-55**

[Para 7.19]

**Excess/inadmissible payment of rebate - Rs 199.10 million**

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out
1	Refund & Rebate, Sialkot	7680	1,137	80.90
		7682	1	-
		7679	60	97.63
		<b>Sub-total</b>	<b>1,198</b>	<b>178.53</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Name of Formation	DP No.	No. of cases	Amount pointed out
1	Collectorate of Customs, Appraisement, Quetta	1662	2	2.80
		1663	6	0.07
2	Collectorate of Customs Exports, Custom House, Karachi	1719	136	17.70
		<b>Sub-total</b>	<b>144</b>	<b>20.57</b>
		<b>Grand Total</b>	<b>1,342</b>	<b>199.10</b>

**Annexure-56**

[Para 8.1]

**Inadmissible expenditure on account of pay and allowances – Rs 117.68 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered / Not Due	Balance amount
1	FBR (HQ) Islamabad	20653-Exp	7	0.12	0.06	0.06
		20664-Exp	1	0.13	-	0.13
		20257-Exp	118	4.24	-	4.24
		20660-Exp	1	0.72	-	0.72
2	LTO Lahore	20434-Exp	1	0.52	-	0.52
3	RTO Gujranwala	20763-Exp	12	0.24	-	0.24
		20468-Exp	1	0.48	0.07	0.41
		20766-Exp	1	0.1	0.07	0.03
4	RTO Multan	20472-Exp	3	0.11	-	0.11
		20478-Exp	5	0.03	-	0.03
		20465-Exp	1	0.93	-	0.93
		20691-Exp	1	1.96	-	1.96
		20476-Exp	17	0.06	0.04	0.02
		20693-Exp	1	1.01	-	1.01
		20697-Exp	1	0.46	-	0.46
5	CTO Lahore	20381-Exp	9	0.61	-	0.61
		20383-Exp	2	0.31	-	0.31
		20392-Exp	2	0.05	-	0.05
		20391-Exp	12	0.06	-	0.06
		20388-Exp	1	0.8	-	0.8
		20386-Exp	1	1.01	-	1.01
		20382-Exp	1	0.26	-	0.26
		20384-Exp	1	0.11	-	0.11
		20378-Exp	1	1.63	-	1.63
6	RTO Faisalabad	20592-Exp	1	0.92	-	0.92
		20593-Exp	3	0.42	0.14	0.28
		20598-Exp	19	0.07	-	0.07

		20643-Exp	26	0.14	0.04	0.1
7	RTO Sialkot	20896-Exp	49	5.07	-	5.07
		20903-Exp	1	0.24	-	0.24
		20900-Exp	3	0.1	-	0.1
		20317-Exp	4	0.21	0.15	0.06
8	LTO Islamabad	20601-Exp	1	0.44	0.05	0.39
		20256-Exp	175	11	-	11
9	RTO Rawalpindi	20258-Exp	5	4.09	-	4.09
		20262-Exp	50	1.09	-	1.09
		20264-Exp	5	0.58	0.35	0.23
		20195-Exp	1	1.06	-	1.06
10	RTO Abbottabad	20198-Exp	1	0.31	-	0.31
		20367-Exp	2	0.13	-	0.13
11	DG I&I (IR) Peshawar	20364-Exp	2	0.29	-	0.29
12	RTO Peshawar	20399-Exp	1	0.11	-	0.11
13	DG I&I (IR) Lahore	20461-Exp	8	0.03	-	0.03
14	Directorate of I&I (IR) Multan	7100-Exp	1	0.35	-	0.35
15	Directorate of Customs IOCO Lahore	7286-Exp	1	1.09	-	1.09
16	MCC (A&F) Lahore	7381-Exp	1	0.19	-	0.19
		7382-Exp	1	0.12	-	0.12
		7376-Exp	6	0.58	-	0.58
17	MCC Islamabad	7378-Exp	2	0.29	-	0.29
		7561-Exp	10	0.37	-	0.37
18	MCC (E&C) Peshawar	7311-Exp	17	0.11	0.06	0.05
19	Directorate of Int. Audit Lahore	20696-Exp	5	0.04	-	0.04
		7600-Exp	1	0.07	-	0.07
20	Directorate of I&I (Cus) Peshawar	7395-Exp	7	0.41	-	0.41
21	Directorate of I&I Islamabad	20669-Exp	20	0.09	0.07	0.02
22	Revenue Division Islamabad					

23	MCC, Gilgit	7701-Exp	0	1.05	-	1.05
24	Collector of Custom Sialkot	7645-Exp	1	0.19	-	0.19
		7638-Exp	0	1.38	-	1.38
		7633-Exp	0	4.53	-	4.53
25	MCC (A&F) Lahore	7280-Exp	14	0.56	0.04	0.52
26	Director I&I Lahore	7113-Exp	2	0.29	0.09	0.2
		7111-Exp	2	4.41	-	4.41
27	Directorate of Customs IOCO Lahore	7106-Exp	1	0.33	-	0.33
28	MCC (E&C) Lahore	7060-Exp	1	1.22	0.06	1.16
<b>Sub-total</b>			<b>651</b>	<b>59.92</b>	<b>1.29</b>	<b>58.63</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered/ Not Due	Balance amount
1	RTO Hyderabad	714-Exp/K	5	0.29	-	0.29
		715-Exp/K	17	0.17	-	0.17
2	RTO Quetta	721-Exp/K	1	0.63	-	0.63
		726-Exp/K	2	0.14	-	0.14
		728-Exp/K	2	0.04	-	0.04
		729-Exp/K	1	0.03	-	0.03
		730-Exp/K	3	0.02	-	0.02
		731-Exp/K	5	0.02	-	0.02
3	CTO, Karachi	733-Exp/K	4	0.73	-	0.73
4	RTO-I, Karachi	742-Exp/K	1	12.34	-	12.34
		753-Exp/K	3	0.02	-	0.02
5	LTO-Karachi	809-Exp/K	3	0.76	-	0.76
		811-Exp/K	1	0.04	-	0.04
		805-Exp/K	2	0.83	-	0.83
		814-Exp/K	4	0.01	-	0.01
6	RTO-II, Karachi	766-Exp/K	9	0.22	-	0.22
		767-Exp/K	6	0.14	-	0.14
		769-Exp/K	1	0.10	-	0.10
		770-Exp/K	8	0.05	-	0.05

		771-Exp/K	2	0.07	-	0.07
		772-Exp/K	1	0.03	-	0.03
		773-Exp/K	10	0.07	-	0.07
7	MTO, Karachi	782-Exp/K	3	3.05	-	3.05
8	RTO Sukkur	789-Exp/K	1	6.27	-	6.27
		790-Exp/K	6	0.12	-	0.12
		795-Exp/K	10	0.10	-	0.10
		796-Exp/K	61	0.13	-	0.13
		797-Exp/K	1	0.04	-	0.04
		798-Exp/K	2	0.00	-	0.00
		808-Exp/K	2	0.12	-	0.12
9	Directorate of Customs Training Khi	482-Exp/Cus/K	7	1.32	-	1.32
		484-Exp/Cus/K	1	0.13	-	0.13
10	Director I&I Hyderabad	489-Exp/Cus/K	3	0.13	-	0.13
11	MCC Preventive Quetta	491-Exp/Cus/K	191	4.89	-	4.89
		496-Exp/Cus/K	1	0.14	-	0.14
		497-Exp/Cus/K	1	0.09	-	0.09
		498-Exp/Cus/K	2	0.07	-	0.07
12	Director Internal Audit, Karachi	517-Exp/Cus/K	1	0.49	-	0.49
13	Director IPR Custom House Karachi	523-Exp/Cus/K	1	0.08	-	0.08
14	DG Valuation Karachi	529-Exp/Cus/K	4	0.60	0.03	0.57
		525-Exp/Cus/K	6	0.97	-	0.97
15	Director I&I Gwadar	605-Exp/Cus/K	1	0.45	-	0.45
		606-Exp/Cus/K	3	0.37	-	0.37
16	Export PMBQ Karachi	610-Exp/Cus/K	1	0.09	-	0.09
		613-Exp/Cus/K	3	20.77	-	20.77

17	Director Risk Management, Custom Karachi	540-Exp/Cus/K	5	0.57	0.37	0.20
		513-Exp/Cus/K	1	0.11	-	0.11
18	MCC (A&F) West Karachi	551-Exp/Cus/K	14	0.04	-	0.04
19	MCC East Karachi	564-Exp/Cus/K	13	0.04	0.02	0.02
20	MCC JIAP Karachi	581-Exp/Cus/K	9	0.07	-	0.07
		582-Exp/Cus/K	2	0.07	-	0.07
21	MCC (E&C) Custom House Karachi	584-Exp/Cus/K	1	0.66	-	0.66
		591-Exp/Cus/K	5	0.02	-	0.02
		592-Exp/Cus/K	1	0.02	-	0.02
22	MCC EXPORT Custom House Karachi	598-Exp/Cus/K	8	0.03	-	0.03
		599-Exp/Cus/K	1	0.04	-	0.04
23	MCC Export PMBQ Karachi	611-Exp/Cus/K	1	0.06	-	0.06
		612-Exp/Cus/K	1	0.26	-	0.26
24	Director I&I, Karachi	758-Exp/Cus/K	1	0.33	-	0.33
<b>Sub-total</b>			<b>466</b>	<b>59.47</b>	<b>0.42</b>	<b>59.05</b>
<b>Grand Total</b>			<b>1117</b>	<b>119.39</b>	<b>1.71</b>	<b>117.68</b>

**Annexure-57**

[Para 8.2]

**Non-recovery of loans / advances and interest from employees  
– Rs 31.16 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount	Recovered /Not due	Balance amount
1	RTO Abbottabad	20197-Exp	05	0.54	0.35	0.19
		20196-Exp	01	0.66	-	0.66
2	RTO Sargodha	20227-Exp	19	0.54	-	0.54
3	RTO Peshawar	20361-Exp	16	0.70	-	0.70
		20359-Exp	01	2.41	-	2.41
		20362-Exp	01	0.70	-	0.70
4	LTO Lahore	20405-Exp	02	0.04	0.01	0.03
5	CTO Lahore	20385-Exp	01	4.57	-	4.57
6	RTO Sialkot	20897-Exp	02	1.82	-	1.82
7	Directorate of I & I Lahore	20401-Exp	02	0.04	-	0.04
8	RTO Multan	20467-Exp	10	0.62	0.09	0.53
		20463-Exp	01	1.56	0.03	1.53
9	RTO Faisalabad	20595-Exp	26	0.98	0.01	0.97
		20596-Exp	11	10.02	0.15	9.87
10	FBR (HQ) Islamabad	20656-Exp	06	2.26	1.95	0.31
		20665-Exp	06	0.86	-	0.86
11	DG I&I (IR) Islamabad	20673-Exp	02	0.07	0.02	0.05
12	RTO Gujranwala	20762-Exp	11	0.70	0.45	0.25
		20760-Exp	02	1.52	0.05	1.47
13	MCC (E&C) Lahore	7061-Exp	04	0.49	0.08	0.41
14	MCC (A&F) Lahore	7283-Exp	02	0.04	0.02	0.02

15	MCC Islamabad	7375-Exp	12	3.13	1.13	2.00
16	Directorate of I&I (Cus) Rawalpindi	7386-Exp	05	0.43	-	0.43
17	MCC (E&C) Peshawar	7556-Exp	01	0.06	0.01	0.05
<b>Sub-total</b>			<b>149</b>	<b>34.76</b>	<b>4.35</b>	<b>30.41</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Amount Recovered	Balance
1	Director I&I, Karachi	759-Exp/K	2	0.043	0.004	0.039
2	MCC Hyderabad	503- Exp/Cus/K	1	0.178	-	0.178
3	MCC (APP) South Karachi	573- Exp/Cus/K	1	0.555	0.009	0.537
<b>Sub-total</b>			<b>4</b>	<b>0.78</b>	<b>0.01</b>	<b>0.75</b>
<b>Grand Total</b>			<b>153</b>	<b>35.54</b>	<b>4.36</b>	<b>31.16</b>



**Annexure-58**

[Para 8.3]

**Non recovery of rent due to unauthorized retention of government accommodations -  
Rs 19.78 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered/ Not Due	Balance amount
1	CTO Lahore	20379-Exp	03	0.71	-	0.71
		20387-Exp	57	1.78	-	1.78
		20394-Exp	05	2.44	-	2.44
2	FBR (HQ) Islamabad	20655-Exp	01	0.45	-	0.45
		20662-Exp	05	0.06	-	0.06
		20663-Exp	02	0.26	0.08	0.18
3	RTO Lahore	20402-Exp	15	0.53	0.25	0.28
5	RTO Multan	20718-Exp	05	0.48	0.21	0.27
6	RTO Peshawar	20365-Exp	17	0.14	-	0.14
		20642-Exp	30	1.13	-	1.13
7	RTO Gujranwala	20765-Exp	01	0.05	-	0.05
		20764-Exp	25	0.22	0.15	0.07
8	RTO Sialkot	20902-Exp	02	0.22	-	0.22
9	RTO Sargodha	20226-Exp	41	0.47	-	0.47
10	RTO Faisalabad	20597-Exp	34	0.26	-	0.26
11	Directorate I & I (IR) Lahore	20400-Exp	01	0.02	-	0.02
		20396-Exp	09	0.24	-	0.24

12	RTO Rawalpindi	20259-Exp	10	3.53	-	3.53
		20260-Exp	15	3.16	-	3.16
13	Directorate of Int. Audit Lahore	20406-Exp	01	0.12	-	0.12
14	MCC Islamabad	7379- Exp	41	0.26	0.16	0.10
15	MCC (A&F) Peshawar	7609-Exp	03	0.13	0.09	0.04
		7558-Exp	01	0.16	0.01	0.15
16	MCC (E&C) Peshawar	7559-Exp	01	0.21	-	0.21
17	MCC Sialkot	7642-Exp	0	0.27	-	0.27
		7643-Exp	03	0.25	-	0.25
18	Directorate of I&I (Cus) Peshawar	7604-Exp	01	0.23	-	0.23
19	MCC Gilgit Baltistan	7704-Exp	02	0.09	-	0.09
<b>Sub-total</b>			<b>331</b>	<b>17.87</b>	<b>0.95</b>	<b>16.92</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No	Office	DP No.	No. of cases	Amount pointed out	Amount recovered/ Not Due	Balance amount
1	Directorate of Training & Research Karachi	718-Exp/K	2	0.622	-	0.622
2	RTO-I Karachi	750-Exp/K	1	0.036	-	0.036
3	LTO Karachi	813-Exp/K	9	2.199	-	2.199
<b>Sub-total</b>			<b>12</b>	<b>2.86</b>	<b>0</b>	<b>2.86</b>
<b>Grand Total</b>			<b>343</b>	<b>20.73</b>	<b>0.95</b>	<b>19.78</b>

**Annexure-59**

[Para 8.4]

**Irregular payment on account of cash reward - Rs 14.65 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of Cases	Amount
1	MCC (A&F) Lahore	7282-Exp	01	5.79
		7279-Exp	01	0.47
2	DDO MCC Islamabad	7380-Exp	23	0.24
3	Directorate of I&I (Cus) Rawalpindi	7387-Exp	07	0.18
4	Directorate of I&I (Cus) Islamabad	7390-Exp	01	3.15
5	Directorate of I&I (Cus) Islamabad	7393-Exp	10	0.66
6	DDO MCC (A&F) Peshawar	7613-Exp	23	1.19
7	DDO MCC Sialkot	7636-Exp	53	2.13
8	DDO MCC Sialkot	7640-Exp	75	0.44
<b>Sub-total</b>			<b>194</b>	<b>14.25</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Office	PDP No.	No. of Cases	Amount
1	RTO-I, Karachi	748-Exp/K	01	0.05
2	Additional Director Internal Audit (IRS ) Sukkur	784-Exp/K	07	0.35
<b>Sub-total</b>			<b>08</b>	<b>0.4</b>
<b>Grand Total</b>			<b>202</b>	<b>14.65</b>

**Annexure-60**

[Para 8.5]

**In-admissible/irregular payment of medical reimbursement charges –  
Rs 11.88 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out
1	Directorate of I&I (IR) Faisalabad	20543-Exp	01	0.05
2	DOT (IR) Islamabad	20668-Exp	02	0.14
3	DR&S FBR Islamabad	20670-Exp	01	0.08
4	Directorate General of Int. Audit (IR) Islamabad	20672-Exp	01	0.10
<b>Sub-total</b>			<b>5</b>	<b>0.37</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No	Offices	DP No.	No. of cases	Amount Pointed out
1	RTO Hyderabad	713-Exp/K	1	0.97
2	CTO, Karachi	736-Exp/K	4	1.83
3	RTO-I, Karachi	746-Exp/K	10	4.2
		747-Exp/K	2	1.01
4	RTO-II, Karachi	765-Exp/K	4	1.4
5	LTO, Karachi	806-Exp/K	1	1.42
6	Collectorate Appraisalment (East) Karachi	566-Exp/Cus/K	1	0.68
<b>Sub-total</b>			<b>23</b>	<b>11.51</b>
<b>Grand Total</b>			<b>28</b>	<b>11.88</b>

**Annexure-61**

[Para 8.6]

**Non/less deduction of Benevolent Fund & Group Insurance – Rs 3.31 million**

(Rs in million)

S. No.	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered/ Not Due	Balance amount
1	FBR(HQ)	20659-Exp	24	0.18	-	0.18
2	CTO Lahore	20393-Exp	22	0.16	0.10	0.06
		20389-Exp	33	0.13	-	0.13
3	Directorate of Int. Audit Lahore	20715-Exp	07	0.25	-	0.25
4	RTO Faisalabad	20599-Exp	17	0.08	0.03	0.05
		20594-Exp	63	0.45	-	0.45
5	RTO Sargodha	20228-Exp	67	0.29	-	0.29
6	RTO Multan	20471-Exp	100	0.14	0.09	0.05
7	RTO Peshawar	20363-Exp	18	0.42	-	0.42
8	RTO Abbottabad	20199-Exp	27	0.16	0.09	0.07
9	MCC Sialkot	7639-Exp	87	1.15	-	1.15
10	MCC (A&F) Lahore	7284-Exp	07	0.03	0.01	0.02
		7706-Exp	16	0.13	-	0.13
11	MCC (A&F) Peshawar	7606-Exp	09	0.05	-	0.05
<b>Total</b>			<b>493</b>	<b>3.69</b>	<b>0.38</b>	<b>3.31</b>

**Annexure-62**

[Para 8.7]

**Non-observance of PPRA and General Financial Rules - Rs 198.92 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	PDP No.	No of cases	Amount pointed out	Amount recovered/ Not Due	Balance amount
1	FBR (HQ) Islamabad	20654-Exp	0	12.14	-	12.14
2	LTO Lahore	20694-Exp	01	3.02	1.32	1.70
3	Directorate of PCA Lahore	7096-Exp	01	0.75	-	0.75
4	Directorate of Customs IOCO Lahore	7103-Exp	01	0.27	-	0.27
5	MCC (Appraisalment) Faisalabad	7354-Exp	0	1.80	-	1.80
<b>Sub-total</b>			<b>3</b>	<b>17.98</b>	<b>1.32</b>	<b>16.66</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Pointed out Amount	Amount Not due /Recovered	Balance Amount
1	RTO, Quetta	719-Exp/K	3	2.39	-	2.39
		720-Exp/K	1	1.4	-	1.4
		722-Exp/K	6	0.67	-	0.67
		723-Exp/K	5	0.42	-	0.42
2	CTO, Karachi	734-Exp/K	1	4.94	-	4.94
3	RTO-I, Karachi	743-Exp/K	1	3.4	-	3.4
		744-Exp/K	10	1.64	-	1.64
		749-Exp/K	4	0.07	-	0.07
4	RTO-II,	768-Exp/K	1	0.15	-	0.15

	Karachi	774-Exp/K	3	0.04	-	0.04
5	Director Internal Audit (IRS ) Sukkur	786-Exp/K	1	0.15	-	0.15
		787-Exp/K	1	0.11	-	0.11
		785-Exp/K	20	1.25	-	1.25
6	RTO, Sukkur	788-Exp/K	1	110.8	-	110.8
		791-Exp/K	40	2.99	-	2.99
7	Data processing Unit, Quetta	799-Exp/K	33	0.13	-	0.13
8	Additional Director, Internal Audit Quetta	803-Exp/K	1	0.02	-	0.02
		804-Exp/K	1	0.01	-	0.01
9	LTO Karachi	810-Exp/K	1	0.16	-	0.16
		812-Exp/K	1	0.93	-	0.93
		815-Exp/K	1	0.08	-	0.08
10	Directorate of Training Customs Karachi	479-Exp/K	6	8.41	-	8.41
		480- Exp/Cus/K	1	3.74	-	3.74
		481- Exp/Cus/K	1	1.75	-	1.75
11	MCC Preventive Quetta	492- Exp/Cus/K	2	4.398	-	4.398
		495- Exp/Cus/K	1	1.25	-	1.25
12	MCC Hyderabad	502- Exp/Cus/K	1	4	-	4
13	Director Post Clearance Audit Customs House Karachi	507- Exp/Cus/K	15	0.94	-	0.94
14	Director Risk Management, Customs Karachi	512- Exp/Cus/K	5	0.94	-	0.94
		514- Exp/Cus/K	1	0.41	-	0.41
15	Director internal audit Karachi	518- Exp/Cus/K	1	0.08	-	0.08

16	Director IPR Custom House Karachi	519- Exp/Cus/K	1	1	-	1
17	MCC (A&F) Import PMBQ Karachi	542- Exp/Cus/K	1	0.09	-	0.09
		543- Exp/Cus/K	1	1.232	-	1.232
		544- Exp/Cus/K	1	0.93	-	0.93
		545- Exp/Cus/K	1	0.62	-	0.62
18	MCC (A&F) West Karachi	553- Exp/Cus/K	1	0.494	-	0.494
19	MCC (APP) Quetta	557- Exp/Cus/K	2	3.55	-	3.55
20	MCC (A&F) Quetta	559- Exp/Cus/K	1	0.45	-	0.45
21	MCC East Karachi	567- Exp/Cus/K	1	1.46	-	1.46
		572- Exp/Cus/K	4	0.54	-	0.54
22	MCC (E&C) Custom House Karachi	588- Exp/Cus/K	3	7.24	-	7.24
		589- Exp/Cus/K	1	2.46	-	2.46
23	MCC Gwadar	600- Exp/Cus/K	1	2	-	2
24	Director I&I Gwadar	607- Exp/Cus/K	1	0.22	-	0.22
		608- Exp/Cus/K	1	0.4	-	0.4
		609- Exp/Cus/K	1	0.3	-	0.3
25	DY. Collector Customs Adjudication, Quetta	620- Exp/Cus/K	8	0.2	-	0.2
		622- Exp/Cus/K	1	0.3	-	0.3
		624- Exp/Cus/K	1	0.05	-	0.05
		627- Exp/Cus/K	1	0.06	-	0.06
26	Director Transit	629-	1	0	-	0



	& Trade Karachi	Exp/Cus/K				
		635- Exp/Cus/K	1	0.25	-	0.25
		636- Exp/Cus/K	1	0	-	0
27	Director I&I Quetta	638- Exp/Cus/K	1	0.3	-	0.3
		639- Exp/Cus/K	4	0.13	-	0.13
		642- Exp/Cus/K	1	0.17	-	0.17
		643- Exp/Cus/K	1	0.15	-	0.15
<b>Sub-total</b>			<b>213</b>	<b>182.26</b>	<b>0.00</b>	<b>182.26</b>
<b>Grand Total</b>			<b>216</b>	<b>200.24</b>	<b>1.32</b>	<b>198.92</b>

**Annexure-63**

[Para 8.8]

**Non withholding of sales tax on law charges - Rs 20.39 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

<b>S. No.</b>	<b>Office</b>	<b>DP No.</b>	<b>No. of cases</b>	<b>Amount pointed out</b>
1	FBR (HQ) Islamabad	20666-Exp	23	1.04
2	RTO Faisalabad	20600-Exp	490	1.84
3	Directorate of I&I (IR) Faisalabad	20545-Exp	36	0.45
4	LTO Islamabad	20313-Exp	32	0.63
5	CTO Lahore	20380-Exp	38	1.77
6	LTO Lahore	20713-Exp	94	3.26
7	DG I & I Islamabad	20679-Exp	10	0.31
8	MCC (Appraisalment) Faisalabad	7358-Exp	11	0.27
9	MCC (A&F) Lahore	7281-Exp	40	1.60
10	MCC (A&F) Peshawar	7608-Exp	32	0.36
11	MCC (E&C) Peshawar	7564-Exp	31	0.70
12	Directorate of I&I Peshawar	7603-Exp	05	0.20
<b>Sub-total</b>			<b>842</b>	<b>12.43</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Pointed out Amount
1	RTO-Quetta	725-Exp/K	1	0.15
2	CTO, Karachi	735-Exp/K	4	1.84
		737-Exp/K	1	1.74
3	RTO-I, Karachi	739-Exp/K	1	0.54
4	Director I&I, Karachi	757-Exp/K	1	0.30
		761-Exp/K	3	0.43
5	RTO-II, Karachi	764-Exp/K	1	0.34
6	MTO, Karachi	780-Exp/K	60	0.31
7	RTO, Sukkur	793-Exp/K	33	0.11
		794-Exp/K	8	0.08
8	MCC Hyderabad	501-Exp/Cus/K	10	0.31
9	Director post clearance audit customs house Karachi	505-Exp/Cus/K	8	0.17
10	Director IPR custom house Karachi	521-Exp/Cus/K	1	0.08
11	MCC (A&F) West Karachi	556-Exp/Cus/K	1	0.47
12	MCC JIAP Karachi	580-Exp/Cus/K	1	0.47
13	MCC (E&C) Custom House Karachi	586-Exp/Cus/K	1	0.38
14	Collectorate Export PMBQ Karachi	614-Exp/Cus/K	1	0.11
15	Director PCA Customs House Karachi	509-Exp/Cus/K	1	0.13
<b>Sub-total</b>			<b>137</b>	<b>7.96</b>
<b>Grand Total</b>			<b>979</b>	<b>20.39</b>

**Annexure-64**

[Para 8.9]

**Irregular expenditure on account of Law Charges – Rs 16.36 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount	Amount recovered/ Not due	Balance amount
1	LTO Islamabad	20312-Exp	01	2.50	-	2.50
2	RTO Multan	20473-Exp	01	1.02	-	1.02
3	Directorate of I & I (Cus ) Lahore	7115-Exp	07	0.23	0.13	0.10
4	MCC Islamabad	7377-Exp	01	0.44	-	0.44
5	DDO I&I (Cus) Rawalpindi	7388-Exp	02	0.09	0.01	0.08
6	MCC Sialkot	7641-Exp	02	0.28	-	0.28
		7647-Exp	01	0.12	-	0.12
		7646-Exp	01	0.13	-	0.13
<b>Sub-total</b>			<b>16</b>	<b>4.81</b>	<b>0.14</b>	<b>4.67</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount	Amount recovered/ Not due	Balance amount
1	RTO Hyderabad	712-Exp/K	1	1.36	-	1.36
2	MTO Karachi	779-Exp/K	60	2.40	-	2.40
3	LTO Karachi	807-Exp/K	1	0.10	-	0.10
4	Directorate of I&I customs Karachi	477-Exp/Cus/K	6	1.83	-	1.83
5	MCC Preventive Quetta	494-Exp/Cus/K	22	1.64	-	1.64
6	MCC (A&F)	562-	5	0.67	-	0.67

	Quetta	Exp/Cus/K				
7	MCC East Karachi	570- Exp/Cus/K	4	1.96	-	1.96
8	MCC Export Custom House Karachi	597- Exp/Cus/K	4	1.73	-	1.73
<b>Sub-total</b>			<b>103</b>	<b>11.69</b>	<b>-</b>	<b>11.69</b>
<b>Grand Total</b>			<b>119</b>	<b>16.50</b>	<b>0.14</b>	<b>16.36</b>

**Annexure-65**

[Para 8.10]

**Non-deduction/realization of sales tax - Rs 11.87 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of Cases	Amount
1	FBR (HQ) Islamabad	20658-Exp	01	0.38
		20661-Exp	17	2.30
2	RTO Multan	20469-Exp	01	0.22
3	MCC (E&C) Peshawar	7563-Exp	17	0.56
4	Directorate of Int. Audit (Cus) Lahore	7097-Exp	01	0.02
<b>Sub-total</b>			<b>37</b>	<b>3.48</b>

DG, AIR&amp;C (South), Karachi

S. No.	Offices	DP No.	No. of case	Amount
1	CTO, Karachi	732-Exp/K	3	5.38
2	Director I&I, Karachi	754-Exp/K	2	1.06
3	RTO-II, Karachi	763-Exp/K	9	1.03
4	MTO, Karachi	783-Exp/K	30	0.65
5	Collectorate Customs (A&F) West Karachi	552-Exp/Cus/K	1	0.27
<b>Sub-total</b>			<b>45</b>	<b>8.39</b>
<b>Grand Total</b>			<b>82</b>	<b>11.87</b>

**Annexure-66**

[Para 8.11]

**Non/less-deduction of income tax by DDOs on miscellaneous expenses  
- Rs 5.98 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Amount recovered/ Not Due	Balance amount
1	FBR (HQ) Islamabad	20657-Exp	01	0.30	0.01	0.29
2	Directorate of I&I (IR) Faisalabad	20546-Exp	19	0.27	0.12	0.15
		20544-Exp	01	0.07	-	0.07
3	RTO Rawalpindi	20263-Exp	15	0.59	-	0.59
4	RTO Multan	20477-Exp	13	0.04	-	0.04
5	Directorate of I&I (IR) Multan	20462-Exp	21	0.03	-	0.03
6	RTO Sialkot	20898-Exp	25	1.17	-	1.17
7	Directorate of I&I (IR) Lahore	20398-Exp	01	0.04	-	0.04
		20395-Exp	31	0.02	-	0.02
8	CTO Lahore	20714-Exp	28	0.18	-	0.18
		20390-Exp	01	0.06	-	0.06
9	DG I & I Islamabad	20675-Exp	13	0.17	0.02	0.15
10	DG PCA Lahore	7093-Exp	57	0.06	-	0.06
11	MCC (A&F) Lahore	7285-Exp	03	0.10	0.07	0.03
		7708-Exp	19	0.58	-	0.58
12	MCC Gilgit Baltistan	7700-Exp	33	1.46	-	1.46
13	MCC (A&F) Peshawar	7614-Exp	04	0.35	-	0.35
		7562-Exp	10	0.55	-	0.55
<b>Sub-total</b>			<b>299</b>	<b>5.97</b>	<b>0.15</b>	<b>5.82</b>

DG, AIR&C (South), Karachi

(Rs in million)

S. No.	Office	DP No.	No. of Cases	Amount Pointed out	Amount recovered/ Not due	Balance amount
1	RTO Quetta	727-Exp/K	16	0.09	-	0.09
2	MCC Preventive Quetta	499-Exp/Cus/K	11	0.06	-	0.06
3	Chief Collector Customs Quetta	524-Exp/Cus/K	1	0.01	-	0.01
<b>Sub-total</b>			<b>28</b>	<b>0.16</b>	<b>-</b>	<b>0.16</b>
<b>Grand Total</b>			<b>327</b>	<b>6.13</b>	<b>0.15</b>	<b>5.98</b>



**Annexure-67**

[Para 8.12]

**Irregular expenditure on account of courier & pilot service -  
Rs 3.70 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount
1	RTO Sialkot	20899-Exp	1	0.33
<b>Sub-total</b>			<b>1</b>	<b>0.33</b>

S. No.	Offices	DP No.	No. of cases	Amount
1	RTO-I, Karachi	740-Exp/K	6	1.86
2	RTO, Sukkur	792-Exp/K	33	0.84
3	Directorate of I&I Customs Karachi	478-Exp/Cus/K	1	0.14
4	MCC (A&F) Import PMBQ Karachi	548-Exp/Cus/K	1	0.293
5	Director Reform & Automation Karachi	530-Exp/Cus/K	1	0.17
6	Director I&I Quetta	644-Exp/Cus/K	1	0.07
<b>Sub-total</b>			<b>43</b>	<b>3.37</b>
<b>Grand Total</b>			<b>44</b>	<b>3.70</b>

**Annexure-68**

[Para 8.13]

**Un-authorized printing from private firm without NOC - Rs 2.46 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount
1	RTO Multan	20466-Exp	01	0.68
2	MCC Faisalabad	7356-Exp	01	0.85
<b>Sub-total</b>			<b>02</b>	<b>1.53</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount
1	Director IPR Custom ouse Karachi	522-Exp/Cus/K	01	0.339
2	MCC east Karachi	565-Exp/Cus/K	01	0.312
3	Directorate Transit & Trade Karachi	632-Exp/Cus/K	01	0.086
4	Director I&I Quetta	641-Exp/Cus/K	01	0.19
<b>Sub-total</b>			<b>04</b>	<b>0.93</b>
<b>Grand Total</b>			<b>06</b>	<b>2.46</b>

**Annexure-69**

[Para 8.15]

**Irregular expenditure due to misuse of official vehicles - Rs 93.83 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	DP No.	No. of Cases	Amount
1	Directorate of I&I (IR) Islamabad	20678-Exp	02	7.96
2	CTO Lahore	20692-Exp	33	0.07
3	RTO Peshawar	20360-Exp	05	0.97
4	LTO Islamabad	20316-Exp	01	0.30
6	RTO Rawalpindi	20267-Exp	01	0.27
7	Director Custom IOCO Lahore	7102-Exp	09	1.85
8	MCC Sialkot	7634-Exp	05	3.96
		7635-Exp	03	2.34
		7637-Exp	02	2.13
<b>Sub-total</b>			<b>61</b>	<b>19.85</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount
1	Directorate of Training & Research, Inland Revenue, Karachi	716-Exp/K	02	0.46
		717-Exp/K	09	0.12
2	CTO, Karachi	738-Exp/K	05	1.06
3	RTO-I, Karachi	745-Exp/K	05	0.47
4	RTO-II, Karachi	775-Exp/K	04	0.34
5	Directorate of I&I Customs Karachi	476-Exp/Cus/K	01	2.84
6	Directorate I&I Hyderabad	487-Exp/Cus/K	04	1.31
		490-Exp/Cus/K	01	0.12

7	MCC Preventive Quetta	493-Exp/Cus/K	04	2.31
8	MCC Hyderabad	504-Exp/Cus/K	04	1.37
9	DG Valuation Karachi	528-Exp/Cus/K	09	2.68
10	Director R&A Karachi	532-Exp/Cus/K	05	2
11	MCC (A&F) Import PMBQ Karachi	541-Exp/Cus/K	30	4.06
12	MCC (Appraisalment) (West) Karachi	549-Exp/Cus/K	01	3.36
		550-Exp/Cus/K	01	0.37
13	MCC (A&F) West Karachi	555-Exp/Cus/K	12	5.82
14	MCC (A&F) Quetta	561-Exp/Cus/K	22	3.4
15	MCC East Karachi	568-Exp/Cus/K	05	1.84
16	MCC (E&C) Custom House Karachi	583-Exp/Cus/K	02	28.04
		587-Exp/Cus/K	08	1.73
		594-Exp/Cus/K	06	2.24
17	MCC Export PMBQ Karachi	615-Exp/Cus/K	09	1.21
18	Directorate Transit & Trade Karachi	631-Exp/Cus/K	06	2.25
19	Director I&I Quetta	637-Exp/Cus/K	01	0.18
		640-Exp/Cus/K	02	4.14
		645-Exp/Cus/K	01	0.26
<b>Sub-total</b>			<b>129</b>	<b>73.98</b>
<b>Grand Total</b>			<b>190</b>	<b>93.83</b>

**Annexure-70**

[Para 8.16]

**Blockage of government revenue due to non-disposal of un-serviceable vehicles and dead/ un-serviceable store items - Rs 4.08 million**

DG, AIR&amp;C (North), Lahore

(Rs in million)

S. No.	Office	PDP No.	No. of Cases	Amount
1	RTO Sargodha	20229-Exp	5	2.11
2	Directorate of I&I (IR) Lahore	20397-Exp	1	0.18
<b>Sub-total</b>			<b>6</b>	<b>2.29</b>

DG, AIR&amp;C (South), Karachi

(Rs in million)

S. No.	Office	PDP No.	No. of Cases	Amount
1	RTO Quetta	724-Exp/K	1	0.41
2	MCC (A&F) Quetta	558-Exp/Cus/K	1	0.45
3	MCC East Karachi	571-Exp/Cus/K	1	0.93
<b>Sub-total</b>			<b>3</b>	<b>1.79</b>
<b>Grand Total</b>			<b>9</b>	<b>4.08</b>

**Annexure-71**

[Chap-9A (6.2)]

**Annex I: Thematic Audit on SROs – Data requisitioned v. Data received.***\*NPR = Non-Production of Record*

<b>N o.</b>	<b>SROs / Formation</b>	<b>FBR HQ</b>	<b>Islamabad AFU</b>	<b>Islamabad Dryport</b>	<b>Peshawar MCC</b>	<b>Multan/ Fsd MCC</b>	<b>Sialkot MCC</b>
1	SRO 642(I)/2016 dated 27.07.2016.	NPR	10.08.18 to 26.06.19	NPR	NPR	NPR	No entry (20-21)
2	SRO 39(I)/2017 dated 31.01.2017.	NPR	Wrong data provided (for 557(I)/220 , rather than 557(I)/2017 that amended 39(I)/2017 )	Wrong data provided (for 557(I)/220 , rather than 557(I)/2017 that amended 39(I)/2017 )	25.01.2017 to 23.06.2017.	NPR	No entry (20-21)
3	SRO 40(I)/2017 dated 25.01.2017.	NPR	18.10.17 to 13.02.18	NPR	NPR	NPR	No entry (20-21)
4	SRO 580(I)/2017 dated 01.07.2017.	NPR	NPR	NPR	NPR	NPR	No entry (20-21)
5	SRO 644(I)/2018 dated 24.05.2018.	NPR	NPR	NPR	NPR	NPR	No entry (20-21)
6	SRO 833(I)/2018 dated 03.07.2018	NPR	NPR	13.11.2018 (2)	NPR	NPR	No entry (20-21)
7	SRO 1640(I)/2019 dated 31.12.2019.	NPR	01.07.2020 to 30.06.2021	05.01.2020 to 30.06.2021	January 2020 to June 2021	January 2020 to June 2021	01.07.2020 to 30.06.2021.
8	SRO 558(I)/2020 dated 22.06.2020.	NPR	NPR	NPR	NPR	NPR	No entry (20-21)
9	SRO	NPR	NPR	NPR	NPR	NPR	No

	593(I)/2020 dated 01.07.2020.						entry (20-21)
10	SRO 79(I)/2021 dated 22.01.2021.	NPR	NPR	NPR	NPR	NPR	No entry (20-21)
	<b>NPRs – exemptions</b>	<b>10/10</b>	<b>6/10</b>	<b>7/10</b>	<b>9/10</b>	<b>9/10</b>	<b>One-year</b>
11	SRO 630(I)/2018 dated 24.05.2018, as amended by SROs 848(I)/2018 dated 04.07.2018 and SRO 108(I)/2019 dated 31.01.2019.	NPR	Wrong data provided (given for 630(I)/2020)	08.10.2018 to 20.03.2019	February to June 2019	Wrong data provided (given for 630(I)/2020)	No entry (20-21)
12	SRO 680(I)/2019 dated 28.06.2019, as amended by:	NPR	01.07.2019 to 30.06.2021	24.06.2019 to 12.08.2020.	July 2019 to June 2021	22.07.2019 to 14.06.2021	01.07.2020 to 30.06.2021.
i.	SRO 949(I)/2019 dated 22.08.2019 and SRO 38(I)/2020 dated 15.01.2020.	NPR	No entry	No entry	No entry	No entry	No entry (20-21)
ii.	SRO 119(I)/2020 dated 19.02.2020	NPR	No entry	No entry	No entry	No entry	No entry (20-21)
iii.	SRO 127(I)/2020 dated 24.02.2020.	NPR	No entry	No entry	No entry	No entry	No entry (20-21)
iv.	SRO 633(I)/202	NPR	No entry	No entry	No entry	No entry	No entry

	0 dated 21.07.2020						(20-21)
v.	SRO 1352(I)/20 20 dated 23.12.2020.	NPR	No. entry	No. entry	03.03.202 1 to 02.06.202 1	No. entry	No entry (20-21)
13	SRO 1455(I)/20 18 dated 29.11.2018.	NPR	NPR	NPR	NPR	NPR	No entry (20-21)
	<b>Total NPRs</b>	<b>13/13</b>	<b>7/13</b>	<b>8/13</b>	<b>9/13</b>	<b>10/13</b>	<b>0/13 (one year)</b>



**Annexure-72**

[Chap-9A (6.2.3.3)]

**Non-realization of regulatory duty due to inadmissible exemption -  
Rs 31.94 million**

(Rs in million)

<b>S. No.</b>	<b>DP No.</b>	<b>Name of Collectorate</b>	<b>No. of Cases</b>	<b>Amount</b>
1	1339	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1	0.16
2	1351	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1	0.10
3	1447	Collectorate of Customs, Appraisalment (PMBQ), Karachi	11	4.14
4	1504	Collectorate of Customs, Appraisalment (PMBQ), Karachi	1	2.31
5	1375	Collectorate of Customs, Appraisalment (West), Karachi	1	4.47
6	1383	Collectorate of Customs, Appraisalment (West), Karachi	8	1.16
7	1453	Collectorate of Customs, Appraisalment (West), Karachi	1	0.73
8	1619	Collectorate of Customs, Appraisalment (West), Karachi	1	0.12
9	1620	Collectorate of Customs, Appraisalment (West), Karachi	11	0.18
10	1736	Collectorate of Customs, Appraisalment (West), Karachi	6	1.09
11	1768	Collectorate of Customs, Appraisalment (West), Karachi	5	3.44
12	1770	Collectorate of Customs, Appraisalment (West), Karachi	1	1.53
13	1467	Collectorate of Customs, Appraisalment (East), Karachi	3	3.86
14	1468	Collectorate of Customs, Appraisalment (East), Karachi	1	1.58
15	1481	Collectorate of Customs, Appraisalment (East), Karachi	20	3.89
16	1679	Collectorate of Customs, Appraisalment (East), Karachi	86	2.12
17	1536	Collectorate of Customs, JIAP, Karachi	4	0.05
18	1775	Collectorate of Customs, JIAP, Karachi	5	1.01
19	1783	Collectorate of Customs, JIAP, Karachi	5	0.01
<b>Total</b>			<b>72</b>	<b>31.94</b>

**Annexure-73**

[Chap-9A (6.2.3.5)]

**Non-realization of additional customs duty due to inadmissible exemption -  
Rs 6,092.73 million**

(Rs in million)

<b>S. No.</b>	<b>DP No.</b>	<b>Name of Collectorate</b>	<b>No. of Cases</b>	<b>Amount</b>
1	1330	Collectorate of Customs, Appraisement (PMBQ), Karachi	7,995	5,495.22
2	1335	Collectorate of Customs, Appraisement (PMBQ), Karachi	49	0.57
3	1341	Collectorate of Customs, Appraisement (PMBQ), Karachi	189	19.67
4	1344	Collectorate of Customs, Appraisement (PMBQ), Karachi	8	1.39
5	1363	Collectorate of Customs, Appraisement (PMBQ), Karachi	8	7.42
6	1364	Collectorate of Customs, Appraisement (PMBQ), Karachi	45	9.65
7	1505	Collectorate of Customs, Appraisement (PMBQ), Karachi	19	2.26
8	1511	Collectorate of Customs, Appraisement (PMBQ), Karachi	3	1.19
9	1571	Collectorate of Customs, Appraisement (PMBQ), Karachi	5	0.70
10	1581	Collectorate of Customs, Appraisement (PMBQ), Karachi	31	9.44
11	1377	Collectorate of Customs, Appraisement (West), Karachi	62	3.61
12	1379	Collectorate of Customs, Appraisement (West), Karachi	112	2.59
13	1384	Collectorate of Customs, Appraisement (West), Karachi	7	1.09
14	1437	Collectorate of Customs, Appraisement (West), Karachi	1	0.01
15	1454	Collectorate of Customs, Appraisement (West), Karachi	75	4.06
16	1586	Collectorate of Customs, Appraisement (West), Karachi	20	3.06
17	1615	Collectorate of Customs, Appraisement (West), Karachi	267	235.64
18	1618	Collectorate of Customs, Appraisement (West), Karachi	15	0.18

19	1623	Collectorate of Customs, Appraisalment (West), Karachi	18	0.84
20	1737	Collectorate of Customs, Appraisalment (West), Karachi	17	1.58
21	1738	Collectorate of Customs, Appraisalment (West), Karachi	130	7.47
22	1739	Collectorate of Customs, Appraisalment (West), Karachi	7	0.53
23	1463	Collectorate of Customs, Appraisalment (East), Karachi	61	10.62
24	1464	Collectorate of Customs, Appraisalment (East), Karachi	74	9.93
25	1472	Collectorate of Customs, Appraisalment (East), Karachi	93	10.73
26	1480	Collectorate of Customs, Appraisalment (East), Karachi	60	18.86
27	1683	Collectorate of Customs, Appraisalment (East), Karachi	24	28.05
28	1387	Collectorate of Customs, Gwadar	1	47.13
29	1388	Collectorate of Customs, Gwadar	1	10.84
30	1389	Collectorate of Customs, Gwadar	1	9.96
31	1393	Collectorate of Customs, Gwadar	1	7.30
32	1778	Collectorate of Customs, JIAP, Karachi	5	0.56
33	1779	Collectorate of Customs, JIAP, Karachi	5	0.31
34	1780	Collectorate of Customs, JIAP, Karachi	1	0.01
35	1782	Collectorate of Customs, JIAP, Karachi	5	0.26
<b>Total</b>			<b>9,415</b>	<b>6,092.73</b>

**Annexure-74**  
[Chap-9A (6.2.3.6)]

**Non / less-realization of duty / taxes due to inadmissible exemption /  
concession under FTA - Rs 8.60 million**

(Rs in million)

<b>S. No.</b>	<b>DP No.</b>	<b>Name of Collectorate</b>	<b>No. of cases</b>	<b>Amount</b>
1	1402	Collectorate of Customs, Appraisement (East), Karachi	4	3.29
2	1544	Collectorate of Customs, Appraisement (East), Karachi	46	4.21
3	1441	Collectorate of Customs, Appraisement (West), Karachi	1	0.11
4	1497	Collectorate of Customs, Appraisement (PMBQ), Karachi	7	0.28
5	1578	Collectorate of Customs, Appraisement (PMBQ), Karachi	7	0.71
<b>Total</b>			<b>65</b>	<b>8.60</b>

**Annexure-75**  
[Chap-9A (6.2.3.7)]

**Non / less -realization of duty / taxes due to inadmissible exemption  
- Rs 104.04 million**

(Rs in million)

<b>S. No.</b>	<b>Name of Collectorate</b>	<b>No. of cases</b>	<b>DP No.</b>	<b>Amount</b>
1	Collectorate of Customs, Appraisement (PMBQ), Karachi	01	1496	1.76
2	Collectorate of Customs, Appraisement (West), Karachi	38	1591	14.66
3	Collectorate of Customs, Appraisement (West), Karachi	02	1624	0.33
4	Collectorate of Customs, Appraisement (East), Karachi	03	1766	60.24
5	Collectorate of Customs Exports (PMBQ), Karachi	112	1427	26.26
6	Collectorate of Customs, Appraisement, Quetta	01	1604	0.79
<b>Total</b>		<b>157</b>	<b>9508</b>	<b>104.04</b>