AUDIT REPORT
ON
THE ACCOUNTS OF
FEDERAL BOARD OF REVENUE
(INLAND REVENUE & CUSTOMS)
AUDIT YEAR 2018-2019

AUDITOR-GENERAL OF PAKISTAN

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ABBREVIATIONS & ACRONYMS

ACIR	Assistant Commissioner Inland Revenue
ACL	Audit Command Language
ACT	Alternative Corporate Tax
AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenue
AOP	Association of Persons
ATIR	Appellate Tribunal Inland Revenue
ATL	Active Taxpayer List
BL	Bill of Lading
BPS	Basic Pay Scale
BTB	Broadening of Tax Base
CAO	Chief Accounts Officer
CAAT	Computer Assisted Audit Techniques
CBR	Central Board of Revenue
CBU	Complete Built Unit
CGA	Controller General of Accounts
CGO	Customs General Order
CIR	Commissioner Inland Revenue
CKD	Complete Knocked Down
CIR(A)	Commissioner Inland Revenue (Appeal)
CNG	Compressed Natural Gas
CPR	Computerized Payment Receipt
CSTRO	Centralized Sales Tax Refund Office
CRTO	Corporate Tax Office
DAC	Departmental Accounts Committee
DAO	District Accounts Office
DCIR	Deputy Commissioner Inland Revenue
DDO	Drawing & Disbursing Officer
DG	Director General
DP	Draft Para
DPC	Data Processing Centre
DRAP	Drug Regulatory Authority of Pakistan
DR&S	Director Research & Statistics
DSC	Departmental Selection Committee
DTRE	Duty & Taxes Remission for Exports
E&D	Efficiency & Disciplinary

ERS	Expeditious Refund System
FATE	Facilitation and Taxpayer Education
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FESCO	Faisalabad Electric Supply Company
FGEHF	Federal Government Employees Housing Foundation
FTO	Federal Treasury Officer/Federal Tax Ombudsman
FTR	Final Tax Regime
FY	Financial Year
GD	Goods Declaration
GDP	Gross Domestic Product
GFR	General Financial Rules
GST	General Sales Tax
GPO	General Post Office
GRI	General Rules for Interpretation
HESCO	Hyderabad Electric Supply Company
HQ	Headquarter
HRM	Human Resource Management
I&I	Intelligence and Investigation
IPP	Independent Power Producer
IOCO	Input Output Co-efficient Organization
IGM	Import General Manifest
IR	Inland Revenue
KIBOR	Karachi Inter Bank Offer Rate
LCD	Liquid Crystal Display
LED	Light Emitting Diode
LESCO	Lahore Electric Supply Company
LIEDA	Lasbela Industrial Estate Development Authority
LPG	Liquefied Petroleum Gas
LTU	Large Taxpayers Unit
MEPCO	Multan Electric Power Company
MCC	Model Customs Collectroate
MFDAC	Memorandum for Departmental Accounts Committee
MPR	Monthly Performance Report
MR	Management Report
MS	Mild Steel
NBP	National Bank of Pakistan

NAM	New Accounting Model
NEPRA	National Electric Power Regulatory Authority
NFMC	National Fiscal Monitoring Committee
NHA	National Highway Authority
NOC	No Objection Certificate
NTDC	National Transmission and Despatch Company
NTN	National Tax Number
NTR	Normal Tax Regime
OGDCL	Oil and Gas Development Company Ltd.
OGRA	Oil and Gas Regulatory Authority
OIO	Order-in-Original
OPD	Out Door Patient Department
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCT	Pakistan Customs Tariff
PESCO	Peshawar Electric Supply Company
POL	Petroleum Oil Lubricants
PMBQ	Port Muhammad Bin Qasim
PPRA	Public Procurement Regulatory Authority
PRA	Post Refund Audit
PRAL	Pakistan Revenue Automation Limited
PTR	Presumption Tax Regime
PWD	Public Works Department
QESCO	Quetta Electric Supply Company
Pvt	Private
RPO	Refund Payment Order
RTO	Regional Tax Office
SAP/R3	System Application Product
SBP	State Bank of Pakistan
SECP	Security and Exchange Commission of Pakistan
SED	Special Excise Duty
SEPCO	Sukkur Electric Power Company
SKD	Semi Knocked Down
SMEDA	Small and Medium Enterprises Development Authority
SNGPL	Sui Northern Gas Pipelines Limited
SPR&S	Strategic Planning and Research & Statistics
SRO	Statutory Regulatory Order

SSGCL	Sui Southern Gas Company Limited
STARR	Sales Tax Automated Refund Repository
STRN	Sales Tax Registration Number
SWH	State Warehouse
TARP	Tax Administration Reforms Project
TFC	Tax Facilitation Centre
UFG	Unaccounted for Gas
VAT	Value Addition Tax
WAPDA	Water and Power Development Authority
WHT	Withholding Tax
WeBOC	Web Based One Customs
WWF	Workers Welfare Fund

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 Inland Revenue, Customs and Expenditure of the Federal Board of Revenue for the Financial Year 2017-18. The Report also includes observations relating to previous years. The Directorates General Audit Inland Revenue & Customs (North and South) conducted audit during the audit year 2018-19 on test check basis with a view to reporting significant findings to the stakeholders. The main body of the Audit Report includes only the systemic issues and audit findings carrying value of rupees one million or more. Relatively less significant issues are listed in the Annexure-I of the Audit Report which shall be pursued with the Principal Accounting Officer at the DAC level and in all cases where the PAO does not initiate appropriate action, the audit observation will be brought to the notice of the Public Accounts Committee through next year's Audit Report.

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, where received, and discussions in DAC meetings.

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].

Javaid Jehangir

Dated: **Auditor-General of Pakistan**

EXECUTIVE SUMMARY

The Directorates General of Audit Inland Revenue and Customs (North & South) carry out audit of Federal Receipts of Inland Revenues and Customs i.e. Income Tax, Sales Tax, Federal Excise Duty, Customs and Expenditure under four Grants i.e. Revenue Division, Federal Board of Revenue, Inland Revenue and Customs and Development Expenditure of Revenue Division. The Audit of Customs was assigned to this Directorate with effect from July 2018. The Directors General Audit Inland Revenue and Customs have a human resource of 156 officers and staff with 20,317 mandays and Annual Budget of Rs.196 million (FY 2018-19). The Directorates are mandated to conduct Regularity Audit (Financial Audit and Compliance with Authority Audit) and Performance/Special Audit of FBR. Regularity Audit of 284 formations was conducted during second half of the Audit Year 2017-18 and first half of the Audit Year 2018-19 by utilizing planned mandays, incurring an expenditure of Rs. 270.77 million.

a. Scope of Audit

FBR collected Inland Revenue and Customs duties of Rs. 3,844,412 million against revised target of Rs. 3,935,003 million for the FY 2017-18 and paid refund of Rs. 104,619.410 million. The Directorates General of Audit Inland Revenue and Customs (North & South) conducted audit of receipts (including refunds) of Rs. 2,229,759 million which was 58% of the total collection. The FBR incurred expenditure of Rs. 25,434 million against final grant of Rs. 26,220 million for which audit of Rs. 14,752 million was also conducted.

b. Recoveries at the Instance of Audit

Recovery of Rs. 201,636.54 million was pointed out. Out of which recovery of Rs. 8,476.66 million was effected during the period from March 2018 to December 2018 at the time of compilation of report. Out of total, Rs. 5,882.94 million was not in the notice of executive before audit.

c. Audit Methodology

The desk audit methods/techniques were applied using SAP/R3 data maintained by AGPR for audit of expenditure relating to Revenue Division, Federal Board of Revenue, Inland Revenue and Development Expenditure Grants. Initial accounts of receipts are maintained by FBR's Treasuries and automated by PRAL. The sample was selected on criteria basis from soft data of registered persons containing six fields provided by FBR. This facilitated, to some extent, in understanding the system, procedures and environment of FBR and identification of high risk areas for substantive testing in the field.

d. Audit Impact

Upon pointing out by the Audit, FBR not only enhanced rate of FED on all tiers of cigarettes but also devised a mechanism to monitor illicit trade of cigarettes which would obviously lead to increase in government revenue and discourage the use of tobacco as well. This amendment was made through Supplementary Finance Bill, 2018 introduced on 3rd October, 2018.

Further, upon pointing out by the Audit, the DAC made recommendation to FBR for manual scrutiny of refund vouchers. The FBR has made amendment in Rule 26A and Rule 36 of the Sales Tax Rules, 2006 vide SRO 1320(1)/2018 dated 02.11.2018 which provides that "a registered person, whose refund claim was processed or sanctioned after 30th June, 2014 has been paid refund which was not admissible he may direct through order in writing to conduct manual post refund scrutiny of such claim". The change would strengthen internal control of post refund scrutiny which in turn provide safeguard to the public exchequer.

e. Comments on Internal Control and Internal Audit

While conducting Compliance with Authority Audit, internal controls of the FBR were found weak and ineffective as various control lapses were identified repeatedly for several years by Audit. These shortcomings included excess reporting of receipts, non/short realization of Sales Tax, Federal Excise Duty, default surcharge and penalty etc. Moreover, some instances of non-recovery of arrears, inadmissible zero rating, irregular claim of exemption, inadmissible/excess payment of refund, non/short realization of minimum tax, incorrect computation of taxable income, non-apportionment of Input Tax and expenses were also pointed out. Audit also observed that there was inadequate monitoring of withholding agents and lack of seriousness on the part of Tax authorities.

Recurrence of the above irregularities indicated that the internal controls were not functioning effectively. FBR was not taking necessary measures to rectify the lapses to improve internal controls which resulted in revenue loss of billions of rupees. Had FBR taken appropriate measures and showed compliance to Audit's observations and the PAC/DAC's directives, the department would never have had to revise its revenue generation targets and would have been able to at least achieve the revenue targets. This office required internal audit reports to evaluate performance of Internal Audit of FBR. However, nothing was provided despite repeated written and verbal requests.

Audit recommends timely completion of internal audit reports by FBR and provision of the same to Audit. Moreover, internal controls need to be strengthened by continuous review and by taking measures to stop recurrence of lapses in future.

f. Key Audit Findings of the Report

This report includes audit observations of Rs. 201,636.54 million in respect of compliance with authority audit of receipts and expenditure relating to Inland Revenue and Customs for the FY 2016-17 and the FY 2017-18, audited from January to November 2018. The observations include cases of non/short assessment of taxes, grant of incorrect exemptions, non levy of minimum tax, non-levy of default surcharge, non-recovery of adjudged revenue, inadmissible adjustment of Input Tax, incorrect sanction of refunds etc. Systemic deficiencies are also identified with recommendations for preventing recurrence thereof in future.

The key findings were as under:

i) Misuse of Sales Tax Special procedure Rules by non-deposit of Sales Tax cheques into Government exchequer and incorrect issuance of exclusion/ adjustment certificates on Electricity Bills- Rs. 91.07 million.[1]

Para[1] 3.1

ii) Loss of Rs. 22,203.90 million due to non-realization of Sales Tax on subsidy from Government on sale of electricity.[2]

iii) Loss of Rs. 8453.70 million due to non/short realization of sales tax due to difference/concealment of sales declared in Income Tax Returns / Sales Tax Returns.[3]

iv) Loss of Rs. 9882.12 million due to non-recovery/non finalization of adjudged dues/cases.[4]

v) Loss of Rs. 10,486.01 million due to inadmissible Sales Tax adjustments/exemptions.[5]

vi) Loss of Rs. 14,701.62 million due to non-charging/non realization of Sales Tax.[6]

vii) Loss of Rs. 7,408.38 million due to non-implementation of statutory provisions / SROs resulting in inadmissible adjustment of Input Tax.[7]

viii) Potential loss of revenue Rs. 1,211.79 million due to non-registration of taxpayers.[8]

ix) Loss of Rs. 990.31 million due to non-realization of Further Tax and Extra Tax.[9]

x) Loss of Rs. 466.03 million due to non-imposition of penalty against non-filers of Sales Tax returns.[10]

xi) Loss of Rs. 35.88 million due to inadmissible payment of Sales Tax refund.[11]

xii) Loss of Rs. 14.45 million due to excess refund of Sales Tax.[12]

xiii) Loss of Rs. 7,661.75 million due to non-realization of Federal Excise Duty. [13]

xiv) Non-levy of Minimum Tax on the income- Rs. 2,403.97 million[14]

xv) Loss of revenue of Rs. 13,296.60 million due to concealment of income or assets.[15]

Para[2] 4.1.1, Para[3] 4.1.3, 4.1.13, 4.1.27, 4.1.41, Para[4] 4.1.5, 4.1.6

Para[5] 4.1.7,4.1.8,4.1.15,4.1.22,4.1.23,4.1.24,4.1.25,4.1.30,4.1.33,4.1.34,4.1.37,4.1.38,4.1.44

Para[6] 4.1.4,4.1.9,4.1.10,4.1.11,4.1.12,4.1.18,4.1.19, 4.1.20,4.1.21,4.1.26,4.1.28,4.1.29,4.1.31,4.1.32,4.1.32, 4.1.35,4.1.36,4.1.40,4.1.42,4.1.43,4.1.45

Para[7] 4.1.2, Para[8] 4.1.16, 4.1.39, Para[9] 4.1.17, Para[10] 4.1.46, Para[11] 4.2.1, 4.2.3

Para[12] 4.2.2, 4.2.4, 4.2.5, Para[13] 4.3.1, 4.3.2, 4.3.3, Para[14]4.4.1, 4.4.10, 4.4.22, Para[15] 4.4.2

xvi) Short levy of Super Tax of Rs. 11,797.15 million for rehabilitation of temporarily displaced persons[16]

xvii) Loss of revenue of Rs. 6,744.71 million due to non-apportionment of expenses between final and normal tax regimes[17]

xviii) Inadmissible claim of Rs. 10,795.67 million in respect of expense/ allowances/ adjustments/ Tax credit[18]

xix) Non-imposition of penalty/ default surcharge of Rs. 2,191.22 million[19]

xx) Short/ incorrect assessment of Income Tax of Rs. 11,195.63 million.[20]

xxi) Loss of revenue of Rs. 9,319.78 million due to application of incorrect rate of Tax.[21]

xxii) Non recovery of govt dues (Adjudged/ Arrears) - Rs. 4,800.91 million.[22]

xxiii) Loss of Rs. 4,079.66 million due to unlawful/unjustified Refund of Income Tax. [23]

xxiv) Loss of Rs. 433.95 million due to non-realization of Workers Welfare Fund. [24]

xxv) Loss of Rs. 427.21 million due to non-realization of withholding Sales Tax. [25]

xxvi) Loss of Rs. 8,258.34 million due to non-deduction/realization of Withholding Tax required under various provisions of Income Tax Ordinance, 2001.[26]

xxvii) Loss of Rs. 16,781.47 due to Misclassification/undervaluation of imported goods& inadmissible exemption of SROs. [27]

Para[16] 4.4.3, Para[17]4.4.4, Para[18] 4.4.6, 4.4.9, 4.4.13, 4.4.14, 4.4.15, 4.4.18, 4.4.20
Para[19] 4.4.25, Para[20] 4.4.7, 4.4.8, 4.4.21, 4.4.24, Para[21] 4.4.11, 4.4.23, Para[22] 4.4.5, 4.4.12, 4.4.17, 4.4.19
Para[23] 4.5.1, 4.5.2, Para[24] 4.6.1, Para[25] 4.7.1, 4.7.2,
Para[26] 4.7.3,4.7.4,4.7.5,4.7.6,4.7.8, 4.7.9,4.7.10,4.7.11,4.7.12,
Para[27]4.8.1, 4.8.3, 4.8.6, 4.8.8, 4.8.10, 4.8.13, 4.8.16, 4.8.21, 4.8.27, 4.8.31

xxviii) Loss of govt revenue Rs. 44.80 million due to clearance of Banned Goods imported in violation of Import Policy Order. [28]

xxix) Blockage of Government revenue of Rs. 6,679.75 million. [29]

xxx) Loss of government revenue Rs. 6.99 million due to non-imposition of fine and penalty.[30]

xxxi) Non recovery of adjudged/ under adjudication Government revenue-Rs. 1,751.22 million. [31]

xxxii) Non/Short realization of Duty & Taxes of Rs. 2,333.74 million. [32]

xxxiii) Loss to National exchequer due to delayed, incomplete and mis-declared documents.[33]

xxxiv) Loss to National exchequer due to splitting the bill of lading, issuance of clarification against the spirit of law, existence of duplicate tariff line in FATA with China, defective method of issuance of quota, misclassification of goods and non-conduct of post exportation audit.[34]

xxxv) Unauthorized expenditure of Rs. 251.33 million on posting of employees in excess of sanctioned strength/expenditure over and above budget grant and non-surrendering of unspent balances.[35]

xxxvi) Irregular withdrawal of funds in the name of DDO and non-reporting of cases of public money/tax fraud resulting into loss of Rs. 29.07 million.[36]

xxxvii) Potential loss of Rs. 68.25 million due to non-filing of income tax returns and non- finalization of adjudication proceedings.[37]

xxxviii) Loss of Rs. 1,592.14 million due to non-conducting of Post Refund Audit, non-rejection of deferred claims, ineffective monitoring of blacklisted registered persons, release of bank guarantees without obtaining acknowledgement and non-action against inactive licensees.[38]

Para[28] 4.8.2, Para[29] 4.8.4, 4.8.5, 4.8.24, Para[30] 4.8.32, 4.8.33, Para[31]4.8.7, 4.8.25,

Para [32] 4.8.9, 4.8.11, 4.8.12, 4.8.14, 4.8.15, 4.8.17, 4.8.18, 4.8.19, 4.8.20, 4.8.22, 4.8.23, 4.8.26, 4.8.28, 4.8.29, 4.8.30, 4.8.34, 4.8.35,

Para[33] 5.4.1,5.6.3,5.6.5,5.6.6,5.6.14, Para[34]5.6.7,5.6.8,5.6.9,5.6.10,5.6.11,5.6.12,5.6.13,

Para[35] 5.7.1,5.7.4,5.7.5, Para[36] 5.7.2, 5.7.3, Para[37] 5.4.2,5.5.3, Para[38] 5.5.1,5.5.2,5.5.4,5.6.1,5.6.2,

Recommendations

FBR needs to:

i) devise a mechanism to detect and deter tax evasion by enforcing legal provisions against defaulters;

ii) develop a system which detect discrepancies between set of data declared in Sales Tax return viz a viz in the data provided in the Income Tax return;

iii) to link its software system with the other departments so that explained investment could be detected;

iv) invoke provisions of laws holistically for recovery of Duty/Taxes and strengthen the existing internal controls to ensure non-recurrence of similar irregularities;

v) improve monitoring of Withholding Tax which constitutes a major portion of Income Tax; and

vi) improve financial management for incurring expenditure according to financial rules.

g. Memorandum for Departmental Accounts Committee (MFDAC)

Audit observations of Rs. 162,092.24 million were included in MFDAC Annexure-1. In view of the strategy of cost effectiveness it was decided that paras involving amount less than one million would be pursued with the PAO at the DAC level. The FBR and its field formations need to accord priority to the disposal of audit observations embodied therein through gearing up DAC.

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SUMMARY TABLES

SUMMARY TABLES

Table 1: Audit Work Statistics

(Rs. in million)

S. No.	Description	No.	Actual	
			Receipts	Expenditure
1	Total Entities (Ministries/PAOs) in Audit Jurisdiction	1	3,844,412	25,434
2	Total formations in audit jurisdiction	491	3,844,412	25,434
3	Total Entities (Ministries/PAOs) Audited	1	2,229,759	14,752
4	Total Formations Audited	284	2,229,759	14,752
5	Audit & Inspection Reports	284	515,215	1,334
6	Performance Audit Reports	-	-	-

Table 2: Audit Observations Classified by Categories

(Rs. in million)

S. No.	Description	Amount Placed under Audit Observations
1	Unsound Asset Management	-
2	Weak Financial Management	514,608.20
3	Weak Internal Controls Relating to Financial Management	1,940.79
4	Others	-
	Total	**516,549.00**

Table 3: Outcome Statistics

(Rs. in million)

S. No.	Description	Receipts	Expenditure	Audit Year 2018-19	Audit Year 2017-18
1	Outlays Audited	2,229,759.00	14,752.00	2,244,511.00	2,542,546.00
2	Monetary value of audit observations	515,215.00	1,334.00	516,549.00	501,640.00
3	Recoveries pointed out by Audit	200,853.96	782.58	201,636.54	319,054.60
4	Recoveries accepted/ established at the instance of Audit	12,247.39	56.99	12,304.38	24,080.73
5	Recoveries	5,878.08	4.86	5,882.94	4,608.46

	realized at the instance of Audit				

Table 4: Irregularities Pointed Out

(Rs. in million)

S. No.	Description	Amount Placed under Audit Observation	
		2018-19	2017-18
1	Violation of rules and regulations and violation of principles of propriety and probity in public operations.	502,212.76	458,422.43
2	Reported cases of fraud, embezzlement, thefts and misuse of public resources.	91.07	-
3	Accounting Errors	-	-
4	Weaknesses of internal control systems.	1,940.79	19,136.84
5	Recoveries and overpayments, representing cases of established overpayment or misappropriations of public money.	12,304.38	24,080.73
6	Non-production of record.	4,744 cases	395 cases
7	Others, including cases of accidents, negligence etc.		-

Table 5: Cost-Benefit Analysis

(Rs. in million)

S. No.	Description	Audit Year		
		2018-19	2017-18	2016-17
1	Outlays Audited (Items 1 of Table 3)*	2,244,511	2,542,546	2,521,746
2	Expenditure on Audit	270.77	212.38	187.65
3	Recoveries realised at the instance of Audit	5,882.94	4,608.46	21,371.63
4	Cost-Benefit ratio	1:22	1:22	1:114

*Including amount of receipt Rs. 2,229,759 million & expenditure Rs. 14,752 million.

PUBLIC FINANCIAL MANAGEMENT ISSUES

CHAPTER-1 PUBLIC FINANCIAL MANAGEMENT ISSUES

1.1 Non-reconciliation of variation in figures of tax receipts (net) Direct and Indirect Taxes - Rs. 26,921 million

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

Scrutiny of record of FBR maintained by SBP Main Office, Karachi and AGPR, Islamabad revealed that there is a variation Rs. 26,921 million between AGPR figures and SBP figures at macro level evident from Federal Civil Account (FCA) upto the month of June (Final) 2018 as summarized below:-

(Rs. in million)

S. No.	Head of Account	Collection figures of SBP (NET) *	Collection figures of AGPR **	Variation
1	Taxes on Income	1,503,482	1,487,889	15,593
2	Customs	633,873	608,422	25,451
3	Sales Tax	1,468,985	1485,591	(16,606)
4	Federal Excise Duty	205,316	202,833	2,483
Total Taxes		**3,811,656**	**3,784,735**	**26,921**

* Source: As per record of SBP provided to Audit for FY 2017-18.
** Source: Figures of AGPR FCA for and upto June (Final) 2018.

Implication

This may impair true and fair presentation of financial statements because the revenue receipts figures from external sources i.e. SBP are on higher side.

Management Response

The management responded that the para actually pertains to AGPR and SBP and does not pertain to DR&S. Audit holds that the ultimate responsibility for reconciliation of tax revenue figures rests with FBR. DAC meeting was not convened by the Department till finalization of the Report.

Audit Recommendations

Variation needs to be sorted out through meaningful reconciliation with AGPR and SBP at micro and macro levels for sorting out the above-mentioned variations besides institutionalizing it in the system. Position in this regard needs to be justified and flaws in the posting / totalling be removed for authentic and accurate accounting under intimation to Audit.

1.2 Variation in FBR's Figures of Refund of Tax Receipts and those of AGPR Figures - Rs. 18,547.72 million

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

Scrutiny of FBR's reconciliation statement on account of refund of Direct & Indirect Taxes and AGPR's record of refund as per FCA up to June final, 2018 disclosed variations in figures of refunds on account of Income Tax, Customs, Sales Tax & Federal Excise of Rs. 18,547.72 million, tabulated as follows:-

(Rs. in million)

Refund	Figures of FBR*	Figures of AGPR **	Variation
Income Tax	37,606.76	19,117.60	18,489.16
Customs	14,751.96	14,752.13	0.176
Sales Tax	70,149.20	70,148.92	0.275
Federal Excise	659.22	600.76	58.455
Total	**123,167.13**	**104,619.41**	**18,547.72**

* Source: Figures from Reconciliation Statements of FBR treasuries June (Final), 2018

** Source: Figures as per FCA June (Final) 2018 prepared by AGPR, Islamabad.

Implication

Variation in figures of refund of tax receipts may impair true and fair presentation of financial statements.

Management Response

The management responded that there is no variation between the figures of reconciliation certificates submitted by field formations to the DR&S and those appearing in the Federal Consolidated Accounts (FCA) of the AGPR. Audit holds that there was variation in figures of refunds on account of Income Tax, Customs, Sales Tax & Federal Excise Duty. DAC meeting was not convened by the Department till finalization of the Report.

Audit Recommendations

FBR IS REQUIRED TO ESTABLISH LINKS BETWEEN DISTRICT ACCOUNTS OFFICES AND FEDERAL TREASURIES OF FBR TO ENSURE THE RECONCILIATION OF FIGURES ARRIVING FROM CATEGORY B & C BRANCHES OF NATIONAL BANK OF PAKISTAN.

1.3 Variation in FBR figures of Refund of Tax Receipts and those of SBP Figures - Rs. 18,352.62 million

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

Scrutiny of FBR's record of refund of Direct & Indirect Taxes and SBP's record of payments of refunds/rebate disclosed variations in figures of refunds on account of Income Tax, Customs, Sales Tax & Federal Excise of Rs. 18,352.62 million tabulated as follows:-

(Rs. in million)

Refund	Figures of FBR*	Figures of SBP **	Variation
Income Tax	37,606.76	19,168.38	18,438.38
Customs	14,751.96	14,933.36	(181.40)
Sales Tax	70,149.20	70,109.59	39.61
Federal Excise	659.22	603.19	56.03
Total	**123,167.14**	**104,814.52**	**18,352.62**

* Source: Figures from Reconciliation Statements of FBR treasuries June (Final), 2018

** Source: As per record of SBP provided to Audit for FY 2017-18.

Implication

Variation in figures of refund of tax receipts may impair true and fair presentation of financial statements.

Management Response

The management responded that DR&S undertakes only reconciliation of revenue receipts with the AGPR on monthly basis and there is no mechanism of reconciliation of receipts and payments between FBR and SBP at Macro Level. DAC meeting was not convened by the Department till finalization of the Report.

Audit Recommendations

THE MATTER OF DEVELOPMENT OF A MECHANISM OF RECONCILIATION BETWEEN FBR AND SBP MAY BE TAKEN UP WITH THE FINANCE DIVISION.

FBR NEEDS TO EVOLVE A MORE SOPHISTICATED IT BASED SYSTEM TO RESOLVE SUCH ARCHIVE ACCOUNTING ISSUES.

1.4 VARIATION IN AGPR'S FIGURES OF REFUND OF TAX RECEIPTS AND THOSE OF SBP AMOUNTING TO RS. 195.11 MILLION

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

Scrutiny of AGPRs Islamabad record (FCA June Final 2018) of refund of direct & indirect taxes and SBP's record of payments of refunds/rebates disclosed variations in figures of refunds on account of Income Tax, Customs, Sales Tax & Federal Excise of Rs. 195.11 million, the SBP's total is higher than that of AGPRs as tabulated below:-

(Rs. in million)

Refund	Figures of refund/rebate of AGPRs*	Figures of refund of tax receipts of SBP **	Variation
Income Tax	19,117.60	19,168.38	(50.78)
Customs	14,752.13	14,933.36	(181.23)
Sales Tax	70,148.92	70,109.59	39.33
Federal Excise	600.76	603.19	(2.43)
Total	**104,619.41**	**104,814.52**	**(195.11)**

* Source: FCA of AGPR for June (Final), 2018

** Source: As per record of SBP provided to Audit for FY 2017-18

Implication

Variation in figures of refund of tax receipts may impair true and fair presentation of financial statements and it can lead to the possibility of fraud and embezzlement.

Management Response

The management responded that the para pertains to AGPR and SBP and does not pertain to DR&S. Ensuring the correctness of tax collection and refund figures is the primary responsibility of the PAO / Chairman FBR and not that of AGPR and SBP. DAC meeting was not convened by the Department till finalization of the Report.

Audit Recommendations

Variation needs to be sorted out through meaningful reconciliation with AGPR and SBP. FBR may conduct enquiry into the matter of such difference and evolve a system for permanent solution.

1.5 VARIATION IN THE FIGURES OF CATEGORY B&C BRANCHES OF NBP AND SBP OF RS. 343 MILLION

According to Treasury Rules issued by the FBR and agreement between FBR and NBP/SBP authorities read with instructions contained in letter No. A.D Govt/195/01 dated 5 March 2007 issued by the State Bank of Pakistan., the National Bank of Pakistan is required to deposit the government receipts with the State Bank of Pakistan within 24 hours, 48 hours and 72 hours by its category A, B and C branches respectively.

Scrutiny of record of NBP & SBP maintained by Main Offices, Karachi for the financial year 2017-18 transpires that there is a variation Rs 343 Million between collection figures of B&C branches provided by NBP and SBP, summarized as follows:-

(Rs. in million)

S. No.	Head of Account	Figures of B&C branches as per SBP *	Figures of B&C branches as per NBP **	Variation
1	Taxes on Income	79,517	79,202	315
2	Custom	43,735	43,726	9
3	Sales Tax	71,356	71,337	19
4	Federal Excise Duty	2,176	2,176	0
	Total Taxes	**196,784**	**196,441**	**343**

* Source: As per record of SBP provided to Audit for FY 2017-18.
** As per record of NBP (settlement date wise) provided to Audit for FY 2017-18.

Implication

This may impair true and fair presentation of financial statements because there is a variation between figures provided by the NBP & SBP which may lead to fraud and embezzlement.

Management Response

Management response is still awaited and DAC meeting was not convened by the Department till finalization of the Report.

Audit Recommendations

Variation needs to be sorted out through meaningful reconciliation with SBP. FBR is required to ensure the reconciliation of figures arriving from category B & C Branches of National Bank of Pakistan.

COMPLIANCE WITH AUTHORITY AUDIT

(AUDIT PARAS)

CHAPTER-2 FEDERAL BOARD OF REVENUE

2.1 Introduction

The Central Board of Revenue (CBR) was established on April 01, 1924 through enactment of the CBR Act, 1924. In the wake of restructuring of its functions through a new Act, CBR was renamed as Federal Board of Revenue (FBR) in July 2007. The Chairman FBR was designated as the executive head of the Board.

In order to remove impediments in the exercise of administrative powers of a Secretary to the Government, and for effective formulation and implementation of fiscal policy measures, a new division i.e. Revenue Division was established in 1991. In January 1995, Revenue Division was abolished and CBR reverted back to the pre-1991 position. However, Revenue Division was once again established on 1st December 1998 and it is continuing as a Division under the Ministry of Finance and Revenue. It is a Federal Government entity with centralized accounting system.

The Chairman FBR, being the executive head of the Board as well as Secretary of the Revenue Division is responsible for:

- formulation and administration of fiscal policies;
- collection of federal duties and taxes; and
- hearing of appeals.

Responsibilities of the Chairman also include interaction with the offices of the President, the Prime Minister, all economic Ministries as well as trade and industry.

The Chairman FBR/Secretary Revenue Division is assisted by two Operational Members, i.e. Member Customs (Ex-Officio Additional Secretary Revenue Division) and Member Inland Revenue (Ex-Officio Additional Secretary Revenue Division), five Functional Members, i.e. Member Facilitation and Taxpayer Education (FATE), Member Accounting, Member Enforcement, Member Taxpayer Audit and Member HRM, six Support Members, i.e. Member Strategic Planning and Research & Statistics (SPR&S), Member Legal, Member Administration, Member Inland Revenue (Policy), Member Information Technology and Member Training. In addition to thirteen members, the Chairman, FBR has the support of seven Directors General (Source: FBR's website www.fbr.gov.pk).

Inland Revenue Wing consists of twenty-three field offices, i.e. four Large Taxpayer Units (LTUs) at Karachi (two), Lahore and Islamabad and nineteen Regional Taxpayer Offices (RTOs) at Karachi (three), Hyderabad, Sukkur, Quetta, Lahore (two), Multan, Bahawalpur, Faisalabad, Sargodha, Gujranwala, Sialkot, Rawalpindi, Islamabad, Abbottabad, Peshawar and Sahiwal. Each office is headed by a Chief Commissioner who is responsible to provide services to the taxpayers.

2.2 Comments on Budget and Accounts

This Report deals with Direct and Indirect Taxes (excluding Customs Duty) collected by the FBR and its Expenditure.

Audit analyzed the performance of FBR. The objectives of this analysis were to identify grey areas of tax collection and to give recommendations for improving tax collection mechanism. In order to perform this analysis, Audit used various analytical tools including tabular and graphical analysis.

After conducting current audit activity, the Audit was of the view that FBR required to improve compliance of tax laws and strengthen its operational efficiency to achieve revenue targets.

RECEIPTS

2.2.1 Revenue Collection vs Targets

A comparison between estimated and actual receipts for the FY 2017-18 is as follows:

TABLE 2.2.1

(Rs. in million)

Tax	[1]Budget Estimates	[2]Revised Estimates	[3]*AGPR Financial Statement*	Excess (+) / Shortfall (-)
1	**2**	**3**	**4**	**5 (3-4)**
Direct Taxes	1,594,910	1,563,000	1,536,902	-26,098
Sales Tax	1,605,200	1,547,000	1,485,591	-61,409
Federal Excise	231,519	225,000	213,493	-11,507
Custom Duties	581,371	600,000	608,422	8,422
Total Inland Revenue and Customs	**4,013,002**	**3,935,003**	**3,844,412**	**-90,592**

[1]Explanatory Memorandum of Federal Receipts 2018-2019

[2]Ibid

[3]AGPR Financial Statement 2017-2018

The FBR collected Inland Revenue and Custom duties Rs. 3,844,412 million during FY 2017-18 as compared to revised targets of Rs. 3,935,003 million. There was an overall shortfall of Rs. 90,592 million as compared to revised estimates of receipts for FY 2017-18.

2.2.2 Variance analysis of revenue collection in FY 2017-18 and 2016-17

A comparison of net collection in FY 2017-18 vs 2016-17 is tabulated below:

(Rs. in million)

Tax Heads	Collection		Difference	
	FY: 2017-18	**FY: 2016-17**	**Absolute**	**Percentage**
Direct Tax	1,536,902	1,298,558	238,344	18.35%
Sales Tax	1,485,591	1,311,072	174,519	13.31%
Federal Excise Duty	213,493	197,911	15,582	7.87%
Custom Duties	608,422	496,772	111,650	22.47%
Total	**3,844,412**	**3,304,313**	**540,095**	**16.34%**

FBR's collection for the FY 2017-18 (Rs. 3,844,412 million) depicted an increase of Rs. 540,095 million (16.34%) as compared to Financial Year 2016-17. Collection of Direct Taxes, Sales Tax, Federal Excise Duty and Custom duties exhibited increase of 18.35%, 13.31 %, 7.87 % and 22.47 % respectively.

Direct Tax emerged as the main source of revenue generation. It constituted 39.98 % of total collection of Federal taxes of Rs. 3,844,412 million. Last year it constituted 39.30 % of total collection of Rs. 3,304,313 million of Federal taxes.

Sales Taxes constituted 38.64 % of total collection of Federal taxes in FY 2017-18. Last year it constituted 39.68 % of total collection.

Federal Excise Duty constituted 5.55 % and Customs Duty constituted 15.83% of the total Federal taxes in FY 2017-18. Last year it constituted 5.99 % and 15.03% of total collection.

2.2.3 Tax to GDP Ratio from FY 2013-14 to 2017-18

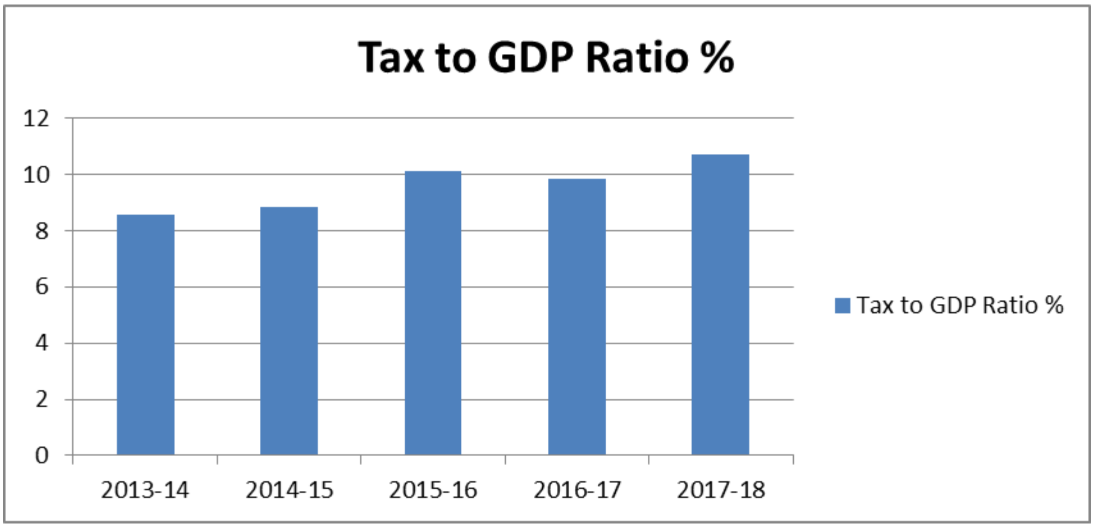
TABLE 2.2.3

(Rs. in billion)

Financial Years	Actual Total Tax Collection (including Customs)[1]	GDP at market price[2]	Tax to GDP Ratio %
	A	B	C (A/B X 100)
2013-14	2,230.63	26,001	8.58
2014-15	2,564.10	29,078	8.82
2015-16	3,108.10	30,672	10.13
2016-17	3,304.32	33,509	9.86
2017-18	3,844.41	35,919	10.70

[1]Financial Statements 2013-2014 to 2017-2018

[2]Economic Survey of Pakistan 2013-2014 to 2017-2018, Table 4.4



2.2.4 Low Tax to GDP Ratio

Pakistan is one of those countries which have the lowest Tax-GDP ratio in the world. Tax-GDP ratio had slightly increased from 2013-14 to 2015-16 but slightly decreased in 2016-17. But in 2017-18 it again rises to 10.70. It is also relevant to mention here that back in 1998-99 this ratio was 12.6 % which was ever highest in the history.

2.2.5 Reasons for Low Tax to GDP Ratio

Tax-GDP ratio was one of the primary indicators used to gauge the health of a country's economy. Several possible reasons for the low tax to GDP ratio in Pakistan included:

a) A narrow tax base;
b) Large undocumented informal sectors;
c) Small contribution in taxes from major sectors, i.e. business, trading, influential segments of agriculture (big land lords) and services as compared to their share in GDP;
d) Low tax compliance;
e) Exemptions, Concessions, Allowances and Credits. The estimated tax expenditure on these components in respect of direct taxes and sales tax exemption during last four years indicated fluctuating and growing adverse effect on direct tax collection as follows:

Tax Exemption & Concessions Figures

(Rs. in billion)

Economic Survey's Year	Direct Taxes	Sales Tax	Total
2014-15	83.60	225.40	309.00
2015-16	67.30	207.30	274.60
2016-17	14.01	250.06	264.07
2017-18	61.78	281.05	342.83

f) Absence of efficient tax system;
g) Structural deficiencies in tax administration system;
h) Energy Crisis, i.e. Electricity and Gas shortages, and
i) Weak internal audit and enforcement functions of the FBR.

Audit suggests FBR to contribute increase the tax to GDP ratio by broadening its tax base and ensuring enforcement and compliance of law.

EXPENDITURE

2.2.6 Overview of Appropriation Accounts (FBR Grants only)

TABLE 2.2.6

(Rs. in million)

	As Per Appropriation Accounts prepared by AGPR, Islamabad					
Demand/Grant No.	**Original Grant**	**Suppl. Grant**	**Surrender**	**Final Grant**	**Actual Exp.**	**Excess/ (Savings)**
40- Revenue Division	349.321	0.002	(18.907)	330.416	352.714	22.298
41- FBR	4,102.169	39.000	-	4,180.189	3,967.354	(212.835)
42- Customs	7,437.427	336.001	-	8,109.627	7,931.712	(177.915)
43- Inland Revenue	12,242.430	360.120	-	12,962.612	12,816.079	(146.533)
123-Development Grant of Revenue Division	790.100	512.878	(665.921)	637.057	366.014	(271.043)
Total	**24,921.447**	**1,248.001**	**(684.828)**	**26,219.901**	**25,433.873**	**(786.028)**

Grant No. 40, 41, 43 & 123	There was saving in all heads aggregating Rs.786.028 million which showed unrealistic budgeting and weak budgetary controls.

2.3 Brief comments on the status of compliance with PAC directives

By taking aggregate mean from the table given below, only 44.71 % compliance of the of PAC directives was observed. 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 was 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	02	85.71
2	1988-89	39	27	12	69.23
3	1989-90	32	09	23	28.12
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	17	52	24.64
14	2000-01	88	49	39	55.68
15	2001-02	72	10	62	13.89
16	2002-03	49	12	37	75.51
17	2003-04	21	03	18	14.28

18	2004-05	36	10	26	27.78
19	2005-06	30	04	26	13.33
20	2006-07	29	02	27	6.90
21	2007-08	37	07	30	18.92
22	2008-09	54	16	38	29.63
23	2009-10	39	05	34	12.82
24	2010-11	34	13	21	38.23
25	2013-14	27	1	26	3.70
26	2016-17	42	07	35	16.67

Audit Reports not discussed in PAC

27	2011-12	50	Not yet discussed in PAC
28	2012-13	31	Not yet discussed in PAC
29	2104-15	58	Not yet discussed in PAC
30	2015-16	38	Not yet discussed in PAC
31	2017-18	38	Not yet discussed in PAC

Indirect Taxes & Expenditure

S. No.	Audit Report Year	Total paras	Compliance received	Compliance not received	Percentage of Compliance (%)
32	1985-86	44	38	6	86.36
33	1986-87	55	25	30	45.45
34	1987-88	43	10	33	23.26
35	1988-89	32	27	5	84.38
36	1989-90	217	147	70	67.74
37	1990-91	67	49	18	73.13
38	1991-92	45	42	3	93.33
39	1992-93	99	44	55	44.44
40	1993-94	77	37	40	48.05
41	1994-95	72	15	57	55.56
42	1995-96	83	44	39	53.01
43	1996-97	79	70	09	88.61
44	1997-98	83	60	23	72.29
45	1998-99	106	64	42	60.38
46	1999-00	71	18	53	25.35
47	2000-01	89	42	47	47.19
48	2001-02	78	40	38	51.28
49	2002-03	84	20	64	23.81
50	2003-04	47	18	29	38.30
51	2004-05	36	13	23	36.11
52	2005-06	45	08	37	17.78
53	2006-07	63	25	38	39.68

54	2007-08	130	36	94	27.69
55	2008-09	149	62	87	41.61
56	2009-10	142	45	97	31.69
57	2010-11	87	11	76	12.64
58	2013-14	69	3	66	4.35
59	2016-17	72	7	65	9.72

Audit Reports not discussed in PAC

60	2011-12	83	Not yet discussed in PAC
61	2012-13	72	Not yet discussed in PAC
62	2014-15	159	Not yet discussed in PAC
63	2015-16	69	Not yet discussed in PAC
64	2017-18	184	Not yet discussed in PAC

Customs

S. No.	Audit Report Year	Total Paras	Compliance received	Compliance not/partially received	Percentage of compliance
65	1985-86	32	29	03	91
66	1986-87	32	15	17	47
67	1987-88	26	0	26	0
68	1988-89	132	78	54	59
69	1989-90	10	07	03	70
70	1990-91	63	22	41	35
71	1991-92	53	46	07	87
72	1992-93	66	48	18	73
73	1993-94	09	03	06	33
74	1994-95	50	21	29	42
75	1995-96	45	23	22	51
76	1996-97	31	26	05	84
77	1997-98	66	49	17	74
78	1998-99	69	64	05	93
79	1999-00	30	18	12	60
80	2000-01	26	22	04	85
81	2001-02	23	19	04	83
82	2002-03	30	21	9	70
83	2003-04	39	25	14	64
84	2004-05	17	05	12	29
85	2005-06	26	17	09	65
86	2006-07	27	18	09	67
87	2007-08	25	02	23	08

88	2008-09	65	29	36	45
89	2010-11	47	20	27	43
90	2013-14	86	01	3	01

Audit Reports not discussed in PAC

91	2009-10	42	Not yet discussed in PAC
92	2011-12	128	Not yet discussed in PAC
93	2012-13	124	Not yet discussed in PAC
94	2014-15	107	Not yet discussed in PAC
95	2015-16	62	Not yet discussed in PAC
96	2016-17	89	Not yet discussed in PAC
97	2017-18	82	Not yet discussed in PAC

CHAPTER-3 TAX EVASIONS

3.1 Loss of Rs. 91.07 million due to violation of Sales Tax Special Procedure Rules

According to Sub-Rule 3(A) of Rule 58H of Sales Tax Special Procedure Rules, 2007 "The Commissioner of Inland Revenue may, if he considers it expedient in the interest of revenue, collect Sales Tax directly from steel melters and re-rollers at the rates prescribed in sub-Rule(1) and (2) as the case may be. In case of such direct collection of Sales Tax, the Commissioner shall issue adjustment certificate to the electricity distribution company, which shall adjust the amount of Sales Tax so paid in the electricity bills of the registered person".

Forty two (42) taxpayers assessed in CRTO Lahore were required to pay Sales Tax as defined in Sales Tax Special Procedures Rules, 2007 (Steel Sector). Audit observed that Commissioner Inland Revenue, Lahore issued adjustment certificates of Sales Tax for January and February, 2017 stating that these taxpayers have paid an amount of Sales Tax through various cheques. FBR e-portal revealed that either Nil or different amount was appearing in the veritax system instead of the specified amount in adjustment certificates.

It indicates that Department had not deposited the cheques in the Government treasury for which the Department issued adjustment certificates for the respective months against meter reference numbers appearing in the certificates. The Department issued wrong adjustment certificates for post-dated cheques. This resulted into revenue loss of Rs. 91.07 million.

Having observed as above, audit requested immediate corrective action as per law and enforce recovery from the registered person alongwith default surcharge.

Management Response

Department replied that an amount of Rs. 23.81 million was recovered and cases of Rs. 67.26 million were under recovery.

DAC Decision

DAC in its meeting held during 15th to 18th January, 2019 directed the Chief Commissioner IR, CRTO, Lahore to investigate the matter and submit report to Audit and FBR by 31.01.2019.

Audit Recommendations

- As major chunk of the audit observation has been established a facts finding inquiry be conducted into the matter at least for last five years to fix responsibility into the matter.
- Loss of government revenue be made good alongwith recovery of default surcharge and imposition of penalties under intimation to Audit.
- Internal controls may be strengthened to avoid recurrence of such irregularities in future.

[DP No.18428 & 18430-ST]

CHAPTER-4 IRREGULARITIES AND NON-COMPLIANCE

4.1 Sales Tax

4.1.1 Loss of Rs. 22,203.90 million due to non-realization of Sales Tax on subsidy from Government on sale of electricity

According to Section 3(1)(a) read with Section 2(46) of the Sales Tax Act, 1990 read with Rule 13(2)(b) of Sales Tax Special Procedure Rules, 2007 (the Special Procedure for Collection and Payment of Sales Tax on Electric Power) issued vide SRO 480 (I)/2007 dated 09.06.2007, 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 value of supply means in respect of a taxable supply, the consideration in money including charges, surcharges, all Federal and Provincial duties and taxes, if any, which the supplier receives from the recipient for that supply but excluding the amount of tax.

Five (5) registered persons registered with three (3) field offices of FBR had received the “Subsidy from Government of Pakistan on Sale of Electricity” which was the difference between NEPRA rates and the rates charged to consumers as approved by the Government (evident from annual audited accounts for the years 2015-16 and 2017) but failed to charge, levy and pay the Sales Tax against such value of supplies. This resulted into non realization of Sales Tax of Rs. 22,203.90 million.

Management Response

Department replied that (a) Rs. 4,766.15 million under recovery; (b) Rs.8,982.44 million under adjudication whereas no response received from the Department for the cases of Rs. 8,455.31 million.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings and get the contention verified from Audit in no response cases and submit updated status to Audit and FBR by 21.01.2019 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Expedite the verification of no response cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-3]

4.1.2 Loss of Rs. 7,408.38 million due to non-implementation of statutory provisions / SROs resulting in inadmissible adjustment of Input Tax

According to Section 8(1) of the Sales Tax Act, 1990, notwithstanding anything contained in this Act, a registered person shall not be entitled to reclaim or deduct input tax paid on the goods or services used or to be used for any purpose other for taxable supplies made or to be made by him. Similarly, adjustment is also not allowed on input tax paid on purchases of certain items including building and construction materials, vehicles falling in Chapter 87 of the First Schedule to the Customs Act, 1969 and parts of such vehicles etc.

One hundred eighty three (183) taxpayers registered with fourteen (14) field offices of FBR claimed adjustment of Input Tax without fulfilling the conditions of law but the Department did not take legal action against the taxpayers during the year 2017-18. This resulted into loss of government revenue amounting Rs. 7,408.38 million due to inadmissible adjustment of Input Tax.

Management Response

The Department replied that: (a) an amount of Rs. 67.93 million was recovered (b) Rs. 3,269.99 million under adjudication; (c) Rs.36.67 million under recovery (d) cases of Rs 8.09 million were under process (e) cases of Rs.1,313.26 million were awaiting action by the Department; (f) Rs. 1.78 million was not due (g) cases of Rs. 2,117.72 million had been confronted to the taxpayer with the audit observations whereas no response has been received for the cases of Rs. 592.94 million.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 settled the para to the extent of amount recovered, not due and vacated Rs. 79.5 million and directed the Department to expedite recovery/legal/adjudication proceedings, pursue subjudice cases at appropriate level and get the contention verified from audit in contested paras and submit updated status to Audit and

FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Pursue subjudice cases at appropriate level.
- Improvement in the monitoring process of Input Tax adjustment.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-4]

4.1.3 Loss of Rs. 6,514.56 million due to difference of sales declared in Income Tax Returns / Sales Tax Returns

According to Section 3(1) of the Sales Tax Act, 1990, "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. Further, Section 26 of the Act ibid provides that 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".

Fifty five (55) taxpayers registered with eleven (11) field offices of FBR had declared two different figures of sales in their Sales Tax profiles/sales register and Income Tax Returns/purchase register/annual accounts during the years 2015-16 to 2017-18. The sales shown in Income Tax returns were on higher side as compared to those declared in Sales Tax profile which implied that the registered persons had suppressed their sales to evade payment of Sales Tax. This resulted into loss of government revenue amounting Rs. 6,514.56 million which also attracted default surcharge and penalty.

Management Response

Department replied that (a) an amount of Rs. 402.99 million were under recovery, (b) Rs. 3,297.11 million were under adjudication, (c) cases of Rs.1,013.99 million were awaiting action by the Department, (d) cases of Rs.2.29 million were contested, (e) cases of Rs. 59.45 million were not responded, (f) whereas cases of Rs. 1,738.73 million were confronted to the taxpayers with the audit observations.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings, furnish updated reply in non-responded cases and get the contention verified from audit and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Furnish reply in non-responded cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-5]

4.1.4 Loss of Rs. 3,718.09 million due to non-realization of Sales Tax on amount received for installed connections (completed jobs)

According to Section 3(1)(a), 2(44) & 7 of the Sales Tax Act, 1990 read with Rule 13(2)(b) of Sales Tax Special Procedure Rules, 2007 (the Special Procedure for Collection and Payment of Sales Tax on Electric Power) issued vide SRO 480 (I)/2007 dated 09.06.2007, 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. Time of supply in relation to a supply of goods means the time at which the goods are delivered or made available to the recipient of the supply or the time when any payment is received by the supplier in respect of that supply, whichever is earlier.

M/s Lahore Electric Supply Company (NTN 3041049) registered with CRTO, Lahore declared the "amount received for installed connections completed jobs" of Rs. 25,589.20 million as per Note 19 of the Annual Audited Accounts for 2016. The registered person claimed input tax adjustment credits against the purchases of installation equipment i.e. transformers, meters; cables (General and Industrial consumer) etc. but failed to charge, levy and pay the Sales Tax at the time of such supplies made to the end consumers. This resulted into non realization of Sales Tax of Rs. 3,718.09 million (Rs.25,589.19*17/117) during the Tax Year 2016.

Management Response

The Department replied that an amount of Rs. 3,718.09 million was under recovery.

DAC Decision

DAC in its meeting held from 8^{th} to 11^{th} and 15^{th} to 18^{th} January, 2019 directed the Department to expedite adjudication proceedings and submit updated status to Audit and FBR by 21 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 17633-ST]

4.1.5 Loss of Rs. 3,189.90 million due to non-recovery of adjudged dues/arrears

According to Section 48 of the Sales Tax Act, 1990 read with Sales Tax Rules, 2006, "Sales Tax due from any person shall be recovered by Sales Tax officers in accordance with the procedures laid down therein".

Tax collecting authorities of five (05) field offices of FBR did not take prescribed measures for recovery of adjudged government dues of Rs. 3,189.90 million in two hundred fifty three (253) cases during Financial Year 2017-18.

Management Response

Department replied that: (a) an amount of Rs. 5.01 million was recovered; (b) Rs. 187.96 million not due/vacated; (c) Rs. 2,883.24 million under recovery; (d) Rs. 109.42 million under adjudication; (e) cases of Rs. 4.27 million had been contested by the Department.

DAC Decision

DAC in its meetings held from 8^{th} to 11^{th} and 15^{th} to 18^{th} January, 2019 settled the para to the extent of amount recovered, not due and vacated Rs. 192.94 million and directed the Department to expedite recovery/legal/ adjudication proceedings, furnish updated reply in contested cases and get the contention verified from Audit and submit updated status to Audit and FBR by 21 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-6]

4.1.6 Loss of Rs. 6,692.22 million due to non-finalization of cases under adjudication

Section 11B of the Sales Tax Act, 1990, provides that where any direction is made by the Commissioner (Appeals) Appellate Tribunals, High Courts or Supreme Court, tax assessment order is to be issued by the Commissioner or an officer of Inland Revenue within one year from end of financial year in which the order was served.

Twenty three (23) appeals preferred by nineteen taxpayers registered with LTU Karachi against assessment orders passed by the adjudicating officers were remanded back by the Commissioner (Appeals) during the year 2017-18 with the direction to re-examine the cases. The adjudication officers were required to issue fresh assessment orders within one year from the end of financial year but the same was not done. This resulted into non-finalization of adjudication in cases of Rs. 6,692.22 million.

Management Response

LTU Karachi informed that registered person has been confronted with the audit observation and the case is under process.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the LTU to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication and completion of legal action.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6443-ST/K]

4.1.7 Loss of Rs. 2,863.12 million due to inadmissible adjustment of Input Tax against exempt supplies

According to Section 8(2) of the Sales Tax Act, 1990 read with Rule 25 of the Sales Tax Rules, 2006, “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. Input Tax paid on raw materials relating wholly to the taxable supplies is admissible and Input Tax paid on raw materials relating wholly to exempt supplies is not admissible”.

Eighteen (18) taxpayers registered with Five (05) field offices of FBR made taxable as well as exempt supplies and adjusted Input Tax against both the supplies made during the Financial Years 2017-18. They were required to make apportionment of Input Tax incurred against taxable supplies for the purpose of adjustment but the same was not done. This resulted into inadmissible adjustment of Input Tax amounting Rs. 2,863.12 million.

Management Response

Department replied that: (a) Rs. 9.24 million not due; (b) Rs. 1,153.68 million under recovery; (c) Rs. 1,655.97 million under adjudication; (d) cases of Rs. 44.23 million were awaiting action by the Department.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 settled the para to the extent of amount not due Rs. 9.24 million and directed the Department to expedite recovery/legal/adjudication proceedings, and get the contested cases verified from audit and submit updated status to Audit and FBR by 21.01.2019 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery /adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-7]

4.1.8 Loss of Rs. 2,450.32 million due to inadmissible adjustment of input tax on services

Section 15A of the Sindh Sales Tax on Services Act 2011, Section 16B of Punjab Sales Tax on Services Act 2012, Section 26 (4) of the KPK Sales Tax on Services Act 2013, Section 16 of the Baluchistan Sales Tax on Services Act 2015 read with rules made there-under, inter alia provide that a registered person shall not be entitled to claim input tax credit in relation to services liable to Sales Tax at *ad valorem*, lesser than thirteen percent (Provincial rate) or at a specific or fixed rate. Section 8 (1) (j) of the Sales Tax Act 1990 provides that the registered person shall not be entitled to claim input tax credit on services in respect of input tax adjustment which is barred under respective provincial laws.

Eleven (11) taxpayers, registered with two field offices of FBR, adjusted input tax of Rs. 2,450.32 million on services of labour, transport, management consultant, maintenance and repair, banking and insurance and advertisement which were subject to Sales Tax at the rate of 13 percent *ad valorem*. Audit is of the view that as the adjustment of input tax is barred by the provincial laws therefore adjustment made by the registered person was not admissible. The Department was required to recover the amount but the same was not done. This resulted into loss of government revenue amounting Rs. 2,450.32 million due to inadmissible adjustment of input tax on services.

Management Response

Department informed that cases were confronted to the taxpayers with the audit observation and the case is under process.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the LTU to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-8]

4.1.9 Loss of Rs. 2,284.53 million due to non-charging of Sales Tax

Section 3 of the Sales Tax Act, 1990 provides that there shall be charged, levied and paid a tax known as Sales Tax at the rate of sixteen/ 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; and goods imported into Pakistan, irrespective of their final destination in territories of Pakistan.

M/s Karachi Steel Re-Rolling Mills registered with LTU, Islamabad engaged in the business of manufacturing and sale of M.S steel bars had to pay Sales Tax on the basis of per unit of electricity consumed only on the registered meters. The registered person was using six electricity meters whereas only two meters were registered in his name in the Sale Tax Department. Therefore, his Sales Tax liability was required to be calculated under normal law for the period relevant to the Tax Year 2011 to 2017 but the Department had not initiated any action to collect the actual government revenue. This resulted into loss of government revenue Rs. 2,284.53 million due to non-charging of Sales Tax.

Management Response

Department replied that the registered person having 04 electricity connections in which 02 connections are industrial use and 02 connections are for commercial use (office block / canteen/ labour colony). The LTU further contended that the RP has fully discharged his full due Sales Tax liability on his industrial electricity connections which are used for furnaces / steel rerolling.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to get the contention verified from audit by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Improvement in the monitoring process of Input Tax adjustment.

[DP No. 18383-ST]

4.1.10 Loss of Rs. 2,019.62 million due to concealment of actual sales resulting in short-realization of Sales Tax

According to Section 3(1)(a) read with Section 26 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 carried on by him. Further, every registered person shall furnish not later than the due date a true and correct return in the prescribed form to a designated bank or any other office specified by the board, indicating the purchases and the supplies made during a tax period, the tax due and paid and such other information, as may be prescribe. Moreover, lapse also attracts penalty under Section-33 (11) (c) of the Act ibid which also needs to be recovered".

Forty three (43) registered persons in four (4) field offices of FBR did not declare the actual value of their supplies by concealing production, input tax, utility bills, claiming inadmissible exemption or without any reason. This reflected that the registered person had concealed their sales during the year 2017-2018. This resulted into short realization of Sales Tax of Rs. 2,019.62 million due to concealment of actual sales.

Management Response

Department replied that: (a) Rs. 1,723.05 million under adjudication; (b) cases of Rs. 58.14 million were awaiting action by the Department (c) cases of Rs. 3.35 million had been confronted to the taxpayers with the audit observations (d) Rs. 235.00 million was not due whereas no response received from the Department for the cases of Rs. 0.08 million.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 settled the para to the extent of amount vacated, not due Rs. 235 million and directed the Department to expedite recovery/legal/adjudication proceedings, get the contention verified from Audit and submit updated status to Audit and FBR by 21.01.2019 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Expedite the verification of non-responded cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-9]

4.1.11 Loss of Rs. 1,799.18 million due to non-realization of Sales Tax on supply of free electricity benefits

According to Section 3(1)(a) & 7 of the Sales Tax Act, 1990 read with Rule 13(2)(b) of Sales Tax Special Procedure Rules, 2007 (the Special procedure for Collection and Payment of Sales Tax on Electric Power) issued vide SRO 480 (I)/2007 dated 09.06.2007, 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. Under Section 13 of the Sales Tax Act, 1990, the supply of goods specified in the Sixth Schedule shall, subject to such conditions as may be specified by the Federal Government, be exempt from tax.

Four (04) registered persons under the jurisdiction of CRTO, Lahore, RTO, Multan and RTO Gujranwala declared the "free Electricity benefits" amounting Rs. 10,583.40 million (406.53+82.10+3,879.53+ 6,215.24) as depicted in the Annual Audited Accounts for the years 2016 and 2017. The registered persons claimed input tax adjustments against the purchases of all materials/ equipment but failed to pay the Sales Tax at the time of such supplies made to the consumers. The omission resulted into non-realization of Sales Tax of Rs. 1,799.18 million.

Management Response

Department replied that cases of Rs. 1,716.11 million were under adjudication whereas cases of Rs. 83.07 million were awaiting action by the Department.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite legal/adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No 17624, 18065 & 18229-ST]

4.1.12 Loss of Rs. 1,692.02 million due to incorrect application of rate of Sales Tax

According to SRO 1125(1)/2011 dated 31.12.2011, textile and articles thereof falling under Chapters 50 to 60, 6306.1210 and 6306.1910 of Pakistan Customs Tariffs (PCT) are entitled to zero or reduced rates of Sales Tax. Other goods are chargeable to Sales Tax @ 17% ad Valorem.

Twenty three (23) taxpayers registered with four field offices of FBR made taxable supply of goods like textile clothing and accessories to various buyers during the year 2017-18 and charged Sales Tax at the zero or reduced rate. The goods were not entitled to zero or reduced rate of Sales Tax as per their description and specifications and were chargeable to Sales Tax at higher rate. The Department was required to recover the amount of Sales Tax however the same was not done. This resulted into loss of government revenue of Rs. 1,692.02 million due to incorrect application of rate of Sales Tax.

Management Response

Department replied that: (a) an amount of Rs. 19.28 million was under adjudication; (b) cases of Rs. 144.79 million were awaiting action by the Department (c) cases of Rs. 79.86 million were under process by the Department whereas; (d) cases of Rs. 54.75 million were Subjudice and (e) cases of Rs.1,393.34 million were confronted to the taxpayers with the audit observation.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings, pursue subjudice cases at appropriate level and get the contention verified from audit and submit updated status to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Pursue subjudice cases at appropriate level.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-10]

4.1.13 Loss of Rs. 1,609.63 million due to concealment of sales resulting in short realization of Sales Tax

According to Section 3 of the Sales Tax Act, 1990 read with Rule 5 of Sales Tax Special Procedure, 2007 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 carried on by him or the goods imported in Pakistan. Moreover, as per Section-33(11)(c), 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.

Two taxpayers, M/s Zubaida Associates an AOP (NTN 4269497) and M/s ZM an AOP (NTN 4221197) registered in RTO-II, Lahore had declared sales in Income Tax returns for the Tax Year 2015 and 2016, on the other hand, in Sales Tax returns of the same tax periods Nil sales had been declared by the taxpayers meaning thereby the taxpayers had supplied the taxable goods but did not declare the same correctly in Sales Tax returns to evade payment of Sales Tax. This resulted into short realization of Sales Tax amounting Rs. 1,609.63 million.

Management Response

RTO-II informed that the entire amount of Rs. 1,609.63 million is subjudice before the Honourable Lahore High Court, Lahore and a letter to Legal Counsel has been forwarded as on 11.01.2019 for early hearing of the case.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to pursue the subjudice case and submit progress to Audit and FBR accordingly. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18389-ST]

4.1.14 Loss of Rs. 1,361.12 million due to inadmissible Sales Tax exemption

According to Sales Tax Act, 1990 and relevant SROs issued by FBR, exemption of Sales Tax is allowed on import/supply of different goods subject to fulfillment of various conditions.

Ten (10) taxpayers registered with three field offices of FBR claimed exemption of Sales Tax on supply of edible oil, vegetable ghee, tanning and dyeing, pigments, salt, oil seeds & grains, animal feeds re-meltable iron and scrap, meat and edible meat offal, fertilizer, chocolates, footwear, gaiters, electric lighting & wiring apparatus, auto parts and confectionery items during the year 2016-17 and 2017-18 which were not covered under the law ibid. The Department did not take action against them. This resulted into loss of Rs. 1,361.12 million due to inadmissible Sales Tax exemption as summarized below:

(Rs. in million)

S. No.	Office	Cases	Amount	Law/Rule violated
1	LTU Karachi	03	931.51	Entry No.14, 19 & 24 of Sixth Schedule of Sales Tax Act 1990 read with Section 13 of Sales Tax Act 1990.
2	RTO Hyderabad	03	320.52	Entry No. 32 & 21 of 6th Schedule of STA 1990
3	RTO Quetta	04	109.09	SRO 501(I)2013 dated 12.06.2013, Table 1 & 2 of 6th Schedule of STA 1990, SRO 398(I)2015 dated 08.05.2018
	Total	**10**	**1,361.12**	

Management Response

Department replied that: (a) an amount of Rs. 74.50 million was under adjudication; (b) cases of Rs. 12.20 million were under process by the Department whereas; and (d) cases of Rs. 1,274.42 million were confronted to the taxpayers with the audit observation.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings, and get the contention verified from audit and submit updated status to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-11]

4.1.15 Loss of Rs. 1,291.04 million due to non realization of Sales Tax and Further Tax by availing inadmissible exemption

As per Section 3 (1) and 3 (1A) read with Section 26 of the Sales Tax Act 1990, there shall be charged, levied and paid a tax known as Sales Tax and Further Tax at the rate of seventeen per cent and two percent respectively of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him and registered person shall furnish not later than the due date a true and correct return in the prescribed form to a designated bank or any other office specified by the Board, indicating the purchases and the supplies made during a tax period, the tax due and paid and such other information, as may be prescribed. Further, Section 23 (1) (b) & (d) provides that "A registered person making a taxable supply shall issue a serially numbered tax invoice at the time of supply of goods containing the name, address and registration number of the recipient and description and quantity of goods". Moreover, exemption of Sales Tax is allowed under Sixth Schedule to Milk of PCT heading 04.01 i.e. "Milk and cream, not concentrated nor containing added sugar or other sweetening matter".

Two (02) registered persons, registered with two field offices of FBR, claimed and availed exemption of Sales Tax without fulfilling the requirements mentioned in the law ibid. This resulted into non realization of Sales Tax and Further Tax of Rs. 1,291.04 million due to availing the inadmissible exemptions during Financial Year 2017-18.

Management Response

Department replied that cases of Rs. 1,291.04 million were under adjudication.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.

- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.18294 & 17570-IT]

4.1.16 Potential loss of revenue amounting Rs. 1,192.09 million due to non registration of taxpayers in Sales Tax regime

According to Sections 14 & 2(5AB) of the Sales Tax Act, 1990 read with Rules 4 & 6 of Sales Tax Rules, 2006, "any manufacturer having annual turnover of taxable supplies of more than five million rupees or utilities bills of more than seven / eight hundred thousand rupees per annum is liable for compulsory registration. Further, Section 3 read with Section 26 of the Act ibid provide that any person making taxable supplies shall pay Sales Tax at prescribed rate and shall furnish true and correct information about his taxable activity while filing his Sales Tax Return. Section 170(3)(b & c) of the Income Tax Ordinance, 2001 requires that where the Commissioner is satisfied that tax has been overpaid, the Commissioner is to apply the balance of the excess, if any, in reduction of any outstanding liability of the taxpayer to pay other taxes and refund the remainder, if any, to the taxpayer".

Thirty four (34) taxpayers registered with nine (09) offices of FBR deriving income from manufacturing/supply of various taxable goods either claimed refund of Income Tax/filed Income Tax returns or made adjustment of Tax deducted on their utility bills in the Tax Years 2013-14 to 2017-18. Tax deducted on their electricity bills showed that either their utility bills were more than seven/eight hundred thousand rupees or annual turnover was more than five million rupees. They were required to be registered under the Sales Tax Act, 1990 and pay Sales Tax on their taxable supplies. As per soft data of FBR, they were not registered with Sales Tax Department therefore not paying Sales Tax. Refund sanctioning authorities paid refund of Income Tax without getting them registered in Sales Tax regime and did not recover Sales Tax on taxable supplies. This resulted into potential loss of Sales Tax amounting Rs. 1,192.09 million.

Management Response

Department replied that; (a) an amount of Rs. 15.37 million was under adjudication; (b) cases of Rs. 93.10 million were awaiting action by the Department, (c) cases of Rs.10.20 million were not due (d) whereas cases of Rs.1,073.42 million were confronted to the taxpayers with the audit observations.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 settled the para to the extent of amount not due Rs. 10.20 million and directed the Department to expedite legal/adjudication proceedings, furnish updated reply in non-responded cases and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of cases.
- Get the taxpayers registered in Sales Tax regime under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-12]

4.1.17 Loss of Rs. 990.31 million due to non-realization of Further Tax and Extra Tax

According to Section 3(1A) of the Sales Tax Act, 1990, in case of supply of taxable goods made to non-registered persons, Further Tax at the rate of one/two per cent of the value shall be charged in addition to the rate specified in Section 3(1) w.e.f. 13th June 2013 and 29th June, 2015. Further SRO 896(I) 2013 dated 4th October, 2013 and Rule 58 S & 58T of Sales Tax Special Procedure Rules, 2007 provide that extra Sales Tax @ 2% shall be levied and collected on supply of specified goods and according to SRO 509(I)/2013 dated 12th June 2013, Extra Tax is chargeable at the rate of 5% of the total billed amount of electricity and natural gas to the persons having industrial or commercial connection and whose bill in any month exceeded rupees fifteen thousand but who have neither obtained Sales Tax registration number nor exists on Active Taxpayers List (ATL) maintained by FBR.

One hundred sixty nine (169) registered persons falling in fourteen (14) field offices of FBR made taxable supplies to the registered and non-registered persons during the year 2016-17 to 2017-18 but did not collect and pay Further Tax and Extra Tax as leviable under the law. This resulted into non-realization of Further Tax and Extra Tax amounting Rs. 990.31 million.

Management Response

Department replied that: (a) an amount of Rs. 0.79 million was recovered; (b) Rs. 11.14 million not due/vacated; (c) Rs. 34.39 million under recovery; (d) Rs. 309.72 million under adjudication; (e) cases of Rs. 202.36 million were awaiting action by the Department (f) cases of Rs. 71.74 million were under process by the Department (g) cases of Rs. 254.47 million had been confronted to the taxpayers with the audit observations whereas (h) cases of Rs. 106.02 million were not responded by the Department.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 settled the para to the extent of amount recovered, not due and vacated Rs. 11.93 million and directed the Department to expedite recovery/legal/adjudication proceedings, pursue subjudice cases at appropriate level, furnish updated reply in non-responded cases and get the contention/contested cases verified from audit and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the dues.
- Pursue subjudice cases at appropriate level.
- Furnish updated reply in non-responded cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-13]

4.1.18 Loss of Rs. 626.19 million due to short realization of Sales Tax by concealing of purchases and stocks

According to Section 3 read with Section 26 of the Sales Tax Act, 1990, 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 and every registered person is required to furnish not later than the due date a true and correct return in the prescribed form.

Seventeen (17) taxpayers registered with RTO Islamabad and RTO Sialkot had shown different figures of purchases, and stocks in various sets of accounts i.e. Sales Tax profiles, Income Tax Returns and stock statements etc which depicted that the taxpayers had concealed their purchases, and stocks leading to less production and sales. This resulted into short realization of Sales Tax Rs. 626.19 million during the Years 2014-15 to 2016-2017.

Management Response

Department replied that The Department replied that (a) Rs. 0.24 million recovered, (b) an amount of Rs. 10.01 million under recovery, (c) Rs. 283.40 million was not due (d) whereas cases of Rs. 332.55 million under adjudication.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 settled the para to the extent of amount not due Rs. 283.64 million and directed the Department to expedite recovery/legal/adjudication proceedings, and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Internal controls needed to be strengthened to avoid recurrence of such irregularities in future.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No 17798, 17912 & 18292]

4.1.19 Loss of Rs. 612.83 million due to short payment of Sales Tax

According to Section 3 (1) 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 and two percent respectively 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, as per Section 2 (35) taxable activity means any economic activity carried on by a person whether or not for profit, and includes an activity carried on in the form of a business, trade or manufacture, that involves the supply of goods, the rendering or providing of services, or both to another person.

M/s Peshawar Electric Supply Company Limited (NTN 2228080) RTO Peshawar declared Other Income at Note 25 of the financial statement for the period ending 30th June 2017 on account of wheeling charges received from M/s Tribal Areas Electricity Supply Company Limited. Audit observed that amount received on account of wheeling charges was covered under the taxable activity.

Neither the PESCO nor the Department take care of the matter. The irregularity resulted into short payment of Sales Tax of Rs. 612.83 million during FY 2016 and 2017 as detailed below:-

(Rs. in million)

Year	Wheeling Charges (Taxable amount)	Amount of Tax
2016	1,682.13	285.96
2017	1,922.75	326.87
Total	**3,604.88**	**612.83**

Management Response

Department replied that case of Rs. 612.83 million was under adjudication.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and submit updated status to Audit and FBR by 21 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18286 -ST]

4.1.20 Loss of Rs. 567.07 million due to non-realization of Sales Tax and Default Surcharge against the advances received from customers

Section 2(44)(a) of the Sales Tax Act, 1990 describes the definition of time of supply in relation to a supply of goods, other than under hire purchase agreement, means the time at which the goods are delivered or made available to the recipient of the supply or the time when any payment is received by the supplier in respect of that supply, whichever is earlier. Further according to Section 34 of the Act ibid, if a registered person does not pay the tax due or any part thereof in time, whether wilfully or otherwise, he shall in addition to the tax due, pay default surcharge at the rate of KIBOR plus three percent per annum of the tax due.

Nine (09) registered persons registered with three field offices of FBR, received the advances from customers during the 2016-17 as depicted in their annual accounts but failed to charge, levy and pay the Sales Tax at the time of advances received from customers and contravened the above provision of law. The omission resulted into non realization of default surcharge of Rs. 567.07 million against the advances received from customers.

Management Response

Department replied that cases of Rs. 15.24 million were under adjudication whereas cases of Rs. 551.83 million were awaiting action by the Department.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-14]

4.1.21 Loss of Rs. 495.34 million due to non-realization of Sales Tax on services

According to Section 3 of Islamabad Capital Territory (Tax on Services) Ordinance, 2001, a tax known as Sales Tax shall be charged, levied and paid at rates specified in column (4) of the Schedule to the Ordinance of the value of the taxable services specified in Column (2) of the Schedule to the ibid Ordinance, rendered or provided in the Islamabad Capital Territory, in the same manner and at the same time, as if it is Sales Tax leviable under Sections 3, 3A or 3AA, as the case may be of the Sales Tax Act, 1990. Further Clause 11C of Section 33 of Sales Tax Act, 1990 provides that any person who knowingly or fraudulently made false statement, false declaration, false representation, false personification, gave any false information or issued or used a document which is forged or false, shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of Tax involved, whichever is higher.

Thirty six (36) taxpayers registered persons as services provider with RTO, Islamabad and RTO Sargodha provided taxable services to various withholding agents as evident from their Income Tax returns/audited accounts but did not charge Sales Tax on these services. The lapse resulted into non-realization of Sales Tax on services amounting Rs. 495.34 million during the years 2015-16 and 2016-17.

Management Response

Department replied that (a) Rs. 1.42 million were recovered (b) cases of Rs.67.41 million were not due (c) Rs. 0.98 million were under recovery (d) cases of Rs.308.37 million were under adjudication whereas (e) cases of Rs. 117.16 million were awaiting action by the Department.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 settled the para to the extent of amount recovered and not due Rs. 68.83 million and directed the Department to expedite recovery/legal/adjudication proceedings and submit updated status to Audit and FBR by 21.03.2019 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-15]

4.1.22 Loss of Rs. 483.03 million due to in-admissible adjustment of input tax under Section 59 of the Sales Tax Act, 1990

According to Section 59 of the Sales Tax Act, 1990, the tax paid on goods purchases by a person who is subsequently required to be registered under Section 14 due to new liabilities or levies or gets voluntary registration under this Act or the rules made there under, shall be treated as input tax, provided that such goods were purchases by him from a registered person against an invoice issued under Section 23 during a period of thirty days before making an application for registration and constitute his verifiable unsold stock on the date of compulsory registration or on the date of application for registration or for voluntary registration.

Two (02) registered persons under jurisdiction of Corporate Regional Tax Office, Lahore claimed input tax credit against the purchase invoices prior to registration / application for registration which were more than thirty days before making application for registration. The registered persons claimed input tax credit against the purchase of Petroleum products, Electricity and Provincial services which were not verifiable unsold stocks on the date of registration. The applications for registration in Sales Tax Regime (STR-1 or TRF-01) of the registered persons were requisitioned from the Department but the Department failed to produce the requisitioned forms. The date of application for registration was taken from the Taxpayer's Registration Profile. The registered persons adjusted the input tax credit against invoices issued more than the period of thirty days before making application for registration and on un-verifiable stocks on the date of registration and contravened the above provision of law. The omission resulted into inadmissible adjustment of input tax credit of Rs. 483.03 million.

Management Response

Department replied that cases of Rs. 483.03 million were awaiting action by the Department.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 17623-ST]

4.1.23 Loss of Rs. 449.65 million due to inadmissible adjustment of Sales Tax

According to clause (ba) of S.R.O. 488(I)/2004 dated 12th June 2004, supply of sugar shall not be supplied to any person who is not registered under the Sales Tax Act 1990, and if any supply is made, the registered person shall not be entitled to reclaim or deduct input tax in respect thereof.

Three (03) registered persons relating to the business of sugar sector registered with RTO, Peshawar claimed adjustments against supplies made to the unregistered persons. It came to notice from other records of the RTO that registered persons justify their supplies to unregistered persons being made through commission agents. The commission agents of such bulk supplies were also liable to be registered. Moreover, the names and address of the commission agents have not been mentioned on sales invoices. Despite all justifications law is clear that input tax shall not be allowed on supplies made to unregistered persons who so ever may be the buyer. This resulted into inadmissible adjustment of Sales Tax of Rs. 449.65 million.

Management Response

Department replied that an amount of Rs. 449.65 million were under adjudication.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings audit and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18276 & 18293-ST]

4.1.24 Loss of Rs. 446.65 million due to irregular exemption of Sales Tax

According to FBR letter C No 3(9) ST – L & P/ 2011 dated 14.05.2013, exemption available for import and supply of software was withdrawn making import and supply of software chargeable to tax, ab-initio, at normal rate of sales tax.

M/s Easy Technology (Pvt.) Limited (NTN 2106476-8) registered with

LTU Karachi showed local purchase of software valuing Rs. 4,297.56 million involving Sales Tax of Rs. 446.65 million in Sales Tax returns for the period from July 2012 to July 2017 from unregistered persons. The Department made out a case for non-payment of 1 % withholding tax of Rs. 42.98 million from unregistered persons and 1/5th withholding tax of Rs. 89.33 million from registered persons. The Show cause Notice to the extent of Rs. 446.65 million was withdrawn by the Department accepting taxpayer's contention that purchase from unregistered persons was in fact import of software whereupon SRO 660 (I) 2007 did not apply. However, the Department issued order for Rs.6.77 million as recoverable. The order for remaining extent was ultimately set aside by the Commissioner Appeals in May 2018. Audit is of the view that Order-in Original No 07/2017-18 merits re-examination under Section 45-A of the Sales Tax Act 1990, as the software brought in Pakistan cannot be treated as import until and unless proper GDs (Bills of Entry) is filed and cleared by Customs under Section 79 of the Customs Act, 1969. Software brought in Pakistan in violation of Customs Act, 1969 and rules made there under, is illegal as per law. It is evident that in the instant case the taxpayer has not produced any GDs (Bills of Entry) for import of software. This resulted into non-payment of Sales Tax amounting Rs. 446.65 million due to irregular exemption.

Management Response

LTU Karachi informed that registered person has been confronted with the audit observation and the case is under process.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the LTU to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious legal proceedings and justify exemption of tax.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6449-ST/K]

4.1.25 Loss of Rs. 413.45 million due to irregular adjustment of Sales Tax

According to Rule (2A) of Rule 58H of Sales Tax Special Procedure Rules, 2007, adjustable Sales Tax at the rate of Rs. 5,600 per metric ton shall be levied and collected on import stage of re-meltable iron and steel scrap falling under PCT heading 7204.3000, 7204.4100 and 7204.4990, whereas non-adjustable Sales Tax Rs.5,600 per metric ton shall be levied and collected on import of waste and scrap of compressors falling under PCT heading 7204.4940.

According to Sub Rule (2C) read with Rule 58H of Sales Tax Special Procedure Rules, 2007, steel melters may obtain adjustment of sales tax paid at import stage at Rs. 5,600 per metric ton through their electricity bills on the basis of adjustment certificate issued by Commissioner Inland Revenue under rule (3A) of the Rules ibid.

M/s. Quetta Electric Supply Company Limited (NTN 044052-1) registered with RTO Quetta had adjusted Sales Tax of Rs. 413.45 million from the tax charged to steel melters itself and paid remaining amount to government exchequer, during the year 2017-18. Audit is of the view that the Commissioner Inland Revenue is empowered to issue adjustment certificate to electric distribution companies for such adjustment. This showed that M/s QESCO had made irregular adjustment of Sales Tax of Rs. 413.45 million.

Management Response

RTO Quetta informed that after issuance of STGO No.119/2017 dated 02.08.2017, there is no short payment of Sales Tax due to irregular adjustment of Sales Tax as the adjustment notes are available in the taxpayer; login.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the RTO to get verify the input tax adjustment of the registered person in term of STGO 119/2017 dated 02.08.2017 from Audit by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Get the contention verified by Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6433-ST/K]

4.1.26 Loss of Rs. 347.06 million due to non recovery of Sales Tax on cotton seed oil and oil cake

In supersession of its earlier SRO 213(I)/2013 dated 15-03-2013 imposing Sales Tax on “Cotton Seed oil” @ 2% *ad valorem* and entry No.2 of Eight Schedule of the Sales Tax Act 1990 imposing Sales Tax @ 5% on “Oil Cake”, the Federal Government vide SRO 188(I)2015 dated 05.03.2015 imposed Sales Tax on “Cotton Seed” @ Rs.6 per 40 kg. SRO 188(I) 2015 dated 05.03.2015 was declared ultra-vires by the Apex Court in 2016. FBR clarified in July, 2018 that by striking down the SRO the earlier rates of Sales Tax on “Cotton Seed Oil” and “Oil Cake” were restored and Sales Tax was recoverable from the registered persons.

Eighty (80) taxpayers registered with two field offices of FBR made supply of oil cake and cotton seed oil during the tax period from 2014-2015 to 2017-18, but did not pay Sales Tax. The Department issued show cause notices and decided that Sales Tax was recoverable. The registered persons filed appeals against the Orders-in-Original before Commissioner Appeals which were rejected and Orders-in-Original were upheld. The Department was required to initiate legal proceedings for recovery of Sales Tax but the same was not done. This resulted into non-recovery of government revenue amounting Rs. 347.06 million.

Management Response

Department replied that: (a) an amount of Rs. 73.43 million was under recovery, (b) cases of Rs. 206.47 million were under adjudication and (d) cases of Rs. 67.16 million were confronted to the taxpayers with the audit observation.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings and submit updated status to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-16]

4.1.27 Loss of Rs. 319.68 million due to under valuation of taxable supplies

According to Section 3 read with Section 2(46) of the Sales Tax Act, 1990 there was to be charged, levied and paid Sales Tax at the specified 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. And value of supply means that in respect of a taxable supply, the consideration in money including all Federal and Provincial duties and taxes, if any, which the supplier received from the recipient for that supply but excluding the amount of tax.

M/s Noubahar Bottling Company (PVT) Limited (NTN 0305733-0) registered with RTO Gujranwala, did not include the amount of Federal Excise Duty in the value of taxable supplies of beverages for the purpose of levy of Sales Tax during the year 2017-18. Consequently the value of taxable supplies was reduced and the government had to sustain a loss of revenue in Sales Tax head amounting Rs. 319.68 million.

Management Response

Department replied that case of Rs. 319.68 million is under adjudication.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to pursue subjudice cases at appropriate level and submit updated status to Audit and FBR accordingly. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18062-ST]

4.1.28 Loss of Rs. 288.32 million due to non-payment of Sales Tax due to non-determination of Minimum Tax liability

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 percent of the value of taxable supply. According to Section 11(6) of the Sales Tax Act 1990, where a registered person fails to file a return, an officer of the Inland Revenue, shall determine the minimum tax liability of the registered person.

Nineteen (19) taxpayers, registered with three field offices of FBR, neither paid Sales Tax nor filed Sales Tax returns for certain tax periods during the year 2017-18. The Department was required to determine minimum tax under Section 11(6) of the Sales Tax Act, 1990 but the same was not done. This resulted into non-payment of Sales Tax amounting Rs. 288.32 million.

Management Response

LTU Karachi informed that registered person has been confronted with the audit observation and the case is under process.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the LTU to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-17]

4.1.29 Loss of Rs. 253.16 million due to non-realization of Sales Tax on disposal of fixed assets/waste/scrap

According to Section 3 of the Sales Tax Act, 1990, “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 Section 2(35) of the Sales Tax Act, 1990 provides that disposal of fixed assets is taxable supply if not otherwise exempted under Sr. No 6 of Table II of Sixth Schedule of the Act”.

Fifty six (56) taxpayers registered with twelve (12) field offices of FBR supplied fixed assets, waste & scrap which were liable to Sales Tax but neither tax was paid by the taxpayers nor realized by the tax authorities during the years 2016-2017 to 2017-18. This resulted into non-realization of Sales Tax amounting Rs.253.16 million which also attracted penalty and default surcharge leviable under the law.

Management Response

Department replied that: (a) an amount of Rs. 2.29 million was recovered; (b) Rs. 1.98 million under recovery; (c) cases of Rs. 54.21 million were awaiting action by the Department; (d) cases of Rs. 62.49 million were under adjudication (e) cases of Rs 94.33 million were confronted to the taxpayers with the audit observations (f) whereas no response had been received from the Department in cases of Rs. 37.86 million.

DAC Decision

DAC in its meetings held from 8^{th} to 11^{th} and 15^{th} to 18^{th} January, 2019 settled the para to the extent of amount recovered Rs.2.29 million and directed the Department to expedite recovery/legal/adjudication proceedings, and get the contested cases verified from audit and submit updated status to Audit and FBR by 21.01.2019 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication and completion of legal action.
- Expedite the verification of contested cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-18]

4.1.30 Loss of Rs. 174.63 million due to incorrect zero rating of Sales Tax

Supply of certain goods were irregularly charged to zero rating of Sales Tax by the registered persons but no corrective action was initiated by the Department which resulted into loss of Rs. 174.63 million.

a) Under Section 3(1) (a) read with section 2(46) 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 carried on by him.

M/s. Concrete Sleeper Factory Pakistan Railway (NTN 9013503-2) registered with RTO Sukar made taxable supplies of concrete sleepers valuing of Rs. 188.208 million during 2016-17 and 2017-18 and charged Sales Tax at the rate of zero percent. Whereas the goods supplied were not covered under zero rating and hence chargeable to Sales Tax at the rate of seventeen percent. This resulted into loss of government revenue of Rs. 31.99 million due to incorrect zero rating of Sales Tax.

Management Response

RTO Sukar informed that the show cause notice dated 06.12.2018 and reminder dated 26.12.2018 has been issued and the case is under adjudication.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the RTO Sukar to expedite the adjudication and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6421-ST/K]

b) Entry No 12 of Fifth Schedule of the Sales Tax Act 1990, read with Chapter XIV of the Sales Tax Special Procedure Rules 2007, zero rating is admissible to the manufacturers of preparations suitable for infants, put up for retail sales (PCT heading 1901.1000), subject to certain conditions and limitations. The procedure inter alia includes determination of input output ratio of manufacturer by Input-Output Co-efficient Organization (IOCO) and approved quantity of raw materials, packing raw materials etc shall be charged to tax, by vendors, at rate of zero percent.

M/s Burque Corporation (Pvt.) Ltd (NTN 3358510-5) registered with LTU Karachi made supply of cereal and grains (PCT heading 10-b), valuing Rs.839.01 million to retailers, wholesalers and unregistered buyers and charged Sales Tax at zero percent during the year 2017-18. Audit is of the view that zero rating was not admissible as buyers were manufacturers of preparation for infants and also not approved by IOCO. This resulted into loss of Rs.142.63 million due to incorrect zero rating of Sales Tax.

Management Response

Department informed that case was confronted to the taxpayers with the audit observation.

DAC Decision

DAC in its meeting held in from 8th to 11th January, 2019 directed the LTU Karachi to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6393-ST/K]

4.1.31 Loss of Rs. 112.88 million due to non-realization of Sales Tax on supply of Electricity during testing phase

According to Section 3(1)(a) read with 2(46) of the Sales Tax Act, 1990 read with Rule 13(2)(b) of Sales Tax Special Procedure Rules, 2007 (the Special Procedure for Collection and Payment of Sales Tax on Electric Power) issued vide SRO 480 (I)/2007 dated 09.06.2007, 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.

M/s Fatima Energy Limited, registered with RTO, Multan had declared the "Revenue from sale of electricity during testing phase" amounting Rs.663.97 million as depicted in Note 12.3.3 of the Annual Audited Accounts for the years 2017. The registered person claimed input tax adjustments against the purchases of all materials / equipment but failed to pay the Sales Tax at the time of such supplies. The omission caused non-realization of Sales Tax of Rs. 112.88 million.

Management Response

Department replied that case of Rs. 112.88 million was under adjudication.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18232-ST]

4.1.32 Loss of Rs. 90.70 million due to evasion of Sales Tax and non-payment of penalty

As per Section 3 (1) and 3 (1A) of the Sales Tax Act 1990, there shall be charged, levied and paid a tax known as Sales Tax and Further Tax at the rate of seventeen per cent and two per cent respectively 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 serial 11(c) of Section 33 (1), 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. He shall, further be liable, upon conviction by a Special Judge, to imprisonment for a term which may extend to three years, or with fine which may extend to an amount equal to the amount of tax involved, or with both.

M/s North West Minerals (Private) Limited (NTN 3238681) registered with RTO Peshawar, as manufacturer/importer/exporter of mineral water, submitted Statement u/s 115 (4) for Tax Year 2016 and declared exports Rs. 345,269,094. He did not declare his purchases throughout the period due to which his manufacturing is not proved. On the other hand, he made transactions of cash withdrawals of (1,836,109*100/0.30) Rs. 612,036,333 u/s 231A of the Income Tax Ordinance 2001 which was near about double the amount of declared business sales. Prim facie, he concealed his actual production and sales. This resulted into evasion of Sales Tax Rs. 45.35 million which also attracts hundred percent penalty Rs. 45.35 million aggregating to Rs. 90.70 million.

Management Response

Department informed that entire amount of Rs. 90.70 million is under adjudication.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18278-ST]

4.1.33 Loss of Rs. 89.26 million due to excess adjustment of Input Tax

According to Section 8(B) 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.

Seventeen (17) registered persons with eight (8) field offices of FBR adjusted whole amount of Input Tax instead of 90% of the Output Tax as allowed under the above law. This resulted into short-realization of Sales Tax of Rs. 89.26 million due to excess adjustment of Input Tax during the years 2016-17 and 2017-18.

Management Response

Department replied that: (a) Rs. 6.63 million under adjudication; (b) cases of Rs. 38.16 million were awaiting action and; (c) cases of Rs. 29.51 million were not responded by the Department,(d) cases of Rs. 3.35 million were contested and (e) cases of Rs. 11.61 million were under process by the Department.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite legal/adjudication proceedings, get the contention verified by Audit and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-19]

4.1.34 Loss of Rs. 71.47 million due to inadmissible adjustment of input tax on import of scrap of compressor

According to Rule 58H (2A) of Sales Tax Special Procedures Rules 2007, amended vide SRO 484(I)/2015 dated 30-06-2015 "Non-adjustable Sales Tax Rs. 5,600/- per metric ton shall be levied and collected on import of waste and scrap of compressors falling under PCT heading 7204.4940" Further as per Rule (2 B) Local supplies of re-melt able iron and steel scrap shall be charged to Sales Tax at the rate of Rs. 5,600 per metric ton.

M/s KBS Mettle (Pvt.) Limited NTN (3650857-8) registered with RTO Gujranwala, a Private Ltd Company, was engaged in the business of manufacturing of structural metal products. The taxpayer imported scrap of compressor falling under PCT heading 7204.4940 from February to March 2016 and paid Sales Tax @ Rs. 5600 per metric ton. As per law ibid tax paid on import stage on compressor scrap was not adjustable but taxpayer adjusted whole amount of Sales Tax as evident from Sales Tax returns**.** It is pertinent to mention here that under rule 2B taxpayer was required to pay Sales Tax @ Rs. 5600 per metric ton on supplies but same was also not done. The lapse resulted into inadmissible adjustment of inputs tax amounting Rs. 71.47 million during the Financial Year 2016-2017 and 2017-2018.

Management Response

Department replied that an amount of Rs. 39.79 million was under recovery and cases of Rs. 31.68 million were awaiting action by the Department

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite recovery/legal/adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.

- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18068-ST]

4.1.35 Loss of Rs. 55.47 million due to non-recovery of Sales Tax payable on electricity bills

According to Rule 58H of Sales Tax Special Procedure Rules, 2007 every steel-melter, steel re-roller and composite unit of steel melting and re-rolling (having a single electricity meter), shall pay Sales Tax at specified rate per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS) products which will be considered as their final discharge of Sales Tax liability.

Two registered persons having NTN 0786536-8 and 0786537-6 registered with CRTO, Lahore had not paid Sales Tax along with electricity bills as per rate defined in Special Sales Tax Procedures Rules, 2007 (Steel Sector). Neither the registered persons deposited the actual amount of Sales Tax nor did the Department initiate any action to recover this amount. This resulted into loss of government revenue Rs. 55.46 million during Financial Year 2017-18.

Management Response

Department informed that the case is under process / examination.

DAC Decision

DAC in its meetings from 15th to 18th January, 2019 directed the Department to expedite legal proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18427-ST]

4.1.36 Loss of Rs. 49.99 million due to in-correct application of rate of Sales Tax

According to Section 3(2)(aa) read with Eighth Schedule to the Sales Tax Act 1990, the goods specified in the Schedule shall be charged to tax at the rates of 5%, 7% and 17% of value of supply subject to such conditions and limitation as specified therein.

M/s. Imtiaz Ahmed Memon (NTN 2123350-7) registered with RTO Sukar made supply of fertilizer and charged Sales Tax at the rate of 3% , 5% and 10% instead of 5%, 7% and 17% of value of supply during the tax period of June 2018. The Department did not take notice of incorrect application of rate of Sales Tax. This resulted into loss of Rs. 49.99 million due to in-correct application of reduced rate of Sales Tax.

Management Response

RTO Sukar informed that registered person has been confronted with the Audit observation vide letter dated 01.01.2019 and the case is under process.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the RTO to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of the dues.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6420-ST/K]

4.1.37 Loss of Rs. 20.59 million due to irregular zero rating of Sales Tax on supply of sugar under DTRE

Under Section 4(a) of the Sales Tax Act 1990, goods exported or goods specified in the Fifth Schedule shall be charged to tax at the rate of zero per cent. According to S. No. 7 of the Fifth Schedule, supplies made to exporters under the Duty and Tax Remission for Export Rules, 2001 are subject to observance of procedure and restrictions prescribed in Rule 299 (3) and (4) of Customs General Order No.6 of 2001.

M/s Khairpur Sugar Mills (NTN 0710885-7) registered with RTO Sukar made supply of molasses of Rs.257.374 Million under DTRE and charged Sales Tax at the rate of zero per cent. The application of zero rate of Sales Tax could not be authenticated by audit without verifying the relevant DTRE approval and observance of prescribed conditions. This resulted into loss of Sales Tax of Rs.20.59 million due to irregular zero rating.

Management Response

RTO Sukar informed that the show cause notice dated 06.12.2018 and reminder dated 26.12.2018 has been issued and the case is under adjudication.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the RTO Sukar to expedite the adjudication and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of government revenue.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6422-ST/K]

4.1.38 Loss of Rs. 18.45 million due to wrong issuance of exclusion/ adjustment certificates of Sales Tax on electricity bills

According to Rule 58H of Sales Tax Special Procedure Rules, 2007 every steel-melter, steel re-roller and composite unit of steel melting and re-rolling (having a single electricity meter), shall pay Sales Tax at specified rate per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS) products which will be considered as their final discharge of Sales Tax liability. Moreover, the Commissioner of Inland Revenue may, if he considers it expedient in the interest of revenue, collect Sales Tax directly from steel melters and re-rollers at the rates prescribed in sub rule (1) and (2) as the case may be. In case of such direct collection of Sales Tax, the Commissioner shall issue adjustment certificate to the electricity distribution company, which shall adjust the amount of Sales Tax so paid in the electricity bills of the registered person.

Three (03) registered persons registered with CRTO, Lahore were using electricity for steel and iron production and liable to pay Sales Tax as per rate of Sales Tax defined in Sales Tax Special Procedures Rules, 2007 (Steel Sector) through different SROs in different tax periods. Exclusion certificate of Sales Tax to three (3) registered persons for Rs. 69,746,040 from electricity bill reference Nos. detailed below which the taxpayers had deposited in the Government treasury, whereas Sales Tax payable for the months were Rs.69,746,040 as per Sales Tax returns. Registered person had paid only Rs.25,741,504 and Rs. 25,558,887 alongwith import. Therefore, instead of recovering balance amount of Rs. 18,445,649 for the previous months as detailed below, Department had issued exclusion certificate of next months for an amount of Rs. 21,739,903 (11,036,742+7,703,161+3,000,000).

(Amount in Rs.)

NTN No/bill ref No.	Payable/ Month	Exclusion Certificate for ST	ST paid at Import	Short paid
1285107/24-11714-9001800U	27,439,440/ January	10,916,766	9,885,181	6,637493
0226017/24-11-3539003100U	21,796,320/ April	8,671,654	9,226,370	3,898,296
4050001/ 24-11-3559004802U	20,510,280/ May	6,153,084	6,447,336	7,909,860
Total:	**69,746,040**	**25,741,504**	**25,558,887**	**18,445,649**

This resulted into loss of government revenue Rs. 18.45 million due to wrong issuance of exclusion certificates during 2017-18.

Management Response

Department replied that no response has been received for the cases of Rs. 18.45 million.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite legal proceedings, and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious finalization of the legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18439-ST]

4.1.39 Loss of Rs. 19.70 million due to non-realization of Sales Tax

According to Section 3 of the Islamabad Capital Territory (Tax on Services) Ordinance, 2001, there shall be charged, levied and paid a tax know as Sales Tax at rates specified in column (4) of the Schedule to this Ordinance of the value of the taxable services rendered or provided in the Islamabad Capital Territory.

M/s Crown Vista (NTN 7183545) dealing with principle activity "Real estate activities/real estate activities with own or leased property" fall under the jurisdiction of RTO, Islamabad, performed the task of construction services more than Rs. 50 million during Tax Year 2017 but failed to register itself under Islamabad Capital Territory (Tax on Services) Ordinance, 2001". The Income Tax return for the Tax Year 2017 showing turn over Rs. 123.148 million which clearly indicated that sales concealed from application of Sales Tax. The omission resulted into potential loss of revenue of Sales Tax @16% amounting Rs. 19.70 million due to non-registration under Islamabad Capital Territory (Tax on Services) Ordinance, 2001.

Management Response

Department replied that an amount of Rs. 19.70 million is under recovery.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to expedite legal proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 17799-ST]

4.1.40 Loss of Rs. 19.01 million due to non-realization of Sales Tax from vehicle dealers

According to Rule 48 of Sales Tax Special Procedure Rules 2007, each manufacturer or as the case may be, importer of vehicles shall declare to the Commissioner of Sales Tax having jurisdiction, the rates of commission payable to his dealers in case of each category, make and model of vehicle. Any change or alteration made therein shall be communicated to the Commissioner within seven days. Commissioner can ascertain or verify the accuracy of the declared rates or amounts of commissions and other information supplied under any of the provisions of this chapter.

Six (6) dealers/distributors registered with RTO, Peshawar were buying and selling vehicles or goods but were not paying their part of due tax. As per purchase price and sales price of goods/vehicles there was value addition of dealers/distributor. But neither dealers were paying nor the Department realising sales on value addition. This resulted into potential loss of Sales Tax of Rs. 19.01 million.

Management Response

Department replied that an amount of Rs. 0.552 million was under adjudication whereas cases of Rs. 18.46 million were confronted by the Department.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No 18302-ST]

4.1.41 Loss of Rs. 9.83 million due to non realization of Sales Tax by concealing the value of supplies

According to Section 3(1) (a) read with Section 26(1) 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. Every registered person shall furnish not later than the due date a true and correct return in the prescribed form to a designated bank indicating the purchases and the supplies made during a tax period, the tax due and paid and such other information, as may be prescribed.

Three (03) registered persons of RTO, Sialkot had declared less sales in their Sales Tax returns as revealed by working back the withholding tax declared in their Income Tax returns and Further Tax. This resulted into non realization of Sales Tax of Rs. 9.83 million due to concealing the value of supplies.

Management Response

Department replied that an amount of Rs. 2.96 million under adjudication and cases of Rs. 6.87 million were awaiting action by the Department.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to expedite legal/adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Internal controls needed to be strengthened to avoid recurrence of such irregularities in future.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No 17911 & 18219-ST]

4.1.42 Loss of Rs. 7.31 million due to application of incorrect rate of Sales Tax

According to Section 3(1) (a) of the Sales Tax Act 1990 (as amended vide Finance Act, 2013) 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 2(16) of Sales Tax Act, 1990 define that any process in which an article singly or in combination with other articles, materials, components, is either converted into another distinct article or product or is so changed, transformed or reshaped that it becomes capable of being put to use differently or distinctly and includes any process incidental or ancillary to the completion of a manufactured product.

Three (03) registered persons registered with RTO, Islamabad involved in the business of restaurants and mobile food service activities made taxable supplies and charged Sales Tax at the rate of sixteen percent instead of seventeen percent. The irregularity resulted into short realization of Sales Tax due to application of incorrect rate amounting Rs. 7.31 million.

Management Response

Department replied that an amount of Rs. 7.31 million was under recovery.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 settled the para to the extent of amount not due Rs. 4.09 million and directed the Department to expedite recovery/legal/adjudication proceedings and submit updated status to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 17795-ST]

4.1.43 Loss of Rs. 6.93 million due to non-payment of Sales Tax

According to Rule 58 H(1) of Special procedures of Rule 2007, every steel-melter, steel re-roller, composite units of melting, re-rolling and MS cold drawing and composite unit of steel melting and rerolling (having a single electricity meter), excluding units operated by sugar mills or other persons using self-generated electricity shall pay Sales Tax at the rate of 10.50 rupees per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS) products excluding stainless steel, which will be considered as their final discharge of Sales Tax liability.

M/s LIEDA (NTN 2917759-6), registered with RTO Quetta, made supply of electricity to M/s IMI Steel Industries (Pvt.) Ltd (NTN 3075482-8) during the year 2017-18 but failed to deposit Sales Tax on consumption of electricity bills at the rate of Rs.10.50 per unit during the tax periods from January 2018 to June 2018. The Department did not take legal proceedings for recovery of tax against the registered person. This resulted into non-payment of Sales Tax amounting Rs. 6.93 million.

Management Response

RTO Quetta informed that M/s IMI Steel is a steel re-roller whose Sales Tax liabilities are discharged through electricity bills under Rule 58H of the Sales Tax Special Procedure Rules, 2007. M/s LIEDA, being the electricity supplier, charged, collected and deposited the Sales Tax from M/s IMI Steel and other steel re-rollers and M/s LIEDA has charged, collected and deposited Sales Tax amounting Rs.13.079 million from IMI Steel.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the RTO Quetta to provide the reconciliation statement in respect of amount paid by M/s. LIEDA and shown in the electricity bills of M/s. IMI Steel to Audit by 15.01.2019 for verification. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 6441-ST/K]

4.1.44 Loss of Rs. 6.17 million due to inadmissible adjustment of input tax

According to Sr. No.31 of the Eighth Schedule to the Sales Tax Act, 1990, pesticides and their active ingredients shall be charged to tax @ 7% subject to the condition that in case of supplies, no input tax credit shall be admissible, except that of the tax paid under this serial number.

M/s Amgill (Pvt.) Limited (NTN-0667531), manufacturer of pesticides, registered with RTO, Sargodha was charging Sales Tax @ 7% according to law but claimed the input tax adjustment on goods liable to Sales Tax @17%, whereas, the taxpayer was required to adjust only input tax paid @7% under Sr. No.31 of the said Schedule. The lapse resulted into inadmissible adjustment of input tax of Rs. 6.17 million during the year 2015-2016.

Management Response

Department replied that an amount of Rs. 6.17 million were under adjudication.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and submit updated status to

Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 17577-ST]

4.1.45 Loss of Rs. 2.98 million due to short payment of Sales Tax and Value Addition Tax

As per clause (i) of serial No.6 of the Eighth Schedule to the Sales Tax Act 1990 reduced rate of Sales Tax @ 5% shall be charged on import of plant & machinery not manufactured in Pakistan and as per clause (iv) subsequent supply of plant and machinery imported or acquired by registered manufacturers to unregistered persons or persons other than manufacturers shall be liable to tax at standard rate. According to Rule 58B of the Sales Tax Special Procedure Rules 2007 The Sales Tax on account of minimum value addition hereinafter referred to as value addition tax in this Chapter shall be levied and collected at import stage on goods as specified aforesaid at the rate of 3 three per cent of the value of goods in addition to the tax chargeable under Section 3 of the Act or a notification issued thereunder.

M/s Sarina Thermoplastics (Private) Limited NTN 1254133 of RTO Abbottabad was granted Income Tax refund Rs. 1.94 million for the Tax Year 2014 vide DCR No.03/31dated 08.09.2016. A GD placed in case file revealed that tax payer imported machinery for thermoplastic industry one complete unit with standard accessories. No addition of plant and machinery has been made in assets plant and machinery as per audited accounts for year ending 30.6.2014 which revealed that the same had not been used in-house and supplied to some other person. This revealed that the import was for commercial purpose. Thus the R/P avoided standard rate of Sales Tax @17 % and value addition tax @ 3% at import stage. This resulted into short payment of Sales Tax Rs. 2.39 million and Value Addition Tax Rs. 0.59 million aggregating Rs. 2.98 million.

Management Response

Department replied that cases of Rs. 2.98 million were awaiting action by the Department.

DAC Decision

DAC in its meetings held from 15th to 18th January, 2019 directed the Department to expedite legal proceedings and submit updated status to Audit and FBR by 21.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No 17646-ST]

4.1.46 Loss of Rs. 466.03 million due to non imposition of penalty from non-filers of Sales Tax returns

According to Section 26 read with Section 33 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 five thousand rupees for non filing of each return.

Contrary to above, eleven hundred (1100) registered persons of twelve (12) field offices of FBR did not file their Sales Tax returns on due dates during the years 2016-17 & 2017-18. The RTOs/LTUs had not initiated any legal action for imposition of penalty against the defaulters. This resulted into loss of Rs. 466.03 million due to non-imposition of penalty.

Management Response

The irregularity was pointed out during February to April & July to Nov, 2018. The Department replied that: (a) an amount of Rs. 9.48 million was under adjudication; (b) cases of Rs. 40.36 million were under process, (c) cases of Rs. 0.55 million were contested by the Department (d) cases of Rs. 230.24 million not due and (e) cases of Rs. 185.40 million were confronted to the taxpayers with the audit observations.

DAC Decision

The DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 settle the para to the extent of Rs. 230.24 million directed the Department to expedite recovery/legal/ adjudication proceedings, and get the contention verified from audit and submit updated status to Audit and FBR by 31.01.2019. No progress was reported till finalization of report.

Audit Recommendations

- Non imposition of penalty may be justified.
- Legal proceedings may be initiated/finalized.

[Annexure-20]

4.2 Refund of Sales Tax

4.2.1 Loss of Rs. 20.36 million due to inadmissible payment of Sales Tax refund

Sales Tax Act, 1990 read with Sales Tax Rules, 2006 and various SROs issued by FBR allowed payment of refund subject to fulfilment of certain requirements.

Refund of Sales Tax of Rs. 20.36 million was sanctioned and paid by four (04) field formations of FBR in eight (08) cases in excess of the due amount and in violation of provisions of law as detailed below:

(Rs. in million)

S. No.	Office	No. of cases	Amount	Law/Rule violated
1	RTO Abbottabad	03	10.48	Section 11(2) & 73 of the Sales Tax Act, 1990 and Rule 33 of the Sales Tax Rules, 2006.
2	CRTO Lahore	02	6.71	Section 8(1)(h) of Sales Tax Act, 1990 & Rules 28,34,35 of Refund Rules, 2006.
3	RTO Sialkot	02	0.79	Section 10 & Rule 33 of Sales Tax Act, 1990 Rules 28,34,35 of Refund Rules, 2006.
4	RTO Gujranwala	01	2.38	Section 10 read with Section 13& Sixth Schedule of the Sales Tax Act, 1990
	Total	**08**	**20.36**	

This resulted into inadmissible payment of Sales Tax refund of Rs. 20.36 million.

Management Response

The Department replied that (a) cases of Rs. 12.86 million were under process; (b) cases of Rs. 4.72 million were under adjudication; (c) cases of Rs. 2.78 million were contested by the Department.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and get position verified in contested/under process cases from Audit by 31st January, 2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication of amount pointed out.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-21]

4.2.2 Loss of Rs. 14.45 million due to excess refund of Sales Tax

According to Rule 33 of the Sales Tax Rule, 2006, refund to the registered claimants 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.

Two (02) field offices of FBR sanctioned refund of Sales Tax in two (02) cases in excess of the raw material actually consumed in zero rated/exported goods. This resulted into excess sanction of Sales Tax refund of Rs.14.45 million from July, 2016 to June, 2017.

Management Response

The Department replied that (a) cases of Rs. 1.12 million were under process; (b) cases of Rs. 13.33 million were contested by the Department.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to get the position verified in contested/under process cases from Audit by 31st January, 2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.18094 &18422-ST]

4.2.3 Loss of Rs. 15.52 million due to inadmissible sanction of Sales Tax refund related to Provincial receipts

According to Section 8 (1) (f & h) read with SRO 549(I)/2008 dated 11.06.2018 of the Sales Tax Act, 1990, a registered person shall not be entitled to reclaim or deduct input tax paid on goods used or to be used for any other purpose for taxable supplies made or to be made by him and the goods in respect of which Sales Tax has not been deposited in the government treasury by the respective supplier.

Two (02) field offices of FBR sanctioned refund of Sales Tax in four (04) cases on purchase of goods which were not related to finished / taxable goods. This resulted into inadmissible sanction of Sales Tax refund of Rs.15.52 million during 2017-18.

Management Response

The Department replied that: (a) cases of Rs. 8.25 million were under recovery: (b) cases of Rs. 3.98 million were under adjudication; (c) cases of Rs. 1.21 million were contested by the Department; and (d) an amount of Rs. 2.08 million had been recovered but was to be verified by Audit.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and get position verified in recovered/ contested/under process cases from Audit by 31st January, 2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/legal proceedings of cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.17922,18433,18434,18435-ST]

4.2.4 Loss of Rs. 2.69 million due to excess refund of Sales Tax

According to Section 10(2) of the Sales Tax Act, 1990, read with Rule 71 of Sales Tax Refund Rules, 2006, if a registered person is liable to pay any tax, default surcharge or penalty payable under any law administered by the Board, the refund of input tax shall be made after adjustment of unpaid outstanding amount of tax or, as the case may, default surcharge and penalty.

Two (02) field offices of FBR sanctioned refund of Sales Tax in three (03) cases by ignoring the outstanding adjudged liability against the taxpayer. This resulted into excess sanction of Sales Tax refund of Rs. 2.69 million during the year 2017-18.

Management Response

The Department replied that cases of Rs. 2.69 million were under adjudication.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to expedite adjudication proceedings and get position verified from Audit by 31st January, 2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.17927, 18092-ST]

4.2.5 Loss of Rs. 10.06 million due to non deduction of Withholding Tax on purchases made from unregistered persons

According to Section 10 of the Sales Tax Act, 1990 read with Rule 2 (3) (ii) of Sales Tax Special Procedure (Withholding) Rules, 2007, a withholding agent on purchase of taxable goods from persons not registered, shall deduct Sales Tax at the rate of one percent of the value of taxable supplies made to him from the payment due to the supplier and the amount of Sales Tax for the purpose of this Rule shall be worked out on the basis of gross value of taxable supply; provided that the withholding agent shall not be entitled to reclaim or deduct the amount of tax withheld from such persons as input.

RTO Gujranwala under the jurisdiction of FBR sanctioned Sales Tax Refund to a taxpayer during the year 2017-18 by ignoring that taxpayer carried out the business of copper & iron products and made purchases from unregistered persons from December 2017 to June 2018. The taxpayer was required to deduct Sales Tax @ 1% on purchases made from unregistered persons but same was not deducted and paid in government exchequer. This resulted into excess sanction of Sales Tax refund of Rs.10.06 million during 2017-18 due to non deduction of Withholding Tax.

Management Response

The Department replied that cases of Rs. 10.06 million were under process.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to expedite the under process cases and get the position verified from Audit by 31st January, 2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/legal proceedings of the case.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18073-ST]

4.3 Federal Excise Duty

4.3.1 Loss of Rs. 5,910.14 million due to non-realization of Federal Excise Duty

According to Section 3 of the Federal Excise Act 2005 read with Rule 41A of the Federal Excise Rules, 2005 and Table II thereof, Federal Excise Duty on services provided by air craft operators in respect of travel by air within Pakistan and international air travel are payable by air line by the 15th day of the following second month.

Two (02) registered persons of LTU Karachi, did not deposit the Federal Excise Duty amounting Rs. 5,910.14 million on taxable services rendered during the tax period of August 2017 and March 2018 to June 2018. Department failed to take recovery measures against the taxpayers which resulted into non-realization of Federal Excise Duty amounting Rs. 5,910.14 million. Details are given below:

(Rs. in million)

S. No.	name of taxpayers	DP No.	Tax period	Amount
1	M/s Pakistan International Airline Corporation (NTN 0803450-8)	6375-ST/K	March to June 2018	3,910.14
2	M/S Shaheen Air International (NTN 2147899)	6376-ST/K	August 2017, March 2018 to June 2018	2000.00
			Total	**5,910.14**

Management Response

LTU Karachi informed that registered person has been confronted with the Audit observation vide letter dated 01.01.2019 and the case is under process.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the LTU to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of the dues.
- Holding of inquiry to fix responsibility against the person(s) at fault.

4.3.2 Loss of Rs. 1,584.43 million due to non-realization of Federal Excise Duty

According to Rule 60 of the Federal Excise Rules, 2005, where any amount of Federal excise duty or any sum is due from any person, the officer of Federal excise may deduct the amount from any amount owing to person from whom such amount is recoverable, stop removal of goods from business premises of such person, attach or sell without attachment any movable or immovable property of such person until amount of duty is recovered in full.

Twenty three (23) taxpayers, registered with LTU Karachi, did not pay assessed Federal Excise Duty but went into litigation. The cases were subjudice under appellate fora. Audit is of the view that unless there existed any valid stay order, the Department was required to recover assessed government dues as per law but the same was not done during the year 2017-18. This resulted into non realization of Federal Excise Duty of Rs. 1,584.43 million.

Management Response

The LTU, Karachi informed that registered persons have been confronted with the Audit observation and the case is under process.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the LTU Karachi to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 6445-ST/K]

4.3.3 Loss of Rs. 167.18 million due to non realization of Federal Excise Duty on Services

According to Section 3(d) read with Section 3(5)(d) of the Federal Excise Act, 2005, there shall be levied and collected in such manner as may be prescribed duties of excise on services provided in Pakistan including the services originated outside but rendered in Pakistan; at the rate of fifteen per cent ad valorem except the goods and services specified in the First Schedule, which shall be charged to Federal Excise Duty as, and at the rates, set-forth. The First Schedule describes the rate of FED @ 18.5% of charges on telecommunication services excluding such services in the area of a Province where such Province has imposed Provincial sales tax and has started collecting the same through its own Board or Authority, as the case may be.

M/s CCS Comservice Pakistan Solutions (Private) Limited (NTN 3346801) falling under the jurisdiction of Regional Tax Office, Islamabad, engaged in the business of telecommunication services which were liable for Federal Excise Duty @ 18.5% but the Sales Tax record of the taxpayer revealed that the taxpayer failed to charge FED as required by above law. The lapse resulted in non-realization of FED amounting Rs. 167.19 million.

Management Response

The DAC directed the RTO to expedite the adjudication and submit progress to Audit and FBR by 31.01.2019. No further progress was reported till finalization of the report.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the RTO to expedite the adjudication and submit progress to Audit and FBR by 31.01.2019.

Audit Recommendations

- Expeditious recovery/legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.17801-FED]

4.4 Income Tax

4.4.1 Loss of Rs. 1,651.18 million due to non-levy of Minimum Tax

Section 113 of the Income Tax Ordinance, 2001 provides that Minimum Tax on the turnover of the taxpayers at prescribed rate is payable, if no tax is payable due to any reason, including assessment of losses or allowing any tax credit, or the tax payable is less than the Minimum Tax. This provision of the law is applicable to the resident company, association of persons and individuals having turnover of rupees ten million or above.

In nineteen (19) field formations of FBR, three hundred and seven (307) taxpayers did not pay Minimum Tax as required under the aforesaid provisions of law. This resulted into loss of revenue amounting Rs. 1,651.18 million during Tax Years 2013 to 2017.

Management Response

Department replied that: (a) tax of Rs. 2.47 million was charged and recovered (b) amount charged but not recovered Rs.12.18 million (c) legal proceedings for charging tax of Rs. 1,626.53 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of Minimum Tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-22]

4.4.2 Loss of Rs. 13,296.60 million due to concealment of income or assets

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 to be chargeable to tax if not adequately explained by the taxpayer.

In eighteen (18) field formations of FBR, the taxpayers in their Sales Tax returns declared sales 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 i.e. concealed their income or filed inaccurate particulars. The omissions remained undetected despite tax returns and wealth statements were finalized by the same assessing authorities. This resulted into loss of Rs. 13,296.60 million due to concealment of income or assets in 906 cases.

Management Response

Department replied that: (a) tax of Rs. 25.74 million was charged and recovered (b) legal proceedings for charging tax of Rs. 13,270.86 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-23]

4.4.3 Loss of Rs. 11,797.15 million due to short levy of Super Tax

According to Section 4B of the Income Tax Ordinance 2001, a Super Tax shall be imposed for rehabilitation of temporarily displaced persons, for the Tax Years 2015, 2016 and 2017 on the income of every banking company at the rate of four percent and persons other than a banking company having income equal to or exceeding Rs.500 million at the rate of three percent of the income as specified in Division IIA of the First Schedule to the Ordinance. Some examples of major taxpayers are given as under:

In fourteen (14) field formations of FBR, the Super Tax on income of the persons was not paid by ninety three (93) taxpayers. The Department did not initiate any legal proceedings to levy the Super Tax. This resulted into loss of Rs. 11,797.15 million due to short levy of Super Tax for rehabilitation of temporarily displaced persons.

Management Response

Department replied that: (a) tax of Rs. 8.14 million was charged and recovered (b) amount charged but not recovered Rs. 61.70 million (c) cases amounting Rs. 493.51 million are subjudice (d) legal proceedings for charging tax of Rs. 11,233.80 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount, pursue the subjudice cases at appropriate fora and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-24]

4.4.4 Loss of Rs. 6,744.71 million due to non-apportionment of expenses between final and normal tax regimes

Section 67 of the Income Tax Ordinance, 2001 read with Rule 13 of the Income Tax Rules, 2002 provides for apportionment of expenses amongst various business activities carried out by a taxpayer under final tax regime and normal tax regime.

Nine (09) taxpayers registered with 07 field formations of FBR carried out business under final and normal tax regimes. The expenses under both tax regimes were not apportioned accordingly. The Department did not take remedial legal action for assessment of income as per law. This resulted into short assessment of income and consequent loss of revenue amounting Rs. 6,744.71 million in the Tax Years 2015 and 2016.

Management Response

Department replied that: (a) tax of Rs. 295.24 million was charged but recovery awaited (b) legal proceedings for charging tax of Rs. 6,449.47 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-25]

4.4.5 Loss of Rs. 1,103.01 million due to non-levy of default surcharge on payment of Tax after due date

According to Section 205 of the Income Tax Ordinance, 2001 where a taxpayer fails to discharge his tax liability on or before the due date of payment is required to pay default surcharge at the prescribed rate in addition to the original tax liability.

In seven (07) field formations of FBR, one hundred and sixty two (162) taxpayers did not pay the due tax within the specified time for Tax Years 2015 and 2016. The Department failed to discharge its statutory obligation to levy and recover the default surcharge as per above provisions of law. This resulted into loss of revenue amounting Rs. 1,103.01 million.

Management Response

Department replied that: (a) tax of Rs. 0.12 million was charged and recovered: (b) legal proceedings for charging tax of Rs. 1,102.89 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-26]

4.4.6 Loss of Rs. 354.64 million due to allowing inadmissible expenses

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.

In three (03) field formations of FBR, inadmissible expenses, such as, expenses where no Withholding Tax was deducted and where payments were made other than banking channel, were allowed to twelve (12) taxpayers while calculating taxable income, thereby, causing short assessment of taxable income. This resulted into under assessment of income causing loss of Rs. 354.64 million.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-27]

4.4.7 Loss of Rs. 797.13 million due to non-taxation of income from other sources

Section 39 of the Income Tax Ordinance, 2001 provides that income of every kind received by a taxpayer in a Tax Year was to be chargeable to tax in that year under the head Income from Other Sources, if it was not included in any other head specified in the Ordinance.

Eleven taxpayers (11) of five (05) field formations of FBR, earned income from other sources and incorrectly charged profit & loss expenses against the declared income. The Department did not levy tax on such income which resulted into loss of revenue amounting Rs. 797.13 million.

Management Response

Department replied that: (a) tax of Rs. 4.55 million was charged but recovery awaited (b) legal proceedings for charging tax of Rs. 792.58 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.

- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-28]

4.4.8 Loss of Rs. 10,195.04 million due to incorrect assessment of tax under respective heads of income

According to Section 4 read with Section 11 of the Income Tax Ordinance, 2001 total income is to be computed for charging of tax under the heads, Income from Salary, Income from Property, Income from Business, Income from Capital Gain and Income from Other Sources.

In thirteen (13) field formations of FBR, tax liability in two hundred thirty four (234) cases was incorrectly computed under respective heads of income. The Department did not initiate legal action under the relevant provisions of law for correct levy of tax. This resulted into loss of Rs. 10,195.04 million due to incorrect assessment of Income Tax.

Management Response

Department replied that (a) cases involving amount of Rs. 354.32 million is subjudice (b) legal proceedings for charging tax of Rs. 9,840.71 million had been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-29]

4.4.9 Loss of Rs. 970.13 million due to inadmissible depreciation allowance on fixed assets

Section 22, 23 read with Section 76(10) of the Income Tax Ordinance, 2001 provides that a taxpayer would be allowed depreciation allowance in a Tax

Year at prescribed rates against taxable income. This allowance would only be allowed if the depreciable assets were used in the business of the taxpayer.

In three (03) field formations of FBR, seven (07) taxpayers claimed inadmissible depreciation allowance during the Tax Years 2013 to 2017. The Department also did not take remedial action. This resulted into short assessment of income eventually causing loss of Rs. 970.13 million.

Management Response

Department replied that: (a) tax of Rs. 0.27 million was charged and recovered: (b) amount charged but recovery awaited Rs. 8.35 million (c) legal proceedings for charging tax of Rs. 961.51 million have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expedite the legal proceeding for recovery of tax.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-30]

4.4.10 Loss of Rs. 539.82 million due to non-treatment of Withholding Tax as Final and Minimum Tax

Section 148(7) of the Income Tax Ordinance, 2001 provides that Withholding Tax collected by the customs authorities at the time of import would be treated as final tax. Further as per Section 148(8), ibid, the tax required to be collected from a person on the import of edible oil for a Tax Year shall be Minimum Tax if the tax liability of the taxpayer is less than the tax collected on imports under normal tax regime.

In four (04) field formations of FBR, Withholding Tax collected on imports was treated as adjustable instead of final or Minimum Tax in seven (07) cases. The Department did not take remedial action to recover loss of revenue amounting Rs. 539.82 million.

Management Responses

Department replied that legal proceedings for charging of tax of Rs.539.82 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-31]

4.4.11 Loss of Rs. 882.10 million due to application of incorrect tax rates

Tax liability of taxpayers is determined according to rates specified in the First Schedule to the Income Tax Ordinance, 2001.

Four (04) taxpayer of two (02) field formations of FBR, had short levied Income Tax of Rs. 882.10 million during the Tax Years 2016 and 2017 due to application of incorrect tax rates on assessed income of the taxpayers. This resulted into loss of Rs. 882.10 million due to application of incorrect tax rates.

Management Response

Department replied that legal proceedings for charging of tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.

[Annexure-32]

4.4.12 Loss of Rs. 2,823.62 million due to non-recovery of arrears of tax demand

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.

Nine (09) field formations of FBR did not recover the arrears of tax demand of Rs. 2,823.62 million for the Tax Years 2009 to 2016 from one hundred seventy seven (177) taxpayers despite the fact that tax was levied by the Department on factual as well as on legal grounds.

Management Response

Department replied that: (a) tax of Rs.10.63 million was charged and recovered: (b) amount charged but recovery awaited Rs.0.31 million (c) legal proceedings for charging tax of Rs.2,812.68 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-33]

4.4.13 Loss of Rs. 6,320.15 million due to incorrect adjustment of tax credits

According to Section 168 of the Income Tax Ordinance, 2001 where an amount of tax has been collected from a person under Division II of this Part or Chapter XII or deducted from a payment made to a person under Division III of this Part or Chapter XII, the person shall be allowed a tax credit for that tax in computing the tax due by the person on the taxable income of the person for the Tax Year in which the tax was collected or deducted.

In thirty five (35) cases of thirteen (13) field formations of FBR, the assessing authorities while giving tax credit of advance tax deductions allowed excessive tax credit of Rs. 6,320.15 million. Either the tax deductions claimed were not verified from Integrated Tax Management System (ITMS) or not admissible under the law. This resulted into loss of revenue amounting Rs.6,320.15 million due to incorrect adjustment of tax credit during Tax Years 2013 to 2017.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-34]

4.4.14 Loss of Rs. 342.73 million due to incorrect tax credit claimed under Section 100C of the Income Tax Ordinance, 2001

According to Section 100C of the Income Tax Ordinance, 2001, read with Rule, 213(2)(e) the income of Non-profit organizations, trusts or welfare institutions, as mentioned in sub-Section (2) shall be allowed a tax credit equal to one hundred per cent of the tax payable, including Minimum Tax and final taxes payable under any of the provisions of this Ordinance, subject to the conditions, namely:- (a) return has been filed; (b) tax required to be deducted or collected has been deducted or collected and paid; and (c) withholding tax statements for the immediately preceding Tax Year have been filed and a trust or welfare institution or non-profit organization approved by Chief Commissioner for the purposes.

In three (03) field formations of FBR, seven (07) taxpayers were not entitled to claim 100% tax credit u/s 100C of the Ordinance because the taxpayers were violating Rule 213(2) (e) of Income Tax Rules, 2002 by giving salaries and wages more than fifty percent of its receipts. It was established that the taxpayers were not entitled to avail the benefit of Section 2(36) and tax credit available under the above provisions of law. As such income was required to be assessed under normal law. The record produced to Audit showed that the Department did not initiate any remedial action for retrieval of Government revenue so far. This resulted into loss of revenue amounting Rs. 342.73 million due to incorrect tax credit.

Management Response

Department replied that legal proceedings for charging tax had been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-35]

4.4.15 Loss of Rs. 2,006.39 million due to claim of undetermined expenses / liabilities

According to Section 34 (1) & (3) 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. An amount is to be payable by a person when all the events that determine liability has occurred and the amount of the liability can be determined with reasonable accuracy.

In three (03) field formations of FBR, seven (07) taxpayers claimed provisions for stores, spares, loose tools, exchange loss, and provisions of staff gratuity etc, which were not admissible. This resulted into short assessment of taxable income and consequently resulted into loss of revenue amounting Rs. 2,006.39 million.

Management Responses

Department replied that: (a) tax of Rs.0.31 million was charged but recovery awaited (b) legal proceedings for charging tax of Rs.2,006.08 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-36]

4.4.16 Loss of Rs. 2,088.06 million due to non-levy of Alternative Corporate Tax

Section 113C of the Income Tax Ordinance, 2001 provides that Alternative Corporate Tax is leviable, for Tax Year 2014 and onwards, tax payable by a company under normal tax regime or minimum tax under any provisions shall be higher of the Corporate Tax or Alternative Corporate Tax. Further, Alternate Corporate Tax means the tax at a rate of seventeen per cent of a sum equal to accounting income.

In three (03) field formations of FBR, three (03) companies neither pay Minimum Tax u/s 113 nor Alternative Corporate Tax for the Tax Years 2016 & 2017 @17% as required under the law. This resulted into short assessment of taxable income and consequently resulted into loss of revenue amounting Rs. 2,088.06 million.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-37]

4.4.17 Loss of Rs. 2.29 million due to non-realization of Income Tax

According to Clause 72 A of Part IV of Second Schedule, of the Income Tax Ordinance, 2001 the provisions of clause (l) and Section 21, Sections 113 and 152 shall not apply in case of a Hajj Group Operator in respect of Hajj operations provided that the tax has been paid at the rate of Rs.3,500 per Hajji for the Tax Year 2013 and Rs.5,000 per Hajji for the Tax Year 2014, to 2017 in respect of income from Hajj operations.

In a case of M/s Safina-E-Uhud (Private) Limited NTN- 3134604, under the jurisdiction, RTO Sialkot it was observed that the taxpayer was engaged in providing Haj services without paying tax of Rs.5000 per Haji for Tax Year 2017. The taxpayer neither performed its responsibility nor the Department taken any remedial measure to recover the government revenue. This resulted into non-realization of Income Tax of Rs. 2.29 million.

Management Response

Department replied that legal proceedings for charging tax of have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.17919-IT]

4.4.18 Loss of Rs. 732.38 million due to misuse of exemption under Clause 133 of 2nd Schedule to the Income Tax Ordinance, 2001

According to Clause 133 of Second Schedule of the Income Tax Ordinance, 2001, income from exports of computer software or IT services or IT enabled services up to the period ending on 30th day of 2019 shall be exempt from tax provided that eighty percent of export proceeds is brought into Pakistan in foreign exchange remitted from outside Pakistan through normal banking channels. Moreover, Export Policy Order 2009 provides that exports from Pakistan shall be made under the foreign exchange Rules regulations and procedures notified by the State Bank of Pakistan from time to time upon submission of such documents as may be prescribed.

Whereas, Chapter 12 of the Foreign Exchange Regulation Act, 1947 provides that, the software houses/companies will get themselves registered with the concerned area office of the Foreign Exchange Operations Department, SBP Banking Services Corporation and Whenever an exporter concludes an agreement for the export of software, he will submit a monthly statement of his exports/earnings in the prescribed form (Appendix V-14) alongwith the Export Proceeds Realisation Certificates issued by the Authorised Dealer through which the value of exported software is repatriated to Pakistan.

And Whereas, 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 to be chargeable to tax if not adequately explained by the taxpayer.

Examination of a study report conducted by Directorate of Intelligence and Investigation Inland Revenue revealed that the aforesaid exemption was grossly misused as statutory and regulatory provisions for the export of IT services and IT enabled services were not complied with. Further, domestic income generated from IT services rendered/provided within Pakistan was also concealed /suppressed. The report further revealed that five AOPs and Six Individuals belongs to a single family were engaged in internet marketing (on line sales) and wrongly claimed exemption by declaring such services as export of software to evade the taxes to the tune of Rs. 732.38 million during Tax Years 2009 to 2013.

Besides the above evasion of Income Tax in their tax returns for the Tax Year 2009 to 2013 the report revealed that the following facts:-

i) The family has financial stakes in property business at Dubai (UAE) (Family's website - www.pasban.group.com). Neither the same has been declared in their wealth statements nor income generated therefrom. Reportedly, Dubai institute of Technology is working with Pasban Group on working of customs software that was to be released in 2014.

ii) The family business has employed 25 representatives, providing assistance around the clock and 34 professional exam substance writers but no tax is being withheld on their salaries.

iii) An amount of US$ 1,430,464 was remitted outside Pakistan from their bank A/c No. 010114463001 Standard Chartered Satiana Road Faisalabad and A/C No. 4111441450200 Atlas Bank Kotwali Road Branch Faisalabad, during the period 01.07.2009 to 30.06.2010.

iv) The group is running IT and Technical training center at Faisalabad but no income from the said sources is being declared in their tax returns.

v) The family owns commercial plaza, the only Ferrari in Faisalabad, 3-4 Seven Series BMW, Porche, latest Land Cruisers and Lamborghini Aventador 6.5 litre V12 engine.

Apart from above reported facts scrutiny of the tax returns for Tax Year 2014-2016 (available on record) filed by the AOPs/individuals of the family transpired that:-

(i) None of the family member had Pakistan source of income except Mr. Shah Nawaz-ul-Hassan who is drawing pension Rs. 495,000 per annum being a retired Major from Army.

(ii) All family members have declared huge investments in real estate in addition to moveable assets.

(iii) Statements filed u/s 116 transpired that their working capital ranging from Rs. 100,000 to Rs. 600,000 only whereas their income/assets corresponds in hundred millions.

On the basis of available record it has been observed that RTO Faisalabad initiated legal proceedings only against M/s Certification Trendz 147-C People Colony Faisalabad for the period 2009-2013. Assessments made for Tax Years 2009, 2010, 2011 and 2013. Demand created against Tax Year 2009 had been deleted due to assessment made barred by time and consequently amount recovered for the Tax Year 2009 was ultimately refunded to the tax payer. Whereas, cases for Tax Years 2010, 2011 and 2012 are pending with Honorable Lahore High Court. Nothing has been known / reported about any action taken against other AOPs and Individual cases. It is worth mentioning that since the Department initiated legal action the taxpayers used to file returns with nil income, whereas, their business in Faisalabad is still operative.

Keeping in view facts narrated about Audit emphasized that:-

1. There is need of investigative audit to probe into factual source of income of all AOPs and Individuals. Assessment deemed to have been made needs to be revisited as exemption claimed under clause 133 of 2nd Schedule has not been covered under the law.
2. As the business family is providing services inland and abroad. There is need to ascertain/ breakup of local sales and outside Pakistan.
3. Assets created outside Pakistan, especially in UK and Dubai need to be investigated.
4. Wealth statements and Bank accounts statements in all the cases need focused examination and analysis.
5. The huge turnover invariably involves substantial withholding, but no withholding statements have been filed. This aspect needs proper attention.

6. All business activities since their inception needed to be analyzed in the light of Section 111 of the Income Tax Ordinance.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 discussed the case in detail, and directed the RTO to invoke legal proceedings / investigative audit in the light of recommendations of Audit, so as to ascertain the factuality of nature of business, the assets created in and outside Pakistan by Members of the Business Group. DAC also directed the CCIR to enforce recovery of tax demand created and actively pursue the tax demand / tax case stuck-up in litigation. After doing the needful under the law, final report should be submitted to Audit and FBR by 28.02.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Investigative audit in the light of DAC's direction be completed.
- Expeditious legal proceedings/recovery of government revenue.
- Pursuance of cases under litigation for early decision/recovery.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 17937-IT]

4.4.19 Loss of Rs. 871.99 million due to non-realization of Income Tax under Section 5A of the Income Tax Ordinance, 2001

According to Section 5Aof the Income Tax Ordinance, 2001 for Tax Year 2017 and onwards, a tax shall be imposed at the rate of seven and a half percent of its accounting profit before tax on every public company, other than a scheduled bank or a *modaraba*, that derives profit for a Tax Year but does not distribute at least forty percent of its after tax profits within six months of the end of the Tax Year through cash or bonus shares: bonus shares or cash dividends may be distributed before the due date mentioned in sub-Section (2) of Section 118, for filing of a return. (2) The provisions of sub-Section (1) shall not apply to (a) a company qualifying for exemption under clause (132) of Part I of the

Second Schedule; and (b) a company in which not less than fifty percent shares are held by the Government.

A taxpayer falling under jurisdiction of Regional Tax Office, Multan filed Income Tax Return for Tax Year 2017. The taxpayer failed to pay the tax under Section 5A under the above provision of law. The omission resulted into non loss of Rs. 871.99 million.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.18238-IT]

4.4.20 Loss of Rs. 69.25 million due to non taxation of the reversal of provision

Section 70 read with Rule-1(c) of the Income Tax Ordinance, 2001 provides where a person has been allowed a deduction for any expenditure or loss incurred in a Tax Year in the computation of the person's income chargeable to tax under a head of income and, subsequently, the person has received, in cash or in kind, any amount in respect of such expenditure or loss, the amount so received shall be included in the income chargeable under that head for the Tax Year in which it is received.

M/s Khushali Micro Finance Bank Ltd NTN-(2187058), filed Income Tax return for the Tax Year 2016 declaring income of Rs. 1,089.828 million. The deemed assessment was amended at Rs. 1,254.66 million. Scrutiny of the assessment record revealed that the taxpayer deducted an amount of Rs.197.85

million from total income on account of advances/ receivables written off against provision. The amount was not disallowed while amending the order despite the facts that in previous years the taxpayer claimed the provisions in accordance with Rule-1(c) of the Seventh Schedule and now the taxpayer recouped that expense during the period relevant to the Tax Year 2016. Owing to non-taxation of the recouped income, the government sustained a loss of Rs. 69.25 million.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18373-IT]

4.4.21 Loss of Rs. 5.44 million due to short assessment of Income Tax under Section 235B by Steel Re-Rolling Mills

According to Section 235(B)(1) and (4) of the Income Tax Ordinance 2001, there shall be collected tax from every steel melter, and composite steel units, registered for the purpose of Chapter XI of Sales Tax Special Procedure Rules, 2007 at the rate of one rupee per unit of electricity consumed for the production of steel billets, ingots and mild steel (MS products) excluding stainless steel and tax collected under sub-Section (1) shall be non-adjustable and credit of same shall not be allowed to any person.

In a case of a taxpayer M/s Sinco Steel Rerolling Mills (Pvt) Limited NTN-2901827, under the jurisdiction of RTO Bahawalpur for the Tax Year 2016-17 being a manufacturer/ Importer of steel claimed withholding of Income Tax on electricity bill under Section 235 amounting Rs. 8.31 million. Whereas, Sales Tax profile of the taxpayer revealed that the taxpayer consumed

13,748,080 units of electricity on which Income Tax under Section 235 was payable at Rs. 13.38 million. The concealment of electricity consumption units resulted into short assessment of Income Tax amounting Rs. 5.44 million.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 17714-IT]

4.4.22 Loss of Rs. 212.97 million due to non-treating of tax deduction on services as Minimum Tax

Section 153(1)(b) of the Income Tax Ordinance, 2001 provides that every prescribed person making a payment in full or part including a payment by way of advance to a resident person for the rendering of or providing of services is required to, at the time of making the payment, deduct tax from the gross amount payable at the rate specified in the First Schedule. Sub-Section (3) provides that the tax deductible shall be a Minimum Tax on transactions referred to in clause (b) of sub-Section (1) of the Ordinance.

Contrary to the above six (06) field formations of FBR allowed adjustment of tax deducted on services to seventeen (17) companies providing or rendering services, without observing the above provisions of the Ordinance. This resulted into loss of revenue amounting Rs. 212.97 million.

Management Response

Department replied that: legal proceedings for charging tax of Rs.212.97 million had been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019, directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Finalization of proceedings within the stipulated time period.
- Initiating appropriate action against the person(s) responsible for the lapse.

[Annexure-38]

4.4.23 Potential loss of Rs. 8,437.68 million due to incorrect adjustment of brought forward losses

Section 57 of the Income Tax Ordinance, 2001 provides that if a taxpayer sustained a loss in business for a Tax Year, the loss would be carried forward to the six following Tax Years and would be adjusted only against profit and gains of such business.

In four (04) field formations of FBR, income of nine (09) taxpayers was assessed as loss. These losses were either assessed incorrectly or carried forward erroneously and set off against business income beyond the prescribed limit. This resulted into potential tax effect of Rs. 8,437.68 million for Tax Year 2016 & 2017.

Management Response

Department replied that legal proceedings for charging tax of Rs. 8,437.68 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Incorrect adjustment of tax may be justified.

- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-39]

4.4.24 Loss of Rs. 99.01 million due to time barred assessment

According to Section-122(4)(a) of Income Tax Ordinance 2001, where an assessment order has been amended under sub-section (1), 3 or 5A the commissioner may further amend as many times as may be necessary, the original assessment within the later of five years from the end of the financial year in which the commissioner has issued or is treated as having issued the original assessment order to the taxpayer.

Contrary to the above, while scrutiny of tax refund sanctioned to M/s Certification Trendz, Faisalabad (NTN 3277818-0) revealed that the assessment u/s 122(5A) was completed vide order dated 13.06.2015 creating a demand of Rs. 99,012,633 for the Tax Year 2009. The demand was recovered through attachment of bank accounts on 14.09.2015. Being aggrieved the taxpayer approached the Commissioner Appeals who decided the case partially in favour of taxpayer for Tax Year 2009 subject to verification of IT exports from Pakistan and receipt of export proceeds through normal banking channels. However, assessment pertaining to tax year 2010 & 2011 were up held by the CIR (Appeals). The taxpayer further approached the Appellate Tribunal (IR). The ATIR decided 2nd Appeal on 25.10.2016 and cancelled the assessment for the Tax Year 2009 on the basis of time limitation.

The Department filed reference before the Honourable Lahore High Court Lahore against the order of ATIR dated 25.10.2016. The Honourable Lahore High Court decided the reference against the Department on 23.02.2017 to the extent of Tax Year 2009 on the point of time limitation while the decision regarding tax year 2010 and 2011 is pending decisions. Audit is of the view that had the RTO Faisalabad completed legal proceedings within mandatory time, loss of revenue amounting Rs. 99.013 million could have been avoided which was deleted by ATIR and Honourable Lahore High Court on point of time limitation.

Management Response

RTO Contested the para on the plea that being dissatisfied with the order of the CIR Appeals dated 17.11.2015, the taxpayer filed second appeal before

ATIR Lahore which was decided on 25.10.2016. The ATIR has vacated the order passed under Section 122(5A) on legal grounds of time limitation. Subsequently the departmental reference filed before the Honourable High Court Lahore against the order of the ATIR was also decided against the Department. Later on the CPLA#3418 of 2018 filed by the Department in the instant case has also been withdrawn by the Department from Honourable Supreme Court of Pakistan vide judgment dated 18.10.2018.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 discussed the case in detail in view of departmental contention vis a viz remarks of audit dated 17.12.2018. DAC is not satisfied with the departmental contention, and is therefore, directed the CCIR to personally intervene, re-examine the issue in toto, and resubmit contention of the RTO before Audit by 25.01.2019, or otherwise fixed responsibility and report final compliance. No further progress was reported till finalization of the report.

Audit Recommendations

- Holding of inquiry to fix responsibility against the person(s) in the light of DAC's directions.

[DP No.17939-IT]

4.4.25 Loss due to non-levy of penalty on late/non filing of returns - Rs. 2,191.22 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 of the law ibid provides for levy of penalty at applicable rates, where a taxpayer, fails to furnish or late furnish the return of total income.

Contrary to the above provision of the law twenty six thousand seven hundred seventy five (26,775) taxpayers being assessed in fourteen (14) field formations under the FBR did not file Income Tax returns despite the fact that the taxpayers had been allotted National Tax Numbers meaning thereby they have to compulsorily file Income Tax return. No remedial action was initiated by the Department to enforce the filing of the returns besides imposition of penalty calculated at Rs. 2,191.22 million plus applicable tax chargeable on the basis of the returns. Audit observed that there was no effective internal control system in place in the Department which enforces the filing of the returns and imposition of the penalty.

Management Response

The irregularity was pointed out during February to April & July to Nov, 2018. The Department replied that an amount of Rs. 0.07 million is recovered and verified, Rs. 3.62 is charged but recovery awaited, legal proceedings for charging tax of Rs. 2,187.53 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to expedite recovery/legal proceedings and submit updated status to Audit and FBR by 25.01.2019. No progress was reported till finalization of report.

Audit Recommendations

- Non imposition of penalty may be justified.
- Legal proceedings may be initiated/finalized.

[Annexure-40]

4.5 Refund of Income Tax

4.5.1 Loss of Rs. 4,010.34 million due to unlawful grant of tax refund

According to Section 170 of the Income Tax Ordinance, 2001 read with FBR Circular No.5 of 2003, a taxpayer was entitled to a refund if the tax paid was more than the tax due after adjustment of outstanding liabilities.

In eighteen (18) field formations of FBR, refund was granted to two hundred ten (210) taxpayers 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 into unlawful grant of refund amounting Rs. 4,010.34 million.

Management Response

Department replied that: (a) tax of Rs. 1.20 million was charged and recovered: (b) amount charged but not recovered Rs. 0.46 million (c) legal proceedings for charging tax of Rs. 4,008.68 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Grant of tax refund may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-41]

4.5.2 Loss of Rs. 69.32 million due to unjustified Refund of Income Tax

According to proviso given under Section 133(6) of the Income Tax Ordinance 2001, if the amount of tax is reduced as a result of the judgment in the reference by the High Court and the amount of tax found refundable, the High Court may, on application by the commissioner within thirty days of the receipt of the judgment of the High Court that he was to prefer petition for leave to appeal to the Honourable Supreme Court of Pakistan, make an order authorizing the commissioner to postpone the refund until the disposal of the appeal by the Supreme Court.

Contrary to the above, the Commissioner Inland Revenue Faisalabad sanctioned refund of Rs. 65.36 million in favour of M/s Certification Trendz (NTN 3277818-0) after making adjustment of Rs. 29.69 million tax liability for the Tax Year 2013. The refund was made despite the fact that the matter was subjudice with the Honourable Supreme Court of Pakistan. As per law the Department was required to file request before Honourable Lahore High Court regarding filing of CPLA and to postpone refund of tax till final decision by the Honourable Supreme Court of Pakistan. As per record CPLA was filed on 29.04.2017 and refund was sanctioned on 05.12.2017. Audit observed that, had the Department file request before Honourable High Court to postpone refund till decision by the Honourable Supreme Court of Pakistan refund of Rs. 69.32 million could have been avoided. Study of the whole case and consent of taxpayer towards recovery of assessment for tax year 2013 which was established on same grounds proved that his case for Tax Year(s) 2010, 2011 is on weak footing and needed to be pursued by the Department properly.

The lapse was pointed out to the Department during July to November, 2018 with the request to justify refund of Income Tax amounting Rs. 69.32 million besides fixing responsibility for not taking action as per law under intimation to Audit. No reply was received from the Department till finalization of the draft para.

Management Response

RTO contested the para on the plea that the taxpayer filed Second Appeal which was decided against the Department vide ATIRs order No.99/LB/2006 dated 25.10.2016 on the point of limitation for Tax Year 2009, while Tax Year 2010 and 2011 were decided on merits in favor of the taxpayer. Consequently, tax recovered against the demands for tax years 2009 & 2010 become refundable as result of appeal effect dated 10.02.2017 of the ATIR’s orders. Audit is the view that in spite of the fact that the matter under reference was subjudice and RTO sanctioned Income Tax Refund to the taxpayer.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 discussed the case in detail. DAC observed that audit observation is well placed in view of the fact that while huge adjudged tax revenue was still recoverable, issuance of refund was not proper and justified under the law. DAC therefore, directed the CCIR to personally intervene and seriously investigate whole of the matter and report final compliance by 25.01.2019 after verification from Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Department is required to justify the issuance of refund despite the matter was subjudice and huge amount was also recoverable against the family group.
- Holding of inquiry to fix responsibility against the person(s) at fault in the light of DAC's directions.

[DP No.17938-IT]

4.6 Workers Welfare Fund

4.6.1 Loss of Rs. 433.95 million due to non-realization of Workers Welfare Fund

Under Section 4 of the Workers Welfare Fund Ordinance, 1971 every industrial establishment, whose total annual income exceeded a statutory threshold, is required to pay Workers Welfare Fund @ 2 percent of its total income.

In seventeen (17) field formations of FBR, Workers Welfare Fund was not paid by one thousand three hundred and thirty eight (1338) taxpayers for the Tax Years 2015 to 2017. The Department did not take action to recover the amount. This resulted into non-realization of Workers Welfare Fund amounting Rs. 433.95 million.

Management Response

Department replied that: (a) tax of Rs. 5.60 million was charged and recovered: (b) amount charged but not recovered Rs. 5.06 million (c) cases involving amount of Rs. 20.56 million is subjudice (d) legal proceedings for charging tax of Rs. 402.73 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expedite the legal proceeding for recovery.
- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-42]

4.7 Withholding Taxes

Sales Tax

4.7.1 Loss of Rs. 391.44 million due to inadmissible adjustment of input tax

According to Rule 3(A) of the Sales Tax Special Procedure (Withholding) Rules, 2007, read with Provincial Sales Tax withholding tax laws, recipients of service of advertisement shall deduct the amount of Sales Tax as mentioned in invoices issued by the service provider from the payment due to service provider.

Nine (09) taxpayers, registered with LTU Karachi, made adjustment of input tax of Rs. 391.044 million on Sales Tax invoices issued by advertisement service providers, however, did not withhold and pay Sales Tax during the year 2017-18. The Department was required to take legal action against the registered persons but the same was not done. This resulted into loss of Rs. 391.44 million due to inadmissible adjustment of input tax.

Management Response

The LTU Karachi informed that registered person has been confronted with the Audit observation and the case is under process.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the LTU Karachi to expedite the legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery/adjudication and completion of legal proceedings.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No.6450-ST/K]

4.7.2 Loss of Rs. 35.77 million due to non-realization of withholding Sales Tax

According to Rule 2(2) and 2(3)(i) of the Sales Tax Special Procedure (Withholding) Rules, 2007 issued vide SRO 660(I)/2007 dated 30th June, 2007, a withholding agent shall deduct an amount equal to one fifth of the total Sales Tax shown in the Sales Tax invoice issued by a registered person and make payment of the balance amount to him. Further according to Section 3B of the Sales Tax Act, 1990, any person who has collected or collects any tax or charge, whether under misapprehension of any provision of this Act or otherwise, which was not payable as tax or charge or which is in excess of the tax or charge actually payable and the incidence of which has been passed on to the consumer, shall pay the amount of tax or charge so collected to the Federal Government.

Fifteen (15) registered persons registered with six (6) field offices of FBR had made taxable purchases from suppliers but being withholding agent failed to deduct 1/5th amount of Sales Tax while making payment to the supplier. The supplier claimed Sales Tax deducted by withholding agent against such supplies and ultimately reduced the output tax payable which was neither deducted nor deposited by the buyer. This resulted into loss of Rs. 35.77 million due to non-realization of withholding Sales Tax during the Financial Year 2016-17.

Management Response

The Department replied that cases of Rs. 4.54 million were under adjudication whereas cases of Rs. 31.23 million were awaiting action by the Department.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 settled the para to the extent of amount recovered Rs. 0.34 million and directed the Department to expedite recovery/legal/adjudication proceedings and submit updated status to Audit and FBR by 21.01.2019 to 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious adjudication/legal proceedings of the cases.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-43]

Income Tax

4.7.3 Loss of Rs. 362.46 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.

In seven (07) field formations of FBR, Withholding Tax on salary income of forty five (45) 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 into non-realization of Withholding Tax amounting Rs. 362.46 million.

Management Response

Department replied that: (a) amount charged but not recovered Rs. 9.43 million (b) legal proceedings for charging tax of Rs. 353.03 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-44]

4.7.4 Loss of Rs. 199.25 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 rate as specified in Division III Part I to the First Schedule.

In three (03) field formations of FBR, withholding agents while making payments of dividend failed to deduct tax in seven (07) cases for the Tax Years 2013 to 2017. The Department did not take legal action to collect the tax from the taxpayers. This resulted into non-realization of tax amounting Rs. 199.25 million.

Management Response

Department replied that legal proceedings for charging of tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Internal controls may be strengthened to avoid recurrence of such irregularities in future.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-45]

4.7.5 Loss of Rs. 102.67 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 the final tax on the income of such taxpayer.

In seven (07) field formations of FBR, twenty nine (29) taxpayers either did not deduct or the tax deducted was less than the prescribed rate of tax on brokerage and commission. The Department did not take remedial action under the law to recover the revenue loss. This resulted into loss of Rs. 102.67 million due to non withholding of tax.

Management Response

Department replied (a) amount Rs. 56.62 million charged but recovery awaited (b) legal proceedings for charging tax of Rs. 46.05 million have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-46]

4.7.6 Loss of Rs. 138.47 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 rate specified in Division-V of Part-III to the First Schedule.

In seven (07) field formations of FBR, thirty four (34) withholding agents did not deduct Withholding Tax while making payment of rent of property. The Department did not take remedial action to recover the government revenue. This resulted into non-recovery of tax amounting Rs. 138.47 million.

Management Response

Department replied (a) amount Rs. 1.13 million charged but recovery awaited (b) legal proceedings for charging tax of Rs. 137.34 million have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.

- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-47]

4.7.7 Loss of Rs. 821.27 million due to non-collection of advance tax under Section 236 of Income Tax Ordinance, 2001

Section 236 of the Income Tax Ordinance 2001, provides for collection of advance tax from purchasers who purchase goods or property through auction, and 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. Some examples of major taxpayers are given as under:

In sixteen (16) field formations of FBR, three hundred sixty nine (369) tax withholding agents did not deduct/collected advance tax from retailers, persons who used industrial, commercial, and scientific equipment/plant & machinery. Further, advance tax on air tickets was also not collected by from passengers while preparing air tickets. The Department did not take remedial action to recover the government revenue. This resulted into non-collection of advance tax amounting Rs. 821.27 million.

Management Response

Department replied that: (a) tax of Rs.1.65 million was charged and recovered: (b) amount charged but not recovered Rs. 5.21 million (c) legal proceedings for charging tax of Rs. 814.41 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax be justified.
- Loss of government revenue be made good under intimation to Audit.

- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-48]

4.7.8 Loss of Rs. 116.30 million due to non-withholding/deposit of Income Tax under Section 151 of Income Tax Ordinance, 2001

According to Section 151 (1)(d) of the Income Tax Ordinance 2001, where a banking company, a financial institution, a company referred to in sub-clauses (i) and (ii) of clause (b) of sub-Section (2) of Section 80, or a finance society pays any profit on any bond, certificate, debenture, security or instrument of any kind other than a loan agreement between a borrower and a banking company or a development finance institution to any person other than financial institution, the payer of the profit shall deduct tax at the rate specified in Division IA of Part III of the First Schedule from the gross amount of the yield at the time the profit is paid to the recipient.

In three (03) field formations of FBR, three (03) taxpayers did not deduct tax from the gross amount of the yield at the time the profit was paid to the recipient. The Department did not take remedial action to recover the government revenue. This resulted into non-withholding/deposit of Income Tax amounting Rs. 116.30 million.

Management Responses

Department replied that legal proceedings for charging tax have been initiated but not yet finalized

DAC Decision

DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-49]

4.7.9 Loss of Rs.16.08 million due to non-withholding of Income Tax on transport services

According to Section 153 every prescribed person making a payment in full or part including a payment by way of advance to a resident person for the rendering or providing of transport services shall deduct tax at the rate of two per cent of the gross amount payable.

Malik Amanat Khan (Registration No.3710508776747), a carriage contractor and Oil trader filed Income Tax return for the Tax Year 2015 at normal income of Rs. 8.68 million and FTR tax liability of Rs. 35.29 million. The deemed assessment was taken up for audit proceedings u/s 214C of the Income Tax Ordinance, 2001. A show cause notice was issued for addition into the total income u/s 21(c) for non-deduction of withholding tax on account of rental payment of Rs.202.57 million and running and maintenance expenses of Rs. 343.71 million. In this regard, the taxpayer replied that as per provision of clause 43(D) of Part IV of the second schedule to the Income Tax Ordinance, 2001 the taxpayer was not a withholding agent because the payment received by him was subject to withholding tax at the rate of 2.5% instead of 2%. Keeping in view the above no adverse inference was drawn by the Taxation Officer.

Scrutiny of the assessment record revealed that the taxpayer was required to deduct withholding tax because clause 43(D) pertained to withholding tax on account of supply of goods and not on account of rendering or providing services. Further, no confirmation was obtained by the Taxation Officer that the payment made to the taxpayer was subject 2.5%. Keeping in view the above the taxpayer was a withholding agent, therefore, was required to deduct withholding tax but the needful was not done due to which government suffered loss of Rs. 16.08 million.

Management Response

Department replied that legal proceedings for charging tax have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 15th to 18th January, 2019 directed the Department to finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[DP No. 18348-IT]

4.7.10 Loss of Rs. 5,329.63 million due to short/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".

In seventeen (17) field formations of FBR, two hundred and nineteen (219) Withholding agents did not deduct due tax while making payments to suppliers and contractors. The Department did not take remedial action for retrieval of government revenue. This resulted into loss of revenue amounting Rs. 5,329.63 million.

Management Response

Department replied that: (a) tax of Rs. 3.35 million was charged and recovered: (b) amount Rs. 6.26 million charged but recovery awaited (c) legal proceedings for charging tax of Rs. 5,320.02 million have been initiated but not yet finalized.

DAC Decision

DAC in its meetings held from 8th to 11th and 15th to 18th January, 2019 directed the Department to recover the charged amount and finalize the legal proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[Annexure-50]

4.7.11 Loss of Rs. 985.37 million due to irregular Claim of Tax Exemptions under Second Schedule of Income Tax Ordinance, 2001

Incomes, or classes of income, or persons or classes of persons, shall be exempt from tax, subject to the conditions and to the extent specified in the Part-IV of 2nd schedule of Income Tax Ordinance, 2001 described exemption for payment / deduction of tax.

In Tax Year 2016 Number of taxpayer/withholding agents claimed exemption of withholding tax under various clauses of Part IV of Second Schedule of Income Tax Ordinance 2001 against payment for supply of goods/imported goods and services rendered or provided by a resident person but withholding agent failed to deduct and deposit the tax into treasury in following three (03) field formation of FBR. It appears that suppliers incorrectly claimed the exemption on the basis of provision of law, which was not applicable. The Department did not initiate any legal proceedings to recover the loss amounting Rs. 985.37 million, as detailed follows:

(Rs. in million)

S. No.	Offices	DP No	Tax Year	Amount
1.	RTO Hyderabad	1542	2016	406.13
2.	RTO Sukar	1615	2016	261.14
3.	RTO Quetta	1637	2016	318.10
			Total	**985.37**

Management Response

Department replied that legal proceedings for charging tax of Rs. 985.37 million have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8th to 11th January, 2019 directed the Department to expedite the legal proceedings and submit progress to Audit and

FBR by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

4.7.12 Loss of Rs. 186.84 million due to irregular Claim of Tax Exemptions on Agriculture Income

Section 41 read with Section 111 of Income Tax Ordinance 2001 described Agricultural income derived by a person shall be exempt from tax and 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.

In Regional Tax Office-III, Karachi, eight hundred fifty two (852) taxpayers claimed agricultural income to Rs. 861.39 million as exempted income under Section 41 of the Income Tax ordinance 2001, for the Tax Year 2016 & 2017, but evidence like payment of provincial Income Tax and land tax as in support of above value were not available in the records/not provided to audit by Department. In the absence of such evidence the exemption was not admissible as per provision of law. The Department was required to initiate legal proceedings to disallow the tax exemption claimed by taxpayer and recover the tax but the same was not done. This resulted loss of revenue amounting Rs. 186.84 million.

Management Response

Department replied that legal proceedings for charging tax of Rs. 186.84 million have been initiated but not yet finalized.

DAC Decision

DAC in its meeting held from 8^{th} to 11^{th} and 15^{th} to 18^{th} January, 2019 directed the Department to expedite the legal proceedings and submit progress to Audit and FBR by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-recovery of tax may be justified.
- Loss of government revenue be made good under intimation to Audit.
- Holding of inquiry to fix responsibility against the person(s) at fault.

[PDP No.1572, 1593 & 1600-IT/K]

4.8 Customs Duty

4.8.1 Loss of Rs. 14.29 million due to misclassification of imported goods

According to 1st Schedule of the Customs Act, 1969, the Duty and Taxes structure for goods classifiable under PCT headings 2106.9010 and 3302.1010 are reproduced, as under;

Particulars	2106.9010-Concentrates for aerated beverage in all forms	3302.1010-Flavours and concentrates for use in aerated beverages
Customs Duty	20%	10%
Federal Excise duty	50%	50%
Regulatory Duty	10%	-
Sales Tax	17%	17%
Additional Sales Tax	3%	3%
WHT	6%	6%

In seven cases, MCCs (Appraisement) and (Preventive) Lahore did not differentiate the goods like Key 90820, 90914, 92631, 92515, LF F0000004200 Key Misc and Comp Cola Part-III imported by M/s Pepsi Cola, Pakistan whether the same were concentrates or flavours and classified them under PCT heading 3302.1010 in 2 cases. It was held that the expression "concentrates" under PCT heading 3302.1010 was additional as the concentrates in all forms had already been classified under PCT heading 2106.9010. It was quite pertinent to mention that Indian Tariff classified the goods under question in line with Audit's stance. This resulted in misclassification of imported goods by virtue of susceptive tariff lines and revenue of Rs. 14.29 million remained outside the National Exchequer.

Management Response

During DAC meeting, the MCCs informed that the issue already highlighted in DP No. 3627-Cus, AR 2016-17 has already placed before the PAC for discussion and directive thereon are awaited.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 directed the MCC to procure the relevant literature from the importer and forward a comprehensive reply to Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Early removal of susceptive PCT heading for uniform classification of concentrates in line with World Trade Organization's instructions.
- Recovery of revenue accordingly.
- Provision of imports' data under PCT heading 2106.9010 to confirm the nature and importers of concentrates classified under this PCT heading.

[DP Nos. 5903, 6136-Cus]

4.8.2 Loss of Rs. 44.80 million due to 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, 2016.

In 74 cases, four field formations of FBR cleared consignments of imported goods on payment of duties and taxes, whereas, the same were required to be confiscated being banned or restricted in terms of Import Policy Order, 2013. This happened due to negligence and weak internal controls. The irregularity/lapse resulted into loss of Rs. 44.80 million due to clearance of banned goods in violation of Import Policy Order.

Management Response

MCC Faisalabad replied that the matter was pending with the FBR for re-opening of O.I.O U/S 195 of the Customs Act, 1969. MCC Peshawar replied that the vehicles had been, however, importers have filed writ petition in the Honourable High Court Peshawar against the Department.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 directed the MCC Faisalabad to actively follow the case with FBR for early re-opening of O.I.O and directed the MCC Peshawar to pursue the subjudice cases vigorously. No further progress was reported till finalization of the report.

Audit Recommendations

- Strict compliance of Import Policy Order in vogue.
- Holding of inquiry to fix responsibility against persons at fault.

[DP Nos. 5826, 5974, 5994 & 6068-Cus]

4.8.3 Loss of Rs. 12,583.22 million due to grant of inadmissible exemptions/concessions in Duty & Taxes

Exemptions and concessions in Duty & Taxes were allowed by the Federal Government under various SROs and notifications subject to fulfilment of conditions specified therein.

In 5,672 cases, nine filed formations of FBR granted inadmissible exemptions and concessions in Duty & Taxes where importers/exporters failed in fulfilling the requisite conditions. This resulted in loss of Rs. 12,583.22 million due to grant of inadmissible exemptions and concessions in Duty & Taxes.

Management Response

Department reported recovery of Rs. 15.13 million, Rs. 261.84 million were under recovery, Rs. 4.64 million were not due, cases for Rs. 630.50 million were contested, cases for Rs. 14.05 million were under adjudication and no reply was furnished for Rs. 11,657.06 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery in admitted cases, actively pursue the cases under adjudication and submit comprehensive reply in cases being contested and not responded to. DAC further directed the formations to seek clarification(s) expeditiously, where necessary. No further progress was reported till finalization of the report.

Audit Recommendations

- Early recovery of admitted amount.
- Active follow up of pending cases and early verification of cases not responded.
- Holding of inquiry to fix responsibility against persons at fault.

[Annexure-51]

4.8.4 Blockage of government revenue of Rs. 3,604.12 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.

In 1100 cases, eleven field offices of FBR did not en-cash financial instruments where the importers/exporters failed in fulfilling the requisite conditions. In certain cases, the maturity period of financial instruments had also been expired. The irregularity/lapse resulted in blockage of revenue of Rs. 3,604.12 million and corresponding loss to the Public Exchequer.

Management Response

The MCCs replied that Rs. 52.06 million has been recovered, Rs. 756.67 million were under recovery, Rs. 1,172.27 million were regularized, Rs. 4.26 million were not due, Rs. 9.99 million subjudice in the various Courts of Law/under adjudication, cases for Rs. 2.33 million were contested, Rs. 43.14 million were awaiting action by the Department and no reply was furnished for cases of Rs. 1,563.40 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery, actively pursue the cases in the Courts/under adjudication and submit comprehensive reply for cases being contested and not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Early recovery of admitted amount.
- Active follow up of subjudice cases and cases under adjudication.
- Holding of inquiry to fix responsibility against persons at fault.

[Annexure-52]

4.8.5 Blockage of revenue due to non-disposal of confiscated goods - Rs. 3,057.67 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.

In 1,359 cases, nineteen field offices of FBR did not dispose-off confiscated goods (such as mobile phones, carpets, machinery, fabric, iron/steel/plastic scrape etc.) including perishable goods and vehicles with reasonable expedition. Due to the very nature of perishable items and atmospheric conditions in which these goods/vehicles were kept in the warehouses, the chances of deterioration in the value, quality and in its fitness for human consumption were very high. The irregularity/lapse resulted in blockage of revenue of Rs. 3,057.67 million and corresponding loss to the Public Exchequer.

Management Response

Department reported realization of sales proceeds of Rs. 185.47 million through auction, goods valuing Rs. 2,435.70 million were under disposal, Rs. 86.75 million were not due/regularized, Rs. 23.00 million were under adjudication, cases for Rs. 44.16 million were subjudice and no reply was furnished for cases of Rs. 282.57 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the Department to expedite disposal, pursue the cases under adjudication and subjudice in the Courts of Law and submit reply for cases not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Maximum realization of revenue through early disposal of confiscated goods.
- Active follow up of subjudice cases and cases under adjudication.
- Determination of reserve price compatible with market value of goods/vehicles to maximize the sales proceeds.

[Annexure-53]

4.8.6 Loss of Rs. 2,273.87 million due to short-realization of Regulatory Duty on imported/exported goods

FBR levied regulatory duty at prescribed rates on certain imported goods vide SROs 568(I)/2014 dated 26.06.2014, 1035(I)/2017 dated 16.10.2017 and 640(I)/2018 dated 24.05.2018. Further, regulatory duty on exported goods was imposed vide SROs 321(I)/2009 dated 10.04.2009 and 645 (I)/2018 dated 24.05.2018 at rates specified therein.

In 2,070 cases, eleven field offices of FBR either did not recover or recovered regulatory duty at lower rates on imported/exported goods such as sanitizers, soap, face wash, pineapple, tiles, tyres, molasses, copper scrape, etc. despite the fact that goods attracted regulatory duty under SROs. This resulted in loss of Rs. 2,273.88 million due to non/short-realization of Regulatory Duty on imported/exported goods during the FY 2017-18.

Management Response

Department reported recovery of Rs. 42.00 million, cases for Rs. 50.53 million were under recovery, Rs. 9.85 million were not due, cases for Rs. 24.48 million were in the courts of law, cases for Rs. 304.21 million were contested, cases for Rs. 1,842.80 million were not responded to.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery, actively pursue Court cases and submit comprehensive replies with supporting documents in cases being contested or not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Active follow up of subjudice cases and cases under adjudication and early verification of cases not responded.
- Holding of inquiry to fix responsibility against persons at fault.

[Annexure-54]

4.8.7 Loss of Rs. 1,733.98 million due to non-recovery of adjudged government revenue

Section 202 of the Customs Act, 1969 read with the Chapter XI-Recovery of Arrears of the Customs Rules, 2001 provided 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 and detention of the defaulter.

In 42 cases, six field offices of FBR did not take prompt action for recovery of adjudged revenue despite lapse of considerable time. The irregularity/lapse resulted in non-recovery of adjudged government revenue of Rs. 1,733.98 million.

Management Response

The Department reported recovery of Rs. 0.24 million, Rs. 160.50 million were under recovery, cases for Rs. 0.43 million were not due, cases of Rs. 0.50 million were subjudice in the Courts, cases for Rs. 1,530.49 million was pending before the IRS authorities for determination of exemption and no reply was furnished for cases of Rs. 41.82 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCC to expedite recovery, actively pursue the Court cases and took up the issue with IRS authorities for early production of exemption certificates and submit comprehensive replies with supporting documents in cases being contested or not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of adjudged revenue.
- Active follow up of subjudice cases.
- Holding of inquiry to fix responsibility against persons at fault.

[Annexure-55]

4.8.8 Loss of Rs. 753.27 million due to misclassification of imported goods

According to Section 18 of the Customs Act, 1969, imported goods were to be classified under 1st Schedule to the Customs Act, 1969.

In 1337 cases, eleven field offices of FBR cleared imported goods by classifying them under incorrect PCT headings attracting lower rates of Customs Duty instead of correct PCT headings with higher rates. The irregularity/lapse resulted in loss of Rs. 753.27 million due to misclassification of imported goods.

Management Response

Department reported recovery of Rs. 2.03 million, Rs. 52.83 million were under recovery, Rs. 0.27 million were not due, cases for Rs. 10.60 million were contested, cases for Rs. 1.78 million were subjudice in the Courts of Law/under adjudication and no reply was furnished for cases of Rs. 685.76 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery, actively pursue the Court and cases under adjudication and submit comprehensive reply in cases being contested and not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Active follow up of subjudice cases and cases under adjudication and early verification of cases not responded.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-56]

4.8.9 Loss of Rs. 641.76 million due to non-realization of duty and taxes from DTRE users

Sub-Chapter-7 of the Customs Rules, 2001 provides detailed procedure for DTRE approval, duty free import of input goods, manufacture and export of finished goods by DTRE users.

In 50 cases, three field formations of FBR allowed exemption of Customs Duty to DTRE users on imported goods for government dues of Rs. 641.76 million during the FY 2017-18. The following requirements as set out in the aforesaid Rules were not fulfilled by the field offices of FBR:-

i) reconciliation statements were not submitted meaning thereby that input goods were not consumed within stipulated period i.e. one year;

ii) such input goods were imported which were not covered under the DTRE approvals;

iii) non-realization of duty & taxes on wastage obtained during manufacturing process;

iv) exported goods were returned by the foreign buyer, but the Department failed to recover duty & taxes; and

v) post-exportation audit was not conducted by the Departments.

From above, it is evident that the customs authorities failed to implement the relevant conditions by extending undue favour and resulted in loss of Rs. 641.76 million due to non-realization of duty and taxes from DTRE users.

Management Response

Department reported recovery of Rs. 0.65 million, Rs. 5.60 million were under recovery and no reply was furnished for cases of Rs. 635.51 million.

DAC Decision

DAC in its meeting held from 31st December 2018 to 4th January, 2019 directed the MCCs to expedite recovery, finalize DTRE audit and submit report to Audit and expeditiously complete required actions i.e. submit comprehensive replies with supporting documents and get the stated position verified from Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Early verification of cases not responded.
- Holding of inquiry to fix responsibility against persons at fault.

[Annexure-57]

4.8.10 Loss of Rs. 550.94 million due to under-valuation of imported goods

Section 25 of the Customs Act, 1969 provided the detailed procedure for determination of value of the imported goods. Further, Section 25A of the Act also empowered the Directorate General of Valuation, Karachi to fix the value of imported goods or class of goods.

In 2,129 cases, seventeen field offices of FBR did not assess the imported goods according to legal provisions envisaged in Section 25 of the Act or assessed them at values lower than the values fixed by the Directorate General of

Valuation, Karachi. This resulted in loss of Rs. 550.94 million due to under valuation of imported goods.

Management Response

The Department reported recovery of Rs. 4.97 million, Rs. 93.64 million were under recovery, Rs. 4.24 million was not due, Rs. 0.25 million was under adjudication, Rs. 61.85 million were contested and no reply was furnished for cases of Rs. 385.99 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery, actively pursue the cases under adjudication and submit comprehensive replies with supporting documents in cases being contested or not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Active follow up of cases under adjudication and early verification of cases being contested and not responded.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-58]

4.8.11 Loss of Rs. 480.75 million due to illegal grant of DTRE approvals

According to Rule 307 (1) & (2) of Customs Rules, 2001, in case of exports to Afghanistan and through Afghanistan to Central Asian Republics by land routes, the facility of this sub-chapter shall be admissible only against established irrevocable letters of credit or receipt of advance payment in convertible foreign currency from the country of import.

MCCs Peshawar and Sialkot did not confirm irrevocable letters of credit or receipt of advance payments in convertible foreign currency from the country of import before granting DTRE approvals. This resulted in loss of Rs. 480.75 million due to illegal grant of DTRE approvals.

Management Response

Department contested the cases for Rs. 469.04 on the basis of clarification/instructions issued by the FBR vide C.No.4(8-A)/2003-DTRE dated 04.09.2004, wherein the FBR had relaxed the condition laid down in the aforesaid Rules and no reply was furnished for cases of Rs. 11.71 million.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 after considering the viewpoints of both sides proposed the Para for discussion at PAC level pertaining to MCC Peshawar and directed the MCC Faisalabad to submit comprehensive reply in cases not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Implementation of Rules in letter and spirit.
- Rules should be amended through amending SRO(s) not through instructions.
- Immediate withdrawal of impugned clarification suspending/relaxing the DTRE Rules.

[DP Nos. 5726 & 6011-Cus]

4.8.12 Loss of Rs. 433.48 million due to non/short withholding of tax

Section 148 of Income Tax Ordinance, 2001 provided 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 provided 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 and to issue to the person from whom the tax had been collected a certificate prescribed under Rules.

In 504 cases, fourteen field offices of FBR either did not collect withholding tax on imported/exported goods or collected it at lower rates than the leviable. This resulted in loss of Rs. 433.48 million due to non/short withholding of tax during the FY 2017-18.

Management Response

Department reported recovery of Rs. 9.52 million, Rs. 37.46 million were under recovery, Rs. 0.90 million were not due, Rs. 3.57 million were contested and no reply was furnished for cases of Rs. 382.03 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery, submit comprehensive replies with supporting documents and get the stated position verified from Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Early verification of cases being contested and not responded.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-59]

4.8.13 Loss of Rs. 402.92 million due to inadmissible exemption under 6th Schedule to the Sales Tax Act, 1990

The imported goods specified in 6th Schedule to the Sales Tax Act, 1990 are exempt from Sales Tax leviable under Section 3 of the Act subject to conditions and restrictions specified therein.

In 614 cases, five field formations of FBR granted inadmissible exemption of Sales Tax to the imported goods i.e. pharmaceutical raw material, hybrid corn seeds, branded milk in retail packing and live animals under 6th Schedule of the Act ibid despite the fact that the goods in question did not qualify for exemption due to their description and classification. This resulted in loss of revenue of Rs. 402.92 million during the FY 2017-18.

Management Response

Department reported recovery of Rs. 1.56 million, cases for Rs. 81.10 million were under recovery, Rs. 1.24 million were subjudice, cases for Rs. 317.29 million were contested and no reply was furnished for cases of Rs. 1.73 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCCs to expedite recovery, actively pursue the Court cases and submit comprehensive replies with supporting documents in cases being contested and not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Active follow up of subjudice cases and early verification of cases being contested/not responded to.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-60]

4.8.14 Loss of Rs. 173.62 million due to non-realization of Additional Customs Duty

According to SRO 693(I)/2006 dated 01.07.2006, Additional Customs Duty is leviable on the sub-components and components imported as part of any kit form for the assembly or manufacturing of vehicles at the rates specified in Appendix-I and Appendix-II. Further, additional Customs Duty @ 1% and 2% under SROs 1178(I)/2015 and 630(I)/2018 dated 30.11.2015 and 24.05.2018 respectively had been imposed on imported goods except the goods specifically mentioned therein.

In 4,130 cases, sixteen field offices of FBR either failed to recover additional Customs Duty on imported auto parts or realized it at rates lesser than fixed in SRO 693(I)/2006. Further, imported goods were also cleared without realization of additional Customs Duty @ 1% leviable under SRO 1178(I)/2015 or @ 2% under SRO 630(I)/2018, as the case may be. This resulted in loss of Rs. 173.62 million due to non-realization of Additional Customs Duty.

Management Response

The Department reported recovery of Rs. 3.82 million, cases for Rs. 38.22 million were under recovery, Rs. 0.46 million was not due, cases for Rs. 12.18 million were under adjudication, Rs. 12.32 million were contested and no reply was furnished for cases of Rs. 106.63 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery, actively pursue the cases under adjudication and submit comprehensive replies with supporting documents in cases being contested and not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery in admitted cases.
- Active follow up of cases under adjudication and early verification of cases being contested/not responded.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-61]

4.8.15 Loss of Rs. 171.85 million due to non-realization of Value Addition Tax

According to Rule 58B of Sales Tax Special Procedure Rules 2007, the value addition tax at the rate of three per cent shall be collected on goods at import stage of the value of goods except goods imported by the manufacturers for in-house consumption.

In 2,338 cases, thirteen field offices of FBR did not recover value addition tax at the time of clearance of imported goods or release of confiscated goods on duty and taxes. This resulted in loss of Rs. 171.85 million due to non-realization of Value Addition Tax.

Management Response

The Department reported recovery of Rs. 1.29 million, Rs. 16.33 million were under recovery, Rs. 2.77 million were not due, cases for Rs. 77.81 million were subjudice / under adjudication, cases for Rs. 2.83 million were contested and no reply was furnished for cases of Rs. 70.81 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery, actively pursue the cases with adjudication Collectorates and Courts and submit comprehensive reply in cases being contested and not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery revenue in admitted cases.
- Active follow up of subjudice cases and cases under adjudication along with early verification of cases not responded.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-62]

4.8.16 Loss of Rs. 138.75 million due to grant of inadmissible exemption of Customs Duty under Fifth Schedule

The imported goods specified in the Fifth Schedule of the Customs Act, 1969 are liable to concessionary rates of Customs Duty specified in Table subject to fulfilment of conditions specified therein.

In 352 cases, three field formations of FBR granted inadmissible benefit of Customs Duty to the imported goods under Fifth Schedule to the Act despite the fact that the goods in question such as carpets, oven, coffee maker, documents, lubricating oil did not qualify for this benefit by virtue of their description and classification determined during examination and assessment. This resulted in loss of revenue of Rs. 138.75 million due to grant of inadmissible exemption of Customs Duty under Fifth Schedule during the FY 2017-18.

Management Response

Department reported that cases for Rs. 31.77 million were under recovery, Rs.100.21 million were contested and no reply was furnished for cases of Rs. 6.77 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCCs to expedite recovery and submit comprehensive replies with supporting documents in cases being contested and not responded to after re-examination of all the cases. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.

- Early verification of cases being contested and not responded.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-63]

4.8.17 Loss of Rs. 103.69 million due to change in input-output ratios

According to Rule 351(1) of the Customs Rules, 2001, the licensee of the manufacturing bond was required to apply to the Collector, within fifteen days of issuance of manufacturing bond license, or sixty days before the first export of finished goods, for issuance of an Analysis Certificate as set out in Appendix-III showing the input and output ratio of input goods vis-a-vis finished goods along with wastages. Further as per Rule 10(1) of SRO 327(1)/2008 dated 29.03.208 “The input goods for production of output goods according to the specification approved in the analysis certificate shall be procured by the licensee”

In three cases, three field offices of FBR did not initiate recovery proceedings against the licensees of the manufacturing bonds who had manufactured goods at ratios different from the approved ratios. This resulted in loss of Rs. 103.69 million due to change in input-output ratios.

Management Response

Department reported that all the cases are under scrutiny.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCCs to examine the issue and take action under Rules. No further progress was reported till finalization of the report.

Audit Recommendations

- Early re-examination of cases.
- Expeditious recovery where the licensees had deviated from approved IORs.

[DP No. 5775, 5998 & 6207-Cus]

4.8.18 Loss of Rs. 101.61 million due to non/short-realization of Federal Excise Duty

Federal Excise Duty (FED) is leviable under Section 3 of the Federal Excise Act, 2005 at the rates specified in the First Schedule to the Act on goods specified therein.

In 95 cases, eight field offices of FBR either misclassified imported goods like aerated waters / soft drinks i.e. Pepsi, Fanta, Mountain Dew etc. energy drinks i.e. Red Bull, Boom Boom, edible oil and concentrates under incorrect PCT headings to avoid the levy and collection of FED or charged it at rates lower than provided in the First Schedule to the Act. This resulted in loss of Rs. 101.61 million due to non/short-realization of Federal Excise Duty.

Management Response

Department reported that cases for Rs. 78.89 million were under recovery, cases for Rs. 10.19 million were contested and no reply was furnished for cases of Rs. 12.53 million.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCCs to expedite recovery and submit comprehensive replies with supporting documents for cases being contested and not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery in admitted cases.
- Early verification of cases being contested and not responded to.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-64]

4.8.19 Loss of Rs. 60.87 million due to non-submission of reconciliation statements by the DTRE users

According to Rule 307D read with Rule 305 of Sub-Chapter-7 of the Customs Rules, 2001, a DTRE user was required to submit to the Regulatory Collector a reconciliation statement in the form as set out in Appendix-III within sixty days of the expiry of utilization period allowed or earlier after export. Further, in terms of Para 5 of Annexure-4 of CGO 12/2002 dated 13.06.2002, failure to submit a properly completed reconciliation statement on time shall result in an automatic fine equivalent to 2 percent of all duties and taxes stated in Section (d) of the application form. The fine will be imposed irrespective of the actual amount of duty and tax free purchases.

In 8 cases, MCCs Sialkot and Multan did not take appropriate action against DTRE users who failed in submitting their reconciliation statements in the form as envisaged in Appendix-III despite lapse of considerable time. This resulted in loss of Rs. 60.87 million due to non-submission of reconciliation statements by the DTRE users.

Management Response

MCC Sialkot reported that recovery has been effected in two cases and remaining were under recovery and MCC Multan reported that the case was under adjudication.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 directed the MCC Sialkot to recover the fine in remaining cases and also directed the MCC Multan to take action in terms of Para 5 of Annexure-4 of CGO 12/2002 dated 15.06.2002. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of penalty from the DTRE users.
- Active follow up of cases under adjudication.

[DP Nos.5723 & 5768-Cus]

4.8.20 Loss of Rs. 53.43 million due to non-recovery of duty and taxes from licensees of manufacturing bonds

Sub-Chapter-XV of the Customs Rules, 2001 provides detailed procedure for licensing, import of input goods, manufacture and export of finished goods within stipulated period by the licensees. Further, according to Rule 352 read with Rule 7 of the Rules ibid, the leftover quantities of raw materials imported or those which could not be exported can be got cleared by filling ex-bond GDs on payment of duties and taxes.

In 3 cases, two field formations of FBR allowed exemption of duty and taxes to licensees of manufacturing bonds on input goods for Rs. 53.43 million during the FY 2017-18. However, following requirements as set out in the aforesaid Rules were not fulfilled by the field offices of FBR:-

i) input goods were not consumed within stipulated period of two years;
ii) variation in description of goods allowed to be manufactured and goods actually exported; and
iii) finished goods were not exported within stipulated period of two years.

From above, it is evident that the customs authorities failed to implement the relevant conditions by extending undue favour at the expense of government exchequer. This resulted in loss of Rs. 53.43 million due to non-recovery of duty and taxes from licensees of manufacturing bonds

Management Response

Department reported that an amount of Rs. 7.60 million has been recovered and Rs. 45.83 million was under recovery.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCCs to expedite recovery. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery in admitted cases.
- Holding of inquiry to fix responsibility against persons at fault.

[DP Nos. 185, 337 & 338-CD/K]

4.8.21 Potential loss of Rs. 48.12 million due to revenue coupled with foreign currency drain from the Country

According to Para 351 (1) read with Para (4) of the Customs Rules, 2001, the licensee shall apply to the Collector, within fifteen days of issuance of manufacturing bond license, for issuance of an Analysis Certificate as set out in Appendix-III showing the input and output ratio of input goods vis-a-vis finished goods along with wastages and Analysis Certificate shall not be required for every consignment or input goods if the finished goods are the same for which Analysis Certificate has already been issued. However, a separate Analysis Certificate shall be applied for and issued for every new finished goods. Further, manufacturing into bonds scheme was introduced with a view to promote manufacturing activities in the Country to earn more foreign exchange.

MCC (Appraisement), Lahore did not take notice of affairs of M/s Con-Cast Steel Industries (Pvt) Ltd, Lahore, a licensee under Chapter XV of Customs rules, 2001. A period of more than 18 months had been elapsed but the analysis certificate neither provisional nor final was issued and entire production and exports remained unchecked. The detail of all the imports and exports of the unit during the period from June, 2017 to October, 2018 are as under:

(Rs. in million)

Particulars	Qty (Kgs)	Value	Avg. import/export value per kg
Imports	3,027,750	162.53	53.68
Exports	2,177,000	136.01	62.48
Per Kg Margin (Rs. 62.48 – Rs. 53.68)			8.8

The above table showed that the licensee was contributing nothing towards foreign exchange deposits of the Country. The per unit cost of Rs. 53.68 was exclusive of duty & taxes, so it was hard to believe that the licensee had managed its factory overheads, freight out and profits within a narrow margin of Rs. 8.8 per kg. This implied that the licensee was also responsible for foreign currency drain from the Country and depreciated value of Pak rupee would further worsen the situation. A licensee who was hardly operating at break even point has definitely saved exempted amount of duty and taxes of Rs. 48.12 million which was his pure profit and corresponding loss to National Exchequer.

Departmental Reply

No reply was furnished by the Department.

Management Response

DAC in its meetings held from 7th to 11th January, 2019 directed the MCC to submit comprehensive reply to Audit within fifteen days. No further progress was reported till finalization of the report.

Audit Recommendations

- Immediate cancellation of license of the unit to safeguard Government revenue.
- Recovery of Duty & Taxes secured through financial instruments.

[DP No. 6206-Cus]

4.8.22 Loss of Rs. 46.92 million due to application of incorrect rates of Duty& Taxes

According to Section 18 of the Customs Act, 1969, customs duties shall be levied at such rates as are prescribed in the First Schedule or under any other Law for the time being in force on goods imported into Pakistan. Further, various rates of Sales Tax are prescribed in 6th, 8th and 9th Schedules of Sales Tax Act, 1990 leviable on imported goods.

In 427 cases eight field offices of FBR cleared the imported goods by charging lesser than applicable rates of Duty & Taxes. This resulted in loss of Rs. 46.92 million due to application of incorrect rates of Duty& Taxes.

Management Response

Department reported recovery of Rs. 0.22 million, Rs. 5.74 million were under recovery, Rs. 3.15 million were not due, Rs. 2.47 million were subjudice and no reply was furnished for cases of Rs. 35.34 million.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCCs to expedite recovery, pursue the subjudice cases for early decision and submit comprehensive reply for cases not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Active follow up of cases under adjudication and early verification of cases not responded to.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-65]

4.8.23 Loss of Rs. 25.97 million due to non-realization of duty, taxes and warehousing surcharge on overstayed goods

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.

In 21 cases, MCC Sialkot and MCC Appraisement (West), Karachi did not initiate action for recovery of duty& taxes along with surcharge from licensees of bonded warehouses who failed to clear the warehoused goods within the stipulated period or extended period, as the case may be. This resulted in Loss of Rs. 25.97 million due to non-realization of duty, taxes and warehousing surcharge on overstayed goods.

Management Response

The Department reported recovery of Rs. 4.88 million and cases for Rs. 21.09 million were under recovery.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January, 2019 directed the MCC to expedite recovery in the remaining cases. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[DP Nos. 5744, 5747-Cus, 393 & 419/K]

4.8.24 Blockage of revenue due to non-clearance of unclaimed Import General Manifests - Rs. 17.96 million

According to Section 82 of the Customs Act, 1969 if any goods were not entered and cleared for home consumption or warehoused or transhipped within twenty days of the date of unloading thereof at a Customs station or within such extended period as the appropriate officer might allow, such goods might, after due notice given to the owner, be sold under the orders of the appropriate authority.

The MCC (Appraisement), Lahore did not initiate legal action in cases where Import General Manifests (IGMs) had not been claimed within the stipulated period of 20 days despite lapse of considerable period of time. This resulted in blockage of revenue of Rs. 17.96 million.

Management Response

Department reported that the appropriate action had been initiated to dispose of unclaimed IGMs to recover Duty & Taxes involved therein.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCCs to expedite the disposal process for early recovery of revenue. No further progress was reported till finalization of the report.

Audit Recommendations

- Early disposal of un-claimed imported goods for realization of revenue.
- Application of provisions of Section 82 of the Act without delay.

[DP No. 5573-Cus]

4.8.25 Loss of Rs. 17.24 million due to non-finalization of under adjudication cases

According to Section 179 (3) of the Customs Act,1969 seizure and contravention cases were to be decided within 120 days of the issuance of show cause notice or within such period as extended by the Collector, for which reasons were to be recorded in writing, but such period was in no case to be extended beyond sixty days.

In 51 cases, four field formations of FBR did not finalize adjudication proceedings within stipulated or extended period as provided in the above referred Law. This resulted in loss of Rs. 17.24 million due to non-finalization of under adjudication cases during the FY 2017-18.

Management Response

Department reported that cases for Rs. 8.00 million had been adjudicated, cases for Rs. 4.54 million were still under adjudication and cases for Rs. 4.70 million were subjudice in the Courts.

DAC Decision

DAC in its meetings held during 31st December, 2018 to 4th January, 2019 directed the Department to expedite adjudication process, actively pursue court cases and expedite prompt disposal of confiscated goods. No further progress was reported till finalization of the report.

Audit Recommendations

- Early finalization of cases to recover government revenue involved.
- Holding of inquiry to fix responsibility against persons for in-ordinate delay in deciding the cases.

[DP Nos. 179, 370, 390 & 435-CD/K]

4.8.26 Non-deposit of valuables and foreign currency of Rs. 13.83 million in NBP/SBP

According to Para 33 VI (iv) read with 34(II) of CGO No. 12 of 2002 dated 15.06.2002, confiscated currency and valuables (gold, jewellery etc.) should be deposited into the National Bank of Pakistan and State Bank of Pakistan respectively.

In 4 cases, MCC Preventive, Karachi did not deposit the seized foreign currency such as UAE Dirham etc. and valuables including gold and jewellery in NBP/SBP. This resulted in non-deposit of valuables in NBP/SBP amounting Rs. 13.83 million.

Management Response

Department reported that the seized valuable will be transferred to Mint Lahore and currency will be deposited into the National Bank of Pakistan soon.

DAC Decision

DAC in its meeting held during 31st December, 2018 to 4th January, 2019 directed the MCC to expedite deposit of seized valuables and currency to the relevant Departments at the earliest. No further progress was reported till finalization of the report.

Audit Recommendations

- Implementation of DAC’s directives.
- Holding of inquiry to fix responsibility against persons at fault.

[DP Nos. 351 & 352-CD/K]

4.8.27 Loss of Rs. 10.53 million due to inadmissible exemption under Eighth Schedule to the Sales Tax Act, 1990

The imported goods specified in the Eighth Schedule to the Sales Tax Act, 1990 are liable to Sales Tax at the rates specified in table to the Schedule.

In 152 cases, four field formations of FBR either realized Sales Tax at lesser rates than prescribed in the schedule or granted inadmissible exemption of Sales Tax on such imported goods which were not covered under the schedule such as potassium chlorate, folic acid, iron/wooden/carton/clothing wastage etc. This resulted in loss of Rs. 10.53 million due to inadmissible exemption under Eighth Schedule to the Sales Tax Act, 1990 during the FY 2017-18.

Management Response

Department reported recovery of Rs. 0.18 million and cases for Rs. 10.35 million were under recovery.

DAC Decision

DAC in its meetings held during 31st December, 2018 to 4th January, 2019 directed the MCCs to expedite recovery. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-66]

4.8.28 Loss of Rs. 9.65 million due to illegal collection and retention of G.D processing fee

According to Rules 4 to 8 of General Financial Rules, all moneys recovered as due to the Government are required to be deposited / credited into public account without any delay. Further, as per Section 18D of the Customs Act, 1969, the Federal Government may, by notification in the official Gazette, levy fee and service charges for examination, scanning inspection, sealing and de-sealing, valuation check or in respect of any other service or control mechanism provided by any formation under the control of Board, including ventures of public service partnership, at such rates as may be specified in the notification.

MCC (Appraisement) Lahore had collected an amount of Rs. 9.65 million on account of goods declaration processing fee from the importers but the same was neither reported to the Treasury Office, MCC (Appraisement), Lahore nor remitted to the State Bank of Pakistan, Lahore separately. The money so collected was retained in Collector's account which was unlawful as the Law required immediate deposit of all moneys collected in connection with official transactions into government exchequer without delay. This resulted in illegal retention of government revenue of Rs. 9.65 million.

Management Response

No reply was furnished by the Department.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCC to re-examine the issue and submit comprehensive reply to Audit within fifteen days. No further progress was reported till finalization of the report.

Audit Recommendations

- Immediate transfer of G.D processing fee in National Exchequer without further delay.
- Observance of General Financial Rules in letter and spirit.

[DP No. 6165-Cus]

4.8.29 Loss of Rs. 7.12 million due to non-realization of duty & taxes from Export Oriented Units

SRO 327(I)/2008 provides detailed procedure for licensing, duty free import of input goods and plant & machinery, manufacture and export of finished goods by Export Oriented Units. According to Rule 10 read with Rule 9 of SRO ibid, the input goods may be imported by the licensee on the basis of valid Analysis certificate without payment of Customs Duty, Sales Tax, federal excise duty and Income Tax after declaring on the goods declaration that such input goods are being imported for export oriented unit for manufacture of export goods.

In 2 cases, MCC Exports, Karachi allowed exemption of duty& taxes to licensee of EOU on import of goods “Avitera” under PCT 3204.1600 which were not included in the license/analysis certificate. Further, the licensee short accounted the imported input goods. This resulted in loss of revenue of Rs. 7.12 million during the FY 2017-18.

Management Response

Department reported that case for Rs. 2.78 million was under adjudication and no reply was furnished for cases of Rs. 4.34 million.

DAC Decision

DAC in its meetings held during 31st December, 2018 to 4th January, 2019 directed the MCC to pursue the case with adjudicating authority for early finalization and expeditiously complete reconciliation of the import versus export in the light of analysis certificate and finalize post exportation audit and submit report to Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Active follow up of case under adjudication and recovery thereof.
- Early verification of cases not responded to.
- Holding of inquiry to fix responsibility against persons at fault.

[DP Nos. 186 & 187-CD/K]

4.8.30 Loss of Rs. 5.87 million due to non-forfeiture of earnest money coupled with short-determination of reserve price

Sub-Chapter V of Customs Rules, 2001 provides detailed procedure for auction of confiscated goods.

In 4 cases, two field formations of FBR disposed of confiscated goods through public auction and the following requirements as set out in the aforesaid Rules were not fulfilled by the field offices of FBR:

(i) earnest money was not forfeited despite the fact that balance amount of sales proceeds was not deposited within stipulated period by the successful bidder; and

(ii) reserve price was determined improperly and incorrectly due to short accountal of weight of Pesticides.

From above, it is evident that the customs authorities failed to implement the relevant conditions by extending undue favour. This resulted in irregular auction of confiscated goods amounting Rs. 5.87 million.

Management Response

Department reported that cases of Rs. 2.28 million were referred to the competent authority for condonation of delayed and case for Rs. 3.59 million were contested.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCCs to expedite process of condonation from the competent authority and submit comprehensive replies with supporting documents in cases being contested. No further progress was reported till finalization of the report.

Audit Recommendations

- Observance of Rules in letter and spirit.
- Fixing of responsibility against the persons at fault.

[DP Nos. 227 & 264-CD/K]

4.8.31 Loss of Rs. 5.56 million due to inadmissible benefit of Free Trade Agreement

According to SROs 659(I)/2007 dated 30.06.2007 and 1261(I)/2007 dated 31.12.2007, goods imported into Pakistan from the People's Republic of China and Malaysia are liable to Customs Duty at concessionary rates as specified in Tables to the SROs. Provided that the importer must possess FTA/PTA, showing the detail of imported goods, PCT headings, quantity and port of shipment and claim concessionary rate at the time of import.

In 59 cases, four field formations of FBR cleared goods like rubber stopper (PCT heading 4016.9990), selfiee stick (PCT 8529.9090), knifes (PCT 8211.9200), L-Theronine (PCT 2922.5000), PU resine (PCT 3208.9090) imported from China and Malaysia by granting inadmissible concession of Rs. 5.56 million in Customs Duty and taxes.

Management Response

Department reported that cases for Rs. 5.26 million were under recovery, case for Rs. 0.16 million was under adjudication whereas case for Rs. 0.14 million was contested.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCCs to expedite recovery, pursue case with adjudicating authority and submit comprehensive replies with supporting documents. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Active follow up of cases under adjudication and early verification of cases being contested.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[Annexure-67]

4.8.32 Loss of Rs. 3.76 million due to non-imposition of fine and penalty

SRO 499(I)/2009 dated 13.06.2009 and Section 156 of the Customs Act, 1969 provided the rates of redemption fine and penalty respectively for offences mentioned therein.

In 32 cases, four field offices of FBR either did not impose the penalty or failed in recovery of fine and penalty where the importers/exporters committed offences such as mis-declaration of weight, quantity, value, description and origins of imported goods. This resulted in loss of Rs 3.76 million due to non-imposition of fine and penalty.

Management Response

Department reported that an amount of Rs. 0.16 million was under recovery and no reply was furnished for cases of Rs. 3.60 million.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCCs to expedite recovery and submit comprehensive reply for cases not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Early verification of cases not responded to.

- Holding of inquiry to fix responsibility against persons at fault.

[Annexure-68]

4.8.33 Loss of Rs. 3.23 million due to non-imposition and recovery of late payment surcharge

According to Section 83(2) of the Customs Act 1969, where the owner fails to pay import duty and other charges within ten days from the date on which the same was assessed under Sections 80, 80A or 81, he shall be liable to pay surcharge at the rate of KIBOR plus three per cent per annum, on import duty and other charges payable on such goods.

MCC Appraisement (East), Karachi failed to realize surcharge from M/s. Searle Pakistan Limited on payment of adjudged duty and taxes after lapse/delay of 660 days. This resulted in non-imposition and recovery of late payment surcharge amounting Rs. 3.23 million during the FY 2017-18.

Management Response

Department reported that the entire amount was under recovery.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCC to expedite recovery. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[DP No. 241-CD/K]

4.8.34 Loss of Rs. 1.69 million due to non/short-realization of anti-dumping duty

The anti-dumping duty was levied under Anti-Dumping Duties Ordinance, 2015, pursuant to an investigation; (a) where an investigated product was dumped within the meaning of the Ordinance; and (b) where an injury was being caused to domestic industry within the meaning of this Ordinance.

In 7 cases, MCC Appraisement (West), Karachi cleared imported goods like polymers of vinyl chloride resin, tiles etc. liable to anti-dumping duty without realization of the duty at specified rates. This resulted in loss of revenue of Rs. 1.69 million during the FY 2017-18.

Management Response

Department reported that entire amount was under recovery.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCC to expedite recovery. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of admitted amount.
- Holding of inquiry to fix responsibility against persons at fault who extended undue financial benefits to importers.

[DP Nos. 235 & 394-CD/K]

4.8.35 Loss of Rs. 1.63 million due to irregular and excess deduction of commission by GPO

According to Para 90 of CGO 12 of 2002 dated 15th June 2002, GPO, Karachi is authorized to collect Customs Duty and Sales Tax on inward postal parcels after due assessment by the customs authorities. According to the laid down procedure, the Senior Postmaster shall issue two cheques i.e. for Customs Duty and Sales Tax to the MCC Preventive, Karachi. On receipt of cheques, the Collector shall make payment of commission charges to GPO at the rate of twelve percent of the amount of duty and tax collected by the postal authorities.

Postal Appraisement Department of International Mail Office Karachi, deducted commission at source at the rate of 14.52 percent instead of payment of commission made by MCC Preventive, Karachi and at agreed rate of 12 per cent of collected amount of Customs Duty and Sales Tax. This resulted in irregular and excess deduction of commission of Rs. 1.63 million.

Management Response

Department reported that the matter has been taken up simultaneously with the Postal authorities and FBR for making necessary amendments in the CGO.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 2019 directed the MCC to actively follow up the issue for early resolution. No further progress was reported till finalization of the report.

Audit Recommendations

- Implementation of DAC's directives.
- Recovery of excess commission withheld by the Postal Authorities.

[DP No. 344-CD/K]

4.9 Expenditure

4.9.1 Irregular expenditure of Rs. 109.67 million due to misuse of official vehicles and monetization of transport facility

According to Cabinet Division's Notification No.6/7/2011-CPC, Islamabad dated 12th December, 2011 regarding monetization of the transport facility for civil servants, Ministries/Divisions/Departments needing operational vehicles were required to get their 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 provided 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 on POL and repair & maintenance of official vehicles.

Twenty (20) field offices of FBR incurred expenditure on POL/CNG, repair & maintenance of vehicles, however, the authorization of such vehicles as "operational vehicles" was not obtained from Committee of the Cabinet Division. These vehicles were being used by the officers despite the fact that they were also drawing monthly conveyance/monetization allowance. The official vehicles in some cases were even used on gazetted holidays (Saturdays & Sundays) without maintaining the requisite record i.e. log books, movement registers and requisition slips. Thus, use of such vehicles was un-authorized and expenditure of Rs. 109.67 million incurred on POL/CNG and repair & maintenance was found irregular during the financial year 2017-18.

Management Response

Department informed that log books have been prepared in some cases and the other cases have been submitted to the FBR (HQ) for authorization of operational vehicles of the organization.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to revisit the cases alongwith comprehensive reply/ documentary evidence and report progress to Audit. Further the DAC directed the Department to provide authorization from FBR for use of operational vehicles. No further progress was reported till finalization of the report.

Audit Recommendations

- Withdrawal of vehicles from allottees and submission of case to Cabinet Division for authorization of vehicles.
- Justification for irregular expenditure.
- Recovery of un-authorized expenditure from the concerned.

[Annexure-69]

4.9.2 Irregular expenditure Rs. 86.01 million due to non-observance of PPRA and General Financial Rules

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.

FBR and its ten (10) field formations purchased office stationery, plant & machinery, uniform, hardware, hiring of internet and data connectivity services, IT equipment and repair & maintenance of various items by splitting the sanction orders and without fulfilling the pre-requisites regarding procurement. In some cases, the procurement procedure was completed and work order also issued to different bidders without taking bid security and bank guarantee. This resulted into irregular expenditure of Rs. 86.01 million during the financial year 2017-18.

Management Response

Department informed that the purchases were made in piece meals under different heads on need basis as and when required. Further, the tenders have been awarded as per procedures laid down in PPRA Rules and all the formalities have been completed and shall be produced to Audit as and when required. The stock registers of purchasing items have been completed duly signed by the DDO.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to get the stated position verified from Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Justification for violation of PPRA Rules.
- Holding of inquiry to fix responsibility against the person(s) at fault.
- Ex-post facto sanction for regularization of expenditure.

[Annexure-70]

4.9.3 Irregular payment of Rs. 88.00 million on account of assistance package

According to the Cabinet Secretariat, Establishment Division Islamabad Office Memo No.8/24/2016-E-2 dated: 22-06-2016, a certificate regarding non-allotment of plot/house/flat from concerned agencies is to be obtained before making any payment in lieu of plot under the revised Assistance Package.

Four (04) field formations of FBR made payment to widows of deceased employees in lieu of plot under assistance package in twenty five (25) cases without obtaining the required certificates from concerned agencies, hence the subject expenditure of Rs. 88.00 million was held irregular during the year 2017-18.

Management Response

Department replied that letters have been issued to concerned agencies in 22 cases and NOC's from Federal Government Housing Foundation have been obtained in remaining 03 cases.

DAC Decision

DAC in its meeting held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to obtain NOC's from Federal Government Housing Foundation and get the positions verify from Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Justification for the irregular expenditure.

[Annexure-71]

4.9.4 Un-justified payment of Rs. 43.90 million on account of cash reward

According to Inland Revenue Reward Rules, 2016 issued vide SRO 398(1)/2016 dated 05th May, 2016, read with Customs Cash Reward Rules, 2012 issued vide SRO 1386(I)/2012 dated 26.11.2012, the amount of reward in cases of exhibiting meritorious conduct relating to detection, assessment and recovery of tax evaded shall be admissible to the extent mentioned in Tables. The amount of rewards shall be sanctioned after realization of the whole amount of the tax involved. In cases of meritorious conduct, the amount of reward shall be determined by the sanctioning authority provided that the total amount of reward paid to an officer or official during one financial year shall not exceed thirty six months' basic pay.

Six (06) field offices of FBR made payments of cash reward to their officers and staff members in violation of the reward rules. The reward was payable on the basis of meritorious services and extra ordinary contribution, detection, assessment and recovery of evaded amount of tax. The cash reward was allowed to the officers and staff members who were not involved in meritorious services performed for detection, assessment, recovery of evaded tax. This resulted into un-justified payment of cash reward amounting Rs. 43.90 million during the financial years 2016-17 and 2017-18.

Management Response

Department replied that cash reward was sanctioned as per rules with the approval of the competent authority. Audit holds that cash reward was to be allowed on the basis of meritorious services and extra ordinary contribution, actually detection/ assessment and recovery of taxes evaded as laid down in Reward Rules.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to provide detail justification of "extra ordinary meritorious exhibited by the officers and officials of Inland Revenue in all field offices and Board (HQ) duly approved by the respective head of the field offices and wings" and get the same verify from Audit. No further progress was reported till finalization of the report.

Audit Recommendation

- Compliance of DAC directives be made.

- Expeditious recovery of the Government dues.

[Annexure-72]

4.9.5 Non-recovery of Rs. 42.91 million on account of loans / advances and interest from the officers/ officials

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.

FBR (HQ) and its twelve (12) field offices sanctioned different kinds of loans and advances to two hundred and forty two officers/officials but recovery of instalments was not initiated 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 Rs. 42.91 million during the financial years 2016-17 and 2017-18.

Management Response

Department reported the recovery of Rs. 1.40 million and the recovery of loans and advances in the remaining cases of Rs. 41.51 million have also been started from the salaries of officers/officials.

DAC Decision

DAC in its meeting held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 settled to the extent of recovered amount and directed the Department to expedite the recovery and report progress to Audit. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious recovery of the Government dues.

[Annexure-73]

4.9.6 Excess payment of Rs. 20.60 million on account of Law Charges

According to the instructions of Law, Justice & Human Rights Division issued vide U.No.1/2/2006-LA dated 22nd 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 19th July, 2011. Further, according to Ministry of Law, Justice & 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.

FBR (HQ) and its nine field offices either made payments to lawyers as professional fee without consolidation of identical cases or incurred expenditure on account of special professional fee without prior approval of the Ministry of Law & Justice. Any kind of fee other than normal fee, as prescribed in the Rule, was not allowed without prior approval of the Ministry of Law & Justice. This resulted into excess payment of Rs. 20.60 million to the lawyers on account of law charges during the year 2017-18.

Management Response

Department informed that expenditure on law charges was incurred in according to U.O. No. 1/2/2005-LA dated 12.09.2005 issued by Ministry of Law, Justice and Human Rights in which Ministry agrees professional fee of advocates for conducting cases on behalf of the Revenue Division/FBR before various courts of law. Later on, professional fee structure for advocates was revised by Law and Justice Division vide letter No. 1/2/2005-LA dated 19.07.2011. Further, the Department replied that special professional fee was paid in exceptional circumstances after approval from the Chairman FBR and the appeal/suits were being filed through a panel of advocates approved by the Ministry of Law. No further progress was reported till finalization of the report.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019, directed the Department to get the stated position verified from Audit.

Audit Recommendations

- Compliance of Law and Justice Division directives.
- Expeditious recovery of Government dues.

[Annexure-74]

4.9.7 Inadmissible payment of Rs. 18.08 million on account of hired residential accommodations

According to Ministry of Housing and Works letter No.F.2(3)/2003-Policy dated 31st July, 2004 and No.6(1)2009-E.III dated:25.11.2009, the employee of the Department was required to locate a house according to his entitlement and submit an application to his office along with requisite documents for permission from Estate Office and PWD to occupy the house. Scale wise rental ceiling, covered area had been specified as an annexure for assessment of rent. If covered area was less than the required, in such case assessment was made according to covered area i.e. assessment of such houses was to be calculated one step below for the purpose of rent. Further, according to Para 8(10) & 15(5) of Accommodation Allocation Rules, 2002, a hired or requisitioned house was to be allotted at the station of posting of the Federal Government servant.

Four (04) field offices including FBR (HQ) allowed hiring to officers/officials in violation of the above rules. The payment of hired accommodation was made for the period even before the date on which actual permission for hiring was allowed. The assessment in the cases was finalized on less covered area than the prescribed limit under the law and cases of self hiring/ private hiring were not sent to the Estate Office for assessment. In one case, the retired officer retained the hired house beyond six months from the retirement and did not pay the rent equivalent to one rental ceiling. This resulted into inadmissible payment of hired residential accommodation of Rs. 18.08 million during the financial years 2016-17 and 2017-18.

Management Response

Department informed that the matter was under process and hiring of residential accommodation policy for Federal Government Employees has been decentralized by the Ministry of Housing and Works. Further, the Department informed that possession certificates of most of the officers provided. Audit required to verify the stance with support of documentary evidence.

DAC Decision

DAC in its meeting held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 showed its serious concern and directed the CRTO Lahore to calculate the actual amount till the date of vacation of the official accommodation and also directed to expedite recovery on urgent basis through officer's pension and also provide vacation report and get the same verified from Audit. DAC directed the Department to re-visit in remaining cases and submit comprehensive reply with documentary evidence and get it verified from Audit. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious recovery of the Government dues.

[Annexure-75]

4.9.8 Loss of Rs. 15.68 million due to excess and inadmissible expenditure

According to Para 10 of General Financial Rules, every public officer authorized to incur expenditure from the public funds shall observe the high standards of financial propriety and is expected to exercise the same vigilance in respect of expenditure from public money, as a person of ordinary prudence will exercise in respect of expenditure of his own money. Similarly, Rule-11 of General Financial Rules Vol-I provided that the head of the Department and subordinate disbursing officers are responsible for enforcing financial order and strict economy at every step.

Sixteen (16) field offices of FBR incurred excess and inadmissible expenditure in different heads. The payments were made on account of purchase of hardware, office stationery and printing, telephone sets, repair & maintenance of garden, uniforms & accessories, utility bills and entertainment charges. This resulted into excess and inadmissible expenditure amounting Rs. 15.68 million during the financial years 2016-17 and 2017-18.

Management Response

Department replied that the goods/uniforms were returned to vendor for necessary amendments. After removal of objections uniforms were handed over to staff and bill was entertained by the office. The printing was carried out in emergency without obtaining NOC from the concerned quarters and they could not afford to hold the printing process that long.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to take up the matter with FBR, submit comprehensive reply, provide documentary evidence / stock register of purchased items to Audit for verification and expedite recovery efforts under intimation to Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery of the amount.
- Justification of excess and inadmissible expenditure.

[Annexure-76]

4.9.9 Loss of Rs. 14.81 million due to non-deduction of tax on services by Drawing & Disbursing Officer

According to Punjab Sales Tax on Services Act, 2012 read with Rules, 5, 6 & 8 of Punjab Sales Tax on Services (Withholding) Rules, 2015 and Section 8 of Sindh Sales Tax on Services Act, 2011, the withholding agent shall, for the purposes of acquiring and receiving taxable services indicate in any documents made or given for the purpose, Sales Tax to the extent as provided in the rules shall be deducted and withheld from the payment to be made to the service provider for depositing with Government of the Punjab. If taxable services are received by the Federal Government, the DDO (Authorized Officer) preparing bill for the Accounting office, shall indicate the amount of Sales Tax withheld as per law, and the office of AGPR shall count for and transfer the amount deducted at source during a month to the Government through cheque in the name of Authority by credit to the relevant head of account and send to the Authority by 15th day of the following month.

Fourteen (14) field offices of FBR did not deduct the amount of Sales Tax on services at the time of making payments on account of law charges/legal practitioners & consultants and courier & pilot services. This resulted into non-deduction of Sales Tax of Rs. 14.81 million during the Financial Years 2016-17 and 2017-18.

Management Response

The Department reported the recovery of Rs. 0.16 million and informed that letters have been issued to concerned contractors and further progress will be intimated as and when received. In respect of services of legal practitioners, the Tax Bar Associations had challenged the levy of Sales Tax under the Punjab Sales Tax on Services Act, 2012 and Sindh Sales Tax on Services Act, 2011 and the matter is subjudice before Honourable Lahore and Sindh High Courts.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 settled the para to the extent of Rs. 0.16 million recovered amount and directed the Department to pursue the remaining cases vigorously, expedite final outcome of recovery and get it verified from Audit.

Audit Recommendation

- Expeditious recovery of the Government dues.

[Annexure-77]

4.9.10 Irregular payment of Rs. 12.56 million on account of electricity charges

According to Section 14A (1) of the Customs Act, 1969, any agency or person including port authorities managing or owning a customs port, a customs airport or a land customs station or a container freight station shall pay utility bills, rent and taxes.

MCC Exports (PMBQ), Karachi incurred expenditure on account of payment of electricity charges of Rs. 12.56 million for its office accommodation and port operations of M/s DP World Terminal Operator. Audit was of the view that as per law the responsibility for providing electricity to customs and port rests upon the terminal operator and not of the MCC Exports (PMBQ). This resulted into irregular expenditure of Rs. 12.56 million during the Financial Year 2017-18.

Management Response

Department informed that the IC3 facility has not been notified under Section 19 and does not invoked Section 14 of the Customs Act, 1969.

DAC Decision

The DAC in its meetings held from 31st December 2018 to 4th January and 7th to 11th January 2019 directed the Collectorate to provide required documents under which IC3 facility was being run. No further progress was reported till finalization of the report.

Audit Recommendations

- Justification for irregular expenditure and recovery thereof.

[PDP-09-Exp/Cus/K]

4.9.11 Loss of Rs. 11.88 million due to excess and inadmissible expenditure of pay and allowances

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 allowance are admissible to government servants. Further, FBR's Circular No.01 of 2015 dated 6th 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. As per Rule 5(9) of the Staff Car Rules, 1980, the use of staff car / official vehicle is not allowed to an officer/official who is in receipt of conveyance allowance. Further, Cabinet Division's policy vide No.3(30)T&M/2015-RA-IV dated 15th April, 2016 provided that the mobile phone charges will be admissible to entitled regular employees working only in Ministries/Divisions in BPS 17 to 22 w.e.f. 01st April, 2016 at specified rates.

Twenty (20) formations including FBR (HQ) Islamabad paid excess and inadmissible pay and allowances of Rs. 11.88 million to 438 officers/officials during different kinds of leave, absence from duty, transfer, deputation and retirement. These also included overtime allowance, performance allowance, deputation allowance, conveyance allowance, integrated allowance, mobile card charges, fixed FBR incentive allowance and recovery of overpayment in different cases. This resulted into excess and inadmissible payments of pay and allowances of Rs. 11.88 million during the financial year 2017-18.

Management Response

The Department reported recovery of Rs. 0.12 million in one case. In twenty one cases, Department replied that the sanction order was never presented to AGPR office for payment and the payment of overtime allowance to the drivers for the months of April and May 2018 was made vide sanction order No.RTO/GL/OT/2017-18/TO dated 02.06.2018. The Department also informed that the changes for recovery of Government dues have been submitted to Accounts Office in remaining cases.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 settled the para to the extent of Rs.0.120 million and directed the Department to expedite the recovery in remaining cases. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious recovery of the Government dues.

[Annexure-78]

4.9.12 Unauthorized expenditure of Rs. 10.33 million on repair of residential buildings

According to Para 54 and 56 of Central Public Works Code, the administrative approval and technical sanction for every work exceeding estimates of Rs.100,000 may be obtained from Public Works Division. The rules further provide that for each individual work proposed to be carried out, a properly detailed estimate must be prepared for the sanction of competent authority.

CRTO Karachi transferred funds of Rs. 10.327 million from the head of account (A-13302-Repair of Resident Buildings) to Pak-PWD for repair of various flats, lifts and houses allotted to employees of FBR. As per above law, the PWD was required to submit PC-1, Estimates, Administrative Approval of repair work, technical sanction, progress report, Tender record and allotment record with house rent deduction. This record was not available with CRTO. In absence of this record, the authenticity of expenditure cannot be accepted by audit. This resulted into unauthorized expenditure of Rs. 10.33 million during the financial year 2017-18.

Management Response

Department reported that the letter has been issued to PAK-PWD vide No.CC-IR/RTO/Admn-I/buildings/2018 dated 31-08-2018 & reminder issued vide letter No.CC-IR/RTO/Admn-I/Buildings/ 2018/5130 dated 29.11.2018 for the issuance of Completion Certificate which is still awaited.

DAC Decision

DAC in its meeting held from 31st December 2018 to 4th January and 7th to 11th January 2019 directed the department to provide all documentary evidence including PC-IV and completion certification from Pak PWD and report progress to Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-Production of record of fund transferred to Pak-PWD of Rs.10.33 million may be justified and be provided to Audit for verification.

[DP No. 489-Exp/K]

4.9.13 Loss of Rs. 8.14 million due to non/short-deduction of house rent allowance and 5% house rent charges

According to Rule 26 of the Accommodation Allocation Rules, 2002, unless entitled to rent free accommodation, the allottee of an accommodation is to be charged normal rent at the rate of 5% of the emoluments as defined in Rule 2(d) of the Rules ibid or as the Government may decide from time to time for the purpose of calculating normal rent. Further, as per Finance Division O.M. No. F-3(8) Gaz-IMP/73 dated 10th January, 1974, house rent allowance will be admissible subject to the condition that Government accommodation has not been made available to the employee concerned. Furthermore, according to Para-7 of the Basic Pay Scales, 1983 all employees not provided with Government accommodation are entitled to house rent allowance @ 45% of the minimum of the basic pay scales at the specified stations whereas at all other stations, this allowance will be allowed @30% of the minimum of basic pay scale.

Fourteen (14) field formations including FBR (HQ) neither deducted 5% house rent charges nor stopped the house rent allowance of the officers/officials who were allotted Government accommodation or hired accommodation. Further, the house rent allowance @45% instead of 30% was paid to the officers/officials posted in remote areas. The omission resulted into non/short deduction of house rent allowance and 5% house rent charges amounting Rs. 8.14 million during the year 2017-18.

Management Response

Department informed that an amount of Rs. 0.03 million has been recovered and balance amount was under recovery process. Further the Department informed that as per hiring policy 2004 the State Office has decentralized the process of hiring, therefore in guidance of the policy the cases were not required to be processed from Estate Office.

DAC Decision

DAC in its meeting held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 settled the para to the extent of Rs.0.03 million in respect of amount recovered and directed the Department to re-visit the case and submit a comprehensive reply and recover the differential amount and provide assessment report to Audit for verification. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious recovery of the Government dues.
- Justification for the excess payment of HRA/House Requisition.

[Annexure-79]

4.9.14 Blockage of Government revenue of Rs. 7.45 million due to non-disposal of un-serviceable vehicles/un-serviceable goods

According to Para 167 & 190 of the General Financial Rules (Vol-I), vehicles, supplies or stores 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.

RTO Sialkot and CRTO Karachi did not take any action for the disposal of eighteen (18) vehicles which were declared condemned by the Authority. The delay in disposal may result in further deterioration of vehicles/stores causing loss of expected revenue equal to the approximate value of unserviceable vehicles/stores amounting Rs. 7.45 million during the financial year 2017-18.

Management Response

Department informed that the condemnation committee recommended the vehicles for condemnation, the matter of auction have already been taken up and waiting for orders from FBR.

DAC Decision

DAC in its meetings held 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to pursue the case with FBR and report progress to Audit. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious auction of condemned vehicles and store items.

[DP Nos. 17895-Exp & 479-Exp/K]

4.9.15 Excess expenditure of Rs. 3.53 million due to non deposit of tax deducted by DDOs

According to Section 3(1) of the Sales Tax Act, 1990, read with SRO 1125(I)/2011 dated: 31.12.2011 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 of furtherance or any taxable activity carried on by him. According to Sixth Schedule of the Sales Tax Act, laptop computers notebooks and personal computer were exempt from levy of Sales Tax on import or local supply.

Three (03) field offices of FBR purchased different kind of goods from certain suppliers and paid Sales Tax against such supplies. In one case the department did not deduct an amount equal to one fifth of the Sales Tax on payment made to vendors on purchase or different items. In remaining two cases, the suppliers did not deposit the 4/5th amount of Sales Tax into Government exchequer which was collected from these offices. The omission resulted into excess expenditure amounting Rs. 3.53 million during the financial year 2017-18.

Management Response

Department informed that an amount of Rs. 0.01 million has been recovered and remaining cases were under process.

DAC Decision

DAC in its meeting held 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 settled the para to the extent of Rs. 0.01 million and directed the Department to expedite the recovery and to get the position verified from Audit. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious recovery of the Government dues.

[Annexure-80]

4.9.16 Loss of Rs. 2.89 million due to non/short-deduction of tax by DDOs on miscellaneous expenses

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.

Nine (09) field offices of FBR did not deduct or short deducted the amount of Income Tax at the time of making payments of honoraria, cash reward paid to the employees and for services of repair and printing, purchase of water and rent of residential accommodation. This resulted into non/short-realization of Income Tax amounting Rs. 2.89 million during the financial years 2016-17 and 2017-18.

Management Response

Department contested the para on the plea that Honoraria and cash reward were made with the salaries of employees through SAP system directly and the Income Tax was already deducted from the salaries after calculating amount of pay and allowances alongwith amount of Honoraria and cash reward. The department further informed that action for recovery has been initiated in other cases.

DAC Decision

DAC in its meetings held 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to get the position verified from Audit, expedite recovery proceedings and report progress to Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Justification for non deduction of Government dues.
- Expeditious recovery of the Government dues.

[Annexure-81]

4.9.17 Irregular payment of honorarium - Rs. 2.00 million

According to General Financial Rule 46 (c), a competent authority may grant honorarium for doing certain work subject to fulfilment of conditions that work is occasional in character and is so laborious or of such special merit as to justify special award. The proper consent of the assignment is an-other pre requisite for sanction of honorarium.

MCC Appraisement (west) Karachi sanctioned honorarium of Rs. 2.00 million during the financial year 2017-18 to the employees, but none of them had performed any specific work as per above rules. The nature of work performed in the subject cases was not occasional in character and prior consent of competent authority was also not obtained. No specific justification was recorded while recommending the honorarium. This resulted into irregular payment of honorarium amounting Rs. 2.00 million during the financial year 2017-18.

Management Response

Department informed that the amount of honoraria was sanction to the entitled employees as a reward for laborious work.

DAC Decision

DAC in its meetings held 31st December 2018 to 4th January, 2019 directed the department to get the stated position verified from Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Justification for irregular expenditure and recovery thereof.

[PDP No. 25-Exp/Cus/K]

4.9.18 Loss of Rs. 2.00 million due to non/short-recovery of monthly contribution of benevolent fund and group insurance fund

As per Para (ii) of Establishment Division's Office Memo No.18-22/Act-Amdt/Plan/2002, dated 23rd 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 01st September, 2012. Further, according to Establishment Division's Office Memorandum No.18-22/Act-Amdt/Plan/2013 dated 16th December 2013, every employee is required to make a monthly payment of Group Insurance Fund at the revised specified rates w.e.f. 01st December, 2013.

Seven (07) field offices of FBR either did not deduct amount of contribution of benevolent fund and group insurance fund or deducted less amount than the enhanced applicable rates. This resulted into loss of Rs. 2.00 million due to non/short recovery of monthly contribution of benevolent fund and group insurance fund during the financial years 2016-17 and 2017-18.

Management Response

Department reported that changes for recovery of Government dues have been submitted to the Accounts Office which is under process.

DAC Decision

DAC in its meeting held from 31st December 2018 to 4th January, 2019 and 15th to 18th January, 2019 directed the Department to expedite the recovery and report progress to Audit. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious recovery of the Government dues.

[Annexure-82]

4.9.19 In-admissible/Irregular payment of Medical Reimbursement charges - Rs. 1.74 million

The Finance Division (Regulation Wing), Islamabad vide O.M No. F.I (1)Imp/2010-622, dated 5th 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-imbursement 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.

Three (03) field offices of FBR made payments of re-imbursement of medical charges in thirty one (31) cases without fulfilling the codal formalities and basic requirements for re-imbursement of medical claims. The claims were sanctioned without proper prescriptions for the treatment from private hospital/clinic without an emergency or without referring by the authorized medical attendant for medical treatment of non chronic disease. This resulted in-admissible payment of medical re-imbursement charges to the tune of Rs. 1.74 million during the year 2017-18.

Management Response

Department informed that the re-imbursement of Medical Charges sanctioned duly verified by the competent authority and after compliance of codal requirements.

DAC Decision

DAC in its meetings held from 31st December 2018 to 4th January, 7th to 11th January and 15th to 18th January, 2019 directed the Department to revisit the case alongwith comprehensive reply / documentary evidence and report progress to Audit. No further progress was reported till finalization of the report.

Audit Recommendation

- Expeditious recovery of the Government dues.

[Annexure-83]

CHAPTER-5 INTERNAL CONTROL WEAKNESSES

5.1 Internal Control Introduction

Internal control is defined as a process affected by an organization's structure, work and authority flows, people and management information systems, designed to help the organization, accomplish specific goals or objectives. By means of internal control, an organization's resources are directed, monitored, and measured. It plays an important role in detecting and preventing fraud and protecting the organization's resources.

At the organizational level, internal control objectives relate to the reliability of financial reporting, timely feedback on the achievement of operational or strategic goals, and compliance with laws and regulations. At the specific transaction level, internal control refers to the actions taken to achieve a specific objective. Internal control procedures reduce process variation, leading to more predictable outcomes.

5.2 Components of Internal Control

Internal control consists of five interrelated components[1]:

- Control Environment: sets the tone for the organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control.
- Risk Assessment: the identification and analysis of relevant risks to the achievement of objectives, forming a basis for how the risks should be managed.
- Information and Communication: systems or processes that support the identification, capture, and exchange of information in a form and time frame that enable people to carry out their responsibilities.
- Control Activities: the policies and procedures that help to ensure management directives are carried out.
- Monitoring processes: used to assess the quality of internal control performance over the time.

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[1] INTOSAI GOV 9100 Guidelines for internal controls for public sector Pg 13

5.3 Internal Control Weaknesses

Internal control environment of FBR and its field formations was evaluated while conducting compliance with authority audit for the financial year 2017-18. Weaknesses of internal control observed are given in succeeding paragraphs:

5.4 Income Tax

5.4.1 Acceptance of incomplete returns due to non provision of validation checks in web-portal

According to Section 114 (3) of the Income Tax Ordinance 2001 read with Rule 34 of the Income Tax Rules 2002, a return of income shall be taken to be completed if it is in the prescribed form and shall be accompanied by such annexure, statements or documents as may be prescribed. Further, Section 120 of the Ordinance ibid provides that where a taxpayer has furnished a complete return of income, the Commissioner shall be taken to have made an assessment of taxable income for that tax year.

In three field formations of FBR, thirty eight (38) taxpayers filed Income Tax returns for the Tax Year 2017 without attachment/completion of mandatory annexures. Therefore, the returns were not to be treated as assessments order. It is worth mentioning here that there were no validation checks in the e-filing system of returns that could have been functional/operational in case of incomplete returns. Audit is of the view that in the absence of internal control, factual position and authenticity of taxable income and payment of tax due cannot be relied upon.

Management Response

The irregularity was pointed out during February to April & July to Nov, 2018.The Department replied that legal proceedings had been initiated under the relevant provision of the law.

DAC Decision

The DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the Department to complete the proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Acceptance of incomplete returns may be justified.
- Expedite legal proceedings under the law.

[Annexure-84]

5.4.2 Loss of Rs. 2.07 million due to non-filing of Income Tax Returns

As per Section 4 and 114 of Income Tax Ordinance 2001, subject to this Ordinance, Income Tax shall be imposed for each tax year, at the rate or rates specified in Division I, Part I of the First Schedule, as the case may be, on every person who has taxable income for the year. Subject to this Ordinance, 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 is required to furnish a return of income for a tax year

Contrary to the above, due to weak internal control fourteen (14) persons under the jurisdiction of Commissioner Inland Revenue, Gujrat Zone, RTO, Sialkot during the Tax Year 2017 & 2018, had taxable income but they neither filed their Income Tax returns nor deposited Income Tax chargeable at their income. This resulted in loss of Income Tax Rs. 2.07 million.

Management Response

The lapse was pointed out to the Department during November, 2018. It was stated that proceedings had been initiated under the relevant provision of the law.

DAC Decision

The DAC in its meeting held from 15th to 18th January, 2019 directed the Department to complete the proceedings by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-filing of returns may be justified.

- Expedite legal proceedings under the law.

[DP No.18220-IT]

5.5 Sales Tax

5.5.1 Irregular refund of Sales Tax of Rs. 493.43 million due to non-conducting of Post Refund Audit

Rule 36 (1) of the Sales Tax Rules, 2006 provides that after disposing of the refund claim, the officer-in-charge shall forward the relevant file to the Post Refund Audit Division for post sanction audit and scrutiny, which inter-alia include verification of Input Tax payments by respective suppliers being several and joint liability under Section 8A of the Sales Tax Act, 1990 and compliance of Section 73 of the Act ibid, regarding payment against certain purchases through banking channel.

On negation to the above, two thousand one hundred sixty one (2161) cases of Sales Tax refund were either sanctioned by the RTO Faisalabad or through ERS. The refund sanctioning authorities processed the claims and sanctioned refund without verification of payment of tax by suppliers, payment to suppliers through banking channel and checking the stock consumption which made the sanction orders provisional. The Refund Divisions/ERS neither send cases to Post Refund Audit Division nor was any refund case selected for post refund audit. Audit is of the view that post refund audit of 99 cases out of 2161 (which is less than 5 % of the total population) be conducted to verify the genuineness of the claims. The lack of action repeatedly on the part of tax authorities rendered payment of Rs. 493.43 million as doubtful during the financial year 2017-18.

Management Response

The irregularity was pointed out during July to November, 2018.The Department replied that legal proceedings had been initiated under the relevant provision of the law.

DAC Decision

The DAC in its meeting held from 15th to 18th January, 2019 directed the Department to complete the proceedings and submit progress to Audit by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Irregular grant of refund may be justified.
- Initiate legal proceedings under the law.

[DP No.18095-ST]

5.5.2 Non-rejection of deferred claims - Rs. 75.83 million

According to Rule 37 and 35 of the Sales Tax Rules 2006, the claim or any part thereof is found inadmissible or unverified, the officer-in-charge shall, at the time of issuing RPO, issue a notice requiring the claimant to show cause as to why the claim or as the case may be, part thereof should not be rejected and as to why the claimant should not be proceeded against under the relevant provisions of the Act.

Contrary to the above, ten (10) taxpayers falling under the three-field formation of FBR claimed refund during 2017-18, however, while issuing refund payment orders to the nine taxpayers, significant amount of input tax claimed has been deferred, but no further proceedings for rejection of deferred input tax of Rs.75.83 million had been initiated as required under the law.

Management Response

The irregularity was pointed out during July to Nov, 2018. The Department replied that an amount of Rs. 6.71 million regularized legal proceedings had been initiated issued in remaining cases of Rs. 69.12 million.

DAC Decision

The DAC in its meeting held from 15th to 18th January, 2019 directed the Department to complete the proceedings by 28.02.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-rejection of deferred claims may be justified.
- Expedite legal proceedings under the law.

[DP No.18090, 17913 &18247-ST]

5.5.3 Potential loss of Rs. 66.18 million due to non-finalization of adjudication proceedings

Internal Control is a process, established by management and carried out by management and other personnel, to provide reasonable assurance regarding the achievement of objectives- Effectiveness and efficiency of operations, reliability of financial reporting, and Compliance with applicable laws and regulations**.** An important management responsibility is to establish and maintains internal controls as an ongoing basis. Management's monitoring of controls includes considering whether they are operating as intending and that they are modified as appropriate for changes in conditions.

Assessing officers of three field formations of FBR failed to adjudicate the ten (10) cases under the prescribed time limits. The delay in finalization of adjudication proceeding reflected the lack of internal controls by the administrative authorities. The omission resulted into loss of revenue amounting to Rs. 66.18 million for the financial year 2017-18.

Management Response

The lapse was pointed out during July to November, 2018. LTU Islamabad and RTO Faisalabad informed that cases are subjudice, whereas, RTO Multan did not submit working papers.

DAC Decision

The DAC in its meeting held from 8th to 11th and 15th to 18th January, 2019 directed the LTU Islamabad and RTO Faisalabad to pursue the subjudice cases and direct RTO Multan to submit working paper containing updated position by 31.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Non-finalization of adjudication proceedings may be justified.
- Actively pursue subjudice acses.

[Annexure-85]

5.5.4 Non-recovery of Sales Tax of Rs. 959.43 million due to ineffective monitoring of blacklisted/ blocked registered persons

According to Section 21 of the Sales Tax Act 1990 read with Rule 12 of the Sales Tax Rules 2006, where the Commissioner is satisfied that a registered person is found to have issued fake invoices or has otherwise committed tax fraud, he is required to conduct inquiry and in case of confirmation of the offence, inquiry may extend to suppliers and buyers to ascertain whether any inadmissible inputs or refunds have been taken by them.

Thirty (30) taxpayers registered with four (04) field offices of FBR, were declared as suspended/black listed who claimed Input Tax adjustments on purchases and issued Sales Tax invoices which were used for Input Tax adjustment/refund. The Department determined their Sales Tax liability of

Rs. 959.43 million but did not take legal action against the suppliers and buyers. The Department was required to recover determined liability and initiate legal proceedings against the suppliers and buyers which were not done. This resulted in loss of government revenue of Rs.959.43 million during the year 2017-18.

Management Response

The irregularity was pointed out during April to Nov, 2018. The Department replied an amount of (a) Rs. 0.29 million recovered (b) Rs. 0.20 million vacated (c) Rs. 0.11 million subjudice (d) Rs. 1.281 million under recovery and (e) Rs. 957.55 million under legal proceedings

DAC Decision

The DAC in its meeting held from 8^{th} to 11^{th} and 15^{th} to 18^{th} January, 2019 directed the Department to get the recovered and vacated amount verified, pursue the subjudice/recovery cases and expedited legal proceedings and submit progress to Audit and FBR by 15.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

- Expeditious recovery in remaining cases.
- Non-monitoring of blacklisted/blocked registered persons may be justified.
- Initiate legal proceedings under the law.

[Annexure-86]

5.6 Customs

5.6.1 Release of bank guarantees of Rs. 47.16 million without obtaining acknowledgement of cross border certificates

According to sub-paragraph 2(i) of paragraph 7 of S.R.O. 767 (I)/2009 dated 4th September, 2009 "The proof that goods exported from Pakistan have reached Afghanistan shall be verified on the basis of copy of import clearance documents by Afghan Customs Authorities across the border"

MCC Faisalabad released bank guarantees without obtaining acknowledgements from the Afghanistan Customs Authorities that the consignments had been received in Afghanistan. This resulted in release of financial instruments without acknowledgement of cross border certificates of Rs. 47.16 million.

Management Response

The matter was reported to the Department during June to December, 2018. No reply was furnished by the Department.

DAC Decision

The DAC in its meeting held from 7th to 11th January, 2019 directed the MCC to expedite provision of relevant documents to Audit. No further progress was reported till finalization of the report.

Audit Recommendations

- Release of bank guarantees without obtaining acknowledgement of cross border certificates may be justified.
- Remedial action may be taken under the law.

[DP No. 5856-Cus]

5.6.2 Non-initiation of action against the inactive licensees and non-recovery of government revenue - Rs. 16.29 million

According to Rule 344 of the Customs Rules, 2001 and Rule 4 of the Export Oriented Units and Small and Medium Enterprises Rules, 2008, the license may be cancelled by the Collector on conviction of the licensee for any offense under any of the Acts or non-utilization of the license during the last twelve months, or for violation of any of the conditions specified in the license or on the request, in writing, by the licensee.

MCCs (Appraisement), Lahore and Multan did not initiate action for cancellation of license of a licensee under Chapter-XV and two licensees of EOU respectively who were dormant since long. The licensees had made no business activity during last twelve months. This resulted in non-initiation of action for cancellation of licenses and non-recovery of revenue from the licensees of Rs. 16.29 million.

Management Response

The matter was reported to the Department during June to December, 2018. The Department reported that Rs. 4.01 million were subjudice and no reply was furnished for Rs. 12.28 million.

DAC Decision

The DAC in its meetings held during 7th to 11th January, 2019 directed the MCCs to pursue the subjudice cases and submit comprehensive reply in cases not responded to. No further progress was reported till finalization of the report.

Audit Recommendations

Non-initiation of action against the inactive licensees may be justified, besides prompt recovery of government revenue.

[DP Nos. 5776, 5777 & 6209-Cus]

5.6.3 Loss to national exchequer due to delayed assessment of revenue

Section 82 read with Section 83 (2) of the Customs Act, 1969 provides the detailed procedure for removal of imported goods from the port area and payment of assessed revenue thereon.

MCC (Appraisement), Lahore cleared the imported goods where revenue was assessed and paid by the importers with a delay ranging from 2 days to 651 days (comparing the date of GD filing and Date of Cash No.). The delayed assessment was due to following two reasons;

(i) G.Ds were filed late by the importers; or
(ii) Revenue assessed late and timely paid by the importers.

In either case, the importers or the appraising officer(s) were at fault and government revenue was not assessed promptly as required by GFR 4 to 8. By virtue of this delayed assessment, government revenue of millions of rupees could not timely become the part of National Exchequer.

Management Response

The matter was reported to the Department during June to December, 2018. The Department reported that efforts were under way to reduce this delay.

DAC Decision

The DAC in its meetings held from 7th to 11th January, 2019 directed the MCC to ensure timely assessment of revenue without fail in future. No further progress was reported till finalization of the report.

Audit Recommendations

Delayed assessment of revenue may be justified, besides strengthening of internal controls.

[DP Nos. 5939, 6169 & 6182-Cus]

5.6.4 Sheer violation of law resulting in leakage of revenue and weaker control over imports made under SROs 655(I)/2006 and 656(I)/2006

According to SROs 655(I)/2006 and SROs 656(I)/2006 both dated 22.06.2006 "all the consignments imported under notification shall only be cleared through Customs Computerized System".

MCC (Appraisement), Lahore had allowed M/s Honda Atlas Cars (Pvt) Ltd, Lahore to clear all its imports under SRO 655(I)/2006 and 656(I)/2006 through One-Customs and not through WeBOC. The above condition was inserted through amending SROs 495(I)/2013 and 496(I)/2013 both dated 12.06.2013, meaning thereby, a period of more than five and half years had been elapsed but the importer was constantly violating the provisions of both SROs and Customs authorities were also intentionally overlooking this sheer violation for reasons best known to them.

Management Response

The matter was reported to the Department during June to December, 2018. No reply was furnished by the Department.

DAC Decision

The DAC in its meetings held from 7th to 11th January, 2019 directed the MCC submit comprehensive reply to Audit within fifteen days. No further progress was reported till finalization of the report.

Audit Recommendations

Violation of law may be justified, besides strengthening of internal controls.

[DP No. 6186-Cus]

5.6.5 Non-submission of security guarantee

According to Rule 548 of the Customs Rules, 2001 issued vide SRO 450 (I)/ 2001 dated 18.06.2001, any terminal operator who wishes to conduct terminal operations under the PaCCS automated processes shall fulfil the minimum conditions or requirements specified in Rule 554. Further, Rule 554(6)(d) provides that there shall be a security guarantee equivalent to US$ one million per terminal.

In 5 cases, two field formations of FBR failed to obtain security guarantee from the terminal operators for registration under sections 155C and 155D of the Customs Act, 1969. This resulted in non-submission of security guarantees equivalent to US$ 5 million.

Management Response

The irregularity was pointed out during August to November, 2018. The MCC Appraisement (East), Karachi reported that cases for US$ 3.00 million were under examination and sought some time for detailed reply while cases for US$ 2.00 million the MCC Appraisement (West), Karachi reported that both the terminals had submitted the security guarantees.

DAC Decision

The DAC in its meetings held during 31st December, 2018 to 4th January, 2019 directed the MCCs to expedite fulfilment of condition of the rules and submit comprehensive reply with supporting documents and get the stated position verified from Audit. Further progress was not intimated till finalization of the Report. No further progress was reported till finalization of the report.

Audit Recommendations

Non-submission of security guarantee may be justified, besides strengthening of internal controls.

[DP Nos. 225 & 261-CD/K]

5.6.6 Loss to national exchequer due to late filing of Goods Declarations (G.Ds)

Section 79(1) (a) read with Section 82 of the Customs Act, 1969 provided the detailed procedure for filing of goods declaration and removal of imported goods from the customs area after loading. Further, according to Section 156 (47A) of the Act, if the goods declaration is not filed within the prescribed period of fifteen days, the owner of such goods shall be liable to a penalty which may extend to fifteen thousand rupees.

MCCs (Appraisement), Lahore had allowed filing of goods declaration with a delay ranging from 19 to 338 days, in 644 cases. This resulted in loss to National Exchequer due to late filing of G.Ds and late assessment of government revenue thereon. Further, provisions of Section 82 were not complied with for disposal of goods through open auction to recover the revenue due to government in time.

Management Response

The Department reported that importers were allowed to file G.Ds after payment of fine for delayed filing.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCCs take action according to provisions of Section 82 where G.Ds were not filed within fifteen days of import general manifest. No further progress was reported till finalization of the report.

Audit Recommendations

Audit emphasizes for implementation of DAC's directives in letter and spirit besides recovery of government revenue.

[DP Nos. 5938 & 6181-Cus]

5.6.7 Illegal clearance of imported goods by splitting the bill of lading coupled with concealment of quantity

According to 79(1) (a) of the Customs Act, 1969, the owner of imported goods shall make entry of such goods for home consumption or warehousing or transshipment or for any other approved purposes, within fifteen days of the arrival of the goods, by filing a true declaration of goods.

MCC (Appraisement) Lahore did not take cognizance of splitting of bill of lading (BL) No. 962888053 dated 09.12.2017 into two Import General Manifests (IGMs) by M/s HNR Company (Pvt) Limited, Lahore itself and goods were got cleared under G.D Nos. 15333 and 15334 both dated 07.03.2018. As per BL, 728 cartoons containing Haier Brand Refrigerators (Cabinet) with Standard Accessories without compressors were shipped to Pakistan. The importer at the time of clearance had committed the following irregularities which remained outside the sight of customs authorities as the facility of green channel had been availed by the importer concerned;

(i) The BL was splitted and two GD were filed against one BL without permission of customs authorities; and

(ii) In each G.D, 362 cartoons had been declared and cleared, meaning thereby, a quantity of 4 cartoons was concealed intentionally by the importer.

Both the above actions were serious violations of Customs' Laws and unprecedented phenomena and resulted in clearance of imported goods illegally alongwith fiscal fraud due to concealment of imported goods.

Management Response

The Department reported that the case was under scrutiny.

DAC Decision

The DAC in its meetings held from 7th to 11th January, 2019 directed the MCC to re-examine the issue and submit comprehensive reply to Audit within fifteen days. No further progress was reported till finalization of the report.

Audit Recommendations

Practice of splitting of bill of lading may be discourage, besides strengthening of internal controls.

[DP No. 5945-Cus]

5.6.8 Poor performance of recovery cell

Chapter-XI the Customs Rules, 2001 issued vide SRO 450(I)/2001 dated 18.06.2001 provides the detailed procedure for recovery of arrears.

MCC (Appraisement), Lahore had managed recovery of a meagre amount of Rs. 49.45 million (1.12%) against total recoverable of Rs. 4,406.15 million which was not appreciable in anyway. This showed that the attitude of staff towards official duty was very sluggish being neglected area. The supervisory officers also did not take the poor state of affairs into consideration and no extra efforts were put in to improve the inauspicious situation of recovery. All this resulted in very poor performance of recovery cell.

Management Response

Department reported that efforts are under way to improve the level of recovery.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCC to make all out efforts to recover the arrears. No further progress was reported till finalization of the report.

Audit Recommendations

Audit emphasizes for personal involvement of higher management to recover the government revenue expeditiously.

[DP No. 6212-Cus]

5.6.9 Potential loss to national exchequer due to issuance of clarification against the spirit of tax laws regarding imposition of value addition tax

According to Rule 58B of the Sales Tax Special Procedures Rules, 2007, the Sales Tax on account of minimum value addition, shall be levied and collected at import stage on imported goods at the rate of three per cent of the value of goods in addition to the tax chargeable under Section 3 of the Act or a notification issued there under provided that the value addition tax shall not be charged on the goods as are imported by a manufacturer for in-house consumption. The term in-house consumption has been defined as under by the FBR vide C. No. 3(5)ST-L&P/2005-84747-R dated 11.07.2017, as under;

The term "in-house consumption" applies to those goods/raw materials which are imported by a manufacturer for in-house consumption in manufacturing processes of finished goods for subsequent sale in his own manufacturing facility. The benefit of "in-house consumption" is, therefore, not extendable to those goods/raw materials which are imported by a manufacturer or service provider for use as fixtures etc. for upgradation/renovation of premises.

The MCC (Appraisement) Lahore cleared the input goods imported by manufacturers and service providers to be utilized in furtherance of taxable supplies without realization of value addition tax in the light of aforesaid clarification which implied that the value addition tax was applicable where;

(i) imported goods are not meant for subsequent/further sale; and
(ii) out-sourcing of manufacturing of goods by the manufacturers.

Audit was of the view that Value Addition Tax (VAT) was a consumption tax levied on products whenever value was added at each stage of the supply chain, from production to the point of sale. Now, in terms of aforesaid clarification, the imported goods not meant for further sale were liable to VAT which was against the very spirit of prevailing Tax Laws not only in the Country but also of the World. The manufacturing process of any manufacturer could easily be divided into following three broad categories;

(i) Input goods i.e. raw material, components, sub-components, assemblies and sub-assemblies;
(ii) Plant and machinery required to convert these input goods into finished goods; and
(iii) Premises, furniture & fixtures and office supplies etc.

Except (i) above, remaining goods were not meant for further sale in normal course of business but as per clarification, (i) above covered in in-house consumption and did not subject to levy of VAT and (iii) did not cover under the definition of in-house consumption and subjected to VAT at import stage which was un-understandable. By virtue of such ambiguous and contradictory clarifications, a huge amount of revenue would remain outside the National Exchequer annually. Audit, however, agreed with clarification issued on 26.06.2013 which is reproduced as under;

It is stated that the goods which are imported for further sale are chargeable to value addition tax @ 3% on import stage irrespective of the fact that the importer is registered as a manufacturer or not.

Management Response

The MCC replied that the goods imported by the manufacturers and service providers were rightly cleared without realization of value addition tax in the light of aforesaid clarification. Further, in terms of Section 223 of the Act, all officers of customs and other persons employed in the execution of this Act shall observe and follow the orders, instructions and directions of the Board, so this clarification was binding on them.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 considered the viewpoints of both sides and directed the Audit to take up the matter with Ministry of Law for clarification on the issue. No further progress was reported till finalization of the report.

Audit Recommendations

- Early determination of definition of in-house consumption by the Ministry of Law.
- Withdrawal of variant clarifications on the issue by the FBR.

- Recovery of revenue, where established, after response of Ministry of Law.

[DP No. 5905-Cus]

5.6.10 Definite loss of revenue due to existence of duplicate tariff lines in Free Trade Agreement with China

SRO 659(I)/2007 dated 30.06.2007 amended vide SRO 570(I)/2017 dated 01.07.2017 provides concession/exemption of Customs Duty to goods imported from China specified in the Tables given therein.

The MCC (Appraisement) Lahore did not take into consideration the existence of 495 tariff line in Table-I and 268 tariff lines in Table-II of the SRO ibid which were either duplicate, triplicate or quadruplicate. Out of total 763 duplicate tariff lines, 83 tariff lines were those where description of goods was either identical or slightly different but rate of duty was different. These tariff lines were quite susceptible and fit for misclassification by default, as just adding or removing a single word could change the entire status of imported goods. This phenomenon also revealed that there was no internal reviewing system of SRO(s) after issuance at both the Ministry of Commerce and Federal Board of Revenue.

Management Response

The MCC replied that the no action was taken on the issue so for, as the details of such duplicate PCT headings were not available.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 directed the Department to take up the matter with the Ministry of Commerce through FBR for removal of duplicate PCT headings as details were provided again by the Audit to MCC during DAC meeting. No further progress was reported till finalization of the report.

Audit Recommendations

- Early removal of duplicates tariff lines from the FTA.
- Confirmation of tariff lines actually agreed with the China.
- Recovery of revenue, where established, after input from Ministry of Commerce.

[DP No. 5906-Cus]

5.6.11 Guidelines for classification of split consignments provided the imported goods, importers, consigners are same and output goods are well defined

According to Rule (2) (a) of General Rules for Interpretation (GRI), any reference in a heading to an article shall be taken to include a reference to that article incomplete or un-finished, provided that, as presented, the incomplete or unfinished article has the essential character of the complete or finished article. It shall also be taken to include a reference to that article complete or finished (or failing to be classified as complete or finished by virtue of this Rule), presented unassembled or disassembled.

MCC (Appraisement) Lahore cleared the household goods like LCD/LED televisions, refrigerators, split air conditioners, microwave ovens and washing machines in kit form imported by various assemblers/manufacturers namely M/s HNR Company, M/s Changhong Ruba, M/s SVA-Ruba, M/s TCL, M/s Orient Electronics, M/s Sigma Refrigeration Ltd and M/s Smart Zone by classifying them under respective PCT headings by treating the same as parts of afore-mentioned goods, whereas, the same were required to be classified under PCT headings 8528.7211/8528.7212 (LCD/LED television), 8418.2100 (refrigerator), 8415.1010/8415.1020 (air conditioner), 8516.5000 (microwave oven), 8450.1100/8450.1200 (washing machine) with Customs Duty @ 35% where the consignments covered under the definition of GRI (2)(a). It was pertinent to mention that the goods were loaded on the same day and the importers had managed the issue with the shipping lines and got bills of lading (BL) with same numbers just by adding A, B and C with BL number which was a new phenomenon confronted by Audit. The importer-wise detail and number of parts cleared through one GD were as under;

S. No.	Name of importer (M/s)	No. of GDs	No. of parts
1	Changhong Ruba	34	10 to 62
2	HNR	769	10 to 76
3	Orient Electronics	27	10 to 35
4	Sigma Refrigeration	11	10 to 28
5	Smart Zone	13	11 to 27
6	VA-Ruba	4	24 to 26
7	TCL	2	10 to 17

In all the above cases, no comments/remarks of appraising officer(s) were seen as to why GRI (2) (a) had not been applied. Further, the same issue against the same importers was raised during FY 2011-12 (A.O. No. 24 dated 19.03.2012) but government revenue of millions of rupees had been compromised annually due to intentional negligence of Customs' authorities.

Management Response

The MCC replied that the goods imported in parts were rightly classified under their respective headings. Audit is of the view that the goods are being imported in kit form which is rightly classified in their respective headings.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 directed the Department the MCC to expedite the recovery where imported goods covered under GRI (2) (a). No further progress was reported till finalization of the report.

Audit Recommendations

- Strict compliance of GRI and implementation of DAC's directives.
- Re-determination of scope of term "as presented".
- Assessed in respective classifications and effect recovery of revenue where imported goods covered under GRI 2(a).

[DP No. 5937-Cus]

5.6.12 Defective method of issuance and debiting of quota under SROs 655(I)/2006 and 656(I)/2006

The SRO 655(I)/2006 dated 22.06.2006 exempts raw materials, sub-components, components and sub-assemblies, as are not manufactured locally, imported for the manufacture of components and assemblies for automotive vehicles specified in Table-I from so much of customs-duties leviable under the First Schedule to the said Act as are in excess of the rates specified in Schedule to the Table-I thereto, subject to the conditions specified therein. Similarly, SRO 656(I)/2006 dated 22.06.2006 exempts components which include sub-components, components, sub-assemblies and assemblies but exclude consumables, imported in any kit form, and direct materials for assembly or manufacture of vehicles falling under Chapter 87 of the First Schedule to the said Act, from so much of customs duties, as specified in the said First Schedule, as are in excess of the rates specified in column (4) of the Table thereto, subject to the conditions specified therein.

The MCC (Appraisement), Lahore cleared the imports made by M/s Honda Atlas Cars (Pvt) Ltd, Lahore under SROs 655(I)/2005 and

656(I)/2006 without taking into cognizance the following irregularities committed by the importer and assessment staff;

(i) both the benefits were not entered/fed in respective columns in the One-Customs system;

(ii) quota was debited in terms of codes (TBSI-03 and V-041) and not in terms of items i.e. raw material, components, sub-components, assemblies and sub-assemblies etc.

(iii) customs appraising staff was ignorant of items claimed to be debited and imported by the importer;

(iv) imported goods were misclassified (components as raw material and sub-assemblies as components);

(v) assemblies were granted clearance under SRO 655(I)/2006 which was not allowed;

(vi) G.Ds files were incomplete and details of items stated to be imported against quota were neither mentioned/provided by the importer nor demanded by the customs appraising staff; and

(vii) either no import of consumables like brake disc, brake pads, batteries, air filters, pollen filters, windscreen wipers, tyres, coolant etc. was made or misclassified in disguised manner.

All this resulted in clearance of imported goods in un-professional and haphazard manner and goods imported, consumed and balances remained unchecked. Audit required the following record/documents to sort out the issue with the objective that no revenue due to Government would left outside the National Exchequer;

(i) Opening balance of approved quota (item-wise) as on 01.07.2017;

(ii) Quota allowed during the period from 01.07.2017 to 30.06.2018;

(iii) Exact description of quota items and classification of input goods as raw material, sub-component, components, sub-assembly and assembly;

(iv) Name(s) of person(s) responsible for feeding and counter-checking of G.D particulars in PRAL data;

(v) Reasons behind non-entering of SRO claimed by the importer in the PRAL; and

(vi) Consumption certificate(s) submitted by the importer to Engineering Development Board for the periods ended on 30.06.2017 and 30.06.2018.

Management Response

The MCC replied that the goods were rightly classified in line with quota approved by the Engineering Development Board.

DAC Decision

DAC in its meeting held from 7th to 11th January, 2019 directed the MCC to re-examine the entire issue meticulously and submit a comprehensive reply within next 15 days. No further progress was reported till finalization of the report.

Audit Recommendations

- Thorough scrutiny of imports made and benefit claimed by the importer.
- Holding of inquiry against persons responsible for mis-feeding of imports data in the System.
- Provision of aforesaid record/information.

[DP No. 6185-Cus]

5.6.13 Non-conduct of post-exportation audit of DTRE users

According to Rule 307E (1) of Sub-Chapter-7 of the Customs Rules, 2001, the liability of a DTRE user to pay Duty and Taxes as security instruments furnished by him was not to be discharged unless post exportation audit was carried out and was completed satisfactorily within a period of three months.

In 69 cases four MCCs did not conduct post-exportation audit of DTRE users despite the fact that reconciliation statements had been submitted by them. This resulted in non-confirmation of genuineness of remission of Duty and Taxes of Rs. 1,317.98 million. Some examples are given as under:

a) MCC Faisalabad did not carry out post exportation audit of 15 DTRE users which resulted in non-confirmation of duty & tax remission of Rs. 388.01 million.

b) MCC Multan did not carry out post exportation audit of 9 DTRE users which resulted in non-confirmation of duty & tax remission of Rs. 860.67 million.

Management Response

Department reported that mandatory audit had been completed for Rs. 23.60 million and audits involving duty and tax remission of Rs. 1,294.37 million were underway.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 directed the MCCs to complete the remaining post-exportations audits expeditiously. No further progress was reported till finalization of the report.

Audit Recommendations

- Conduct of post-exportation audit within prescribed time limit.
- Early recovery of revenue as a result of such audits.

[DP Nos.5722, 5769, 5846 & 6208-Cus]

5.6.14 Loss of revenue due to under invoicing and mis-declaration

According to Rules 389 and 391 of the Customs Rules, 2001 all import cargo entered into Customs' area for clearance was required to be accompanied with a copy of packing list, invoice and in case of containerized cargo, a Consignment Note. These documents were to be furnished to Customs by the carrier at the time of pass-in of goods for export. The liability of placing such documents was upon the owner of goods as well as upon the carrier. The owner of goods and the carriers were required to explicitly convey the requirement of placing documents in the manner prescribed as an obligatory condition, to the person who packed or shipped the cargo.

MCC Appraisement Lahore did not take cognizance of repeated violations of the above referred provisions of the Law and cleared imported goods by charging minimal penalty ranging from Rs. 5,000 to Rs. 15,000 per case instead of Rs. 50,000 per case where invoices and packing lists were not found placed inside the containers. As the liability of placing such documents was upon the owners of the imported goods and the carrier of the goods, therefore, it appeared as an intentional violation on the part of importers to conceal actual invoice value and physical description of imported goods for getting illegal financial benefits. Resultantly, the National Exchequer has sustained a recurring loss of revenue annually by virtue of concealment of actual invoice value of imported goods.

Management Response

No reply was furnished by the Department.

DAC Decision

DAC in its meetings held from 7th to 11th January, 2019 observed that the Rules had not been amended in the light of directives of PAC in April, 2017 and directed the MCC to immediately take up the matter with the FBR for implementation of PAC directives regarding enhancing of pitch of penalty on repeated violations by the same importers where invoices and packing lists were not placed inside the containers/packages. No further progress was reported till finalization of the report.

Audit Recommendations

- Imposition of maximum penalty to curb the mal-practice of concealment of actual invoice value.
- Fixing of responsibility against person responsible for implementation of PAC clear cut directives on the issue despite lapse of more than 20 months.

[DP No. 5922-Cus]

5.7 Expenditure

5.7.1 Non-surrendering of unspent balances - Rs. 241.99 million

In terms of Para 95 of General Financial Rules Volume-I, "all anticipated savings shall be surrendered to government immediately they are foreseen but not later than 15th May of each year in any case, unless they are required to meet excesses under some other unit or units which are definitely foreseen at the time. However, savings accruing from funds provided through Supplementary Grant after 15th May shall be surrendered to Government immediately these are foreseen but not later than 30th June of each year. No savings shall be held in reserve for possible future excesses."

Revenue division, FBR (HQ) and ten offices under FBR did not surrender unspent balances of sanctioned budget grant of Rs. 241.99 million during FY 2017-18. This resulted into lapse of Rs.241.99 million at the part of controlling authority. The lapse was pointed out to the Department during February, 2017 & August to November, 2017.

Management Response

The irregularity was pointed out during July to November, 2018. The Department informed that letter has been issued to FBR for regularization.

DAC Decision

The DAC in its meeting held from 31st December 2018 to 4th January, 2019, 7th to 11th January, 2019 and 15th to 18th January, 2019 directed the Department to intimate the outcomes of reconciliation meetings with AGPR Islamabad for final discussion in PAC. No further progress was reported till finalization of the report.

Audit Recommendations

Non-surrendering of unspent balances may be justified, besides regularization from competent authority.

[Annexure-87]

5.7.2 Irregular withdrawal of government funds in the name of drawing & disbursing officer - Rs. 17.69 million

According to Para 2.3.2.8 of Accounting Policies and Procedures Manual (APPM) under New Accounting Model (NAM) that to minimize the risk of fraud and corruption besides other internal controls the payments are required to be made through direct bank transfer and cheques.

Contrary to the above expenditure record maintained by the Chief Commissioner, Inland Revenue Sargodha, for the year 2016-17 & 2017-18 revealed that an amount of Rs. 17.69 million was drawn in the name of DDO for payment to the different vendor/suppliers. The amount was required to be direct transfer in owner's bank account as per Rule. Non-implementation of controls resulted in to irregular withdrawal of funds Rs.17.69 million.

Management Response

The irregularity was pointed out during March & July 2018.The Department replied that para have been noted for compliance and all such items will be purchased after issuance of Tender Notice through the Zonal Purchase Committee under PPRA Rules. It is added that no loss of revenue was incurred and the amounts pointed out in para were properly handed over to the concerned.

DAC Decision

The DAC in its meeting held from 7th to 11th January, 2019 and 15th to 18th January, 2019, did not accept the contention of the RTOs and directed them to take up the matter with the Board for regularization and report progress to Audit by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

Irregular withdrawal of government funds in the name of drawing & disbursing officer may be justified, besides regularization from competent authority.

[DP No.17590 &17997-Exp]

5.7.3 Non reporting of cases of loss of public money/tax frauds Rs. 11.33 million couples with excess payment of pay and allowances of Rs. 0.05 million

According Para 20 of Central Financial Rules, Vol. 1, any loss of public money, departmental revenue, stores or property etc. held by or on behalf of the government caused by defalcation or otherwise is required to be reported to Audit immediately, even if such loss has been made good by the party responsible for it.

Directorate of I&I, Customs Lahore failed in reporting to Audit a theft of 1793 mobile phones valuing Rs.11.33 million from the state warehouse. Intelligence officer who was facing criminal proceedings was retired on 14.06.2018. Besides this the officer also paid excess amount on account on account of pay and allowances Rs.0.05 million for the month of June 2018, directorate also failed in adjustment of pay for the month June 2018. All this resulted in non-reporting of losses of Rs.11.33 million to Audit along with excess payment of pay and allowances of Rs.0.05 million.

Management Response

Department informed that employee involved in this case, retired on 14.06.2018 and under custody. The charged amount will be recovered as per decision of the court out of pensionary benefits as and when due.

DAC Decision

The DAC in its meeting held in from 7th to 11th January, 2019 directed the Department to pursue the court proceedings. No further progress was reported till finalization of the report.

Audit Recommendations

Non-reporting of cases relating to loss of public money/tax frauds may be justified, besides taking remedial action under the law.

[DP No.6163 -Exp]

5.7.4 Unauthorized expenditure of Rs. 6.94 million on posting of employees in excess of sanctioned strength

According to Rule 5(b) of the System of Financial Control & Budgeting, the Principal Accounting Officer (PAO) shall ensure that the funds allotted to a Ministry /Division etc. are spent for the purpose for which these are allotted. The expenditure in excess of the amount of Grant or Appropriation, unless regularized by a supplementary Grant, shall be treated unauthorized.

While examination of expenditure accounts pertaining to two (02) field formation of FBR for the year 2017-18, it was observed that officers/official remained posted in RTOs during 2017-18 in excess of the sanctioned strength and their pay and allowances were paid through the budget of RTOs which was against the above Rules. The lapse resulted in unauthorized expenditure of Rs.6.94 million.

Management Response

The irregularity was pointed out during March & July 2018.The Department replied that legal proceedings had been initiated under the relevant provision of the law.

DAC's Recommendations

The DAC in its meeting held from 15th to 18th January, 2019 directed the RTOs to expedite recovery and report progress to Audit by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

Unauthorized expenditure of posting of employees in excess of sanctioned strength may be justified, besides regularization from the competent authority.

[DP No.17870 & 18143-Exp]

5.7.5 Improper budgeting and incurring of expenditure over and above budget grant - Rs. 2.40 million

Paras 12, 88 and 106 of GFR Vol-I read with Para 5(b) of System of Financial Control and Budgeting, 2006 provide that, the expenditure in excess of the amount of Grant or Appropriation as well as the expenditure not falling within the scope or intention of any Grant or Appropriation, unless regularized by a Supplementary Grant or a Technical Supplementary Grant, shall be treated unauthorized.

Contrary to above Director Internal Audit (IR) northern region Islamabad made payment on account of pay and allowances over and above the sanctioned /strength and expenditure exceeded over and above budget grant during 2017-18. This resulted in un-authorized payment of Rs. 2.40 million.

Management Response

The lapse was pointed out to the Department during September, 2018, RTOs informed that letter has been issued to FBR for regularization.

DAC Decision

The DAC in its meeting held from 15th to 18th January, 2019 directed the Department to regularized the case from the competent authority and inform progress to Audit by 25.01.2019. No further progress was reported till finalization of the report.

Audit Recommendations

Improper budgeting and incurring of expenditure over and above budget grant may be justified, besides regularization from the competent authority.

[DP No. 17852 Exp]

Annexure-1

Details of MFDAC for the year 2018-19

DGAIR & Customs, Lahore (Rs. in million)

S. No.	Name of Formation	No of Paras / DP No	Title of Para	Amount of Audit Observations			Total Amount	Nature of Audit Observation
				Amount of Direct Taxes	Amount of Indirect Taxes	Expenditure		
1	DDO, MCC, Gilgit	5666-Cus	Unauthorised expenditure on account of reimbursement of medical charges	0.00	0.00	0.09	0.09	Violation of Law / Rules
2	DDO, MCC, Gilgit	5667-Cus	Non disposal of news paper stores	0.00	0.00	0.03	0.03	Violation of Law / Rules
3	DDO, MCC, Gilgit	5668-Cus	Irregular expenditure on repair of software	0.00	0.00	0.02	0.02	Violation of Law / Rules
4	DG I&I Customs, Islamabad	5672-Cus	Irregular expenditure on POL & Repair of vehicle	0.00	0.00	8.24	8.24	Violation of Law / Rules
5	DG I&I Customs, Islamabad	5675-Cus	Non disposal of unserviceable goods	0.00	0.00	0.06	0.06	Violation of Law / Rules
6	DG I&I Customs, Islamabad	5678-Cus	Excess payment due to irregular payment of ST	0.00	0.00	0.04	0.04	Violation of Law / Rules
7	DG I&I Customs, Islamabad	5679-Cus	Excess payment due to irregular payment of ST at higher rates	0.00	0.00	0.03	0.03	Violation of Law / Rules

8	DG Post clearance Audit (Customs) Islamabad	5682-Cus	Non deposit of ST in Govt Exchequers	0.00	0.00	0.52	0.52	Violation of Law / Rules
9	MCC, Islamabad	5693-Cus	Excess payment of ST at higher rates	0.00	0.00	0.09	0.09	Violation of Law / Rules
10	MCC, Islamabad	5694-Cus	Inadmissible payment of conveyance allowance	0.00	0.00	0.06	0.06	Violation of Law / Rules
11	MCC, Islamabad	5695-Cus	Non disposal of unserviceable goods	0.00	0.00	0.11	0.11	Violation of Law / Rules
12	MCC, Islamabad	5696-Cus	Short realization of WH Tax	0.00	0.00	0.04	0.04	Violation of Law / Rules
13	MCC, Sialkot	5751-Cus	Non Export of Temporarily imported goods	0.00	0.24	0.00	0.24	Violation of Law / Rules
14	DDO, MCC, Sialkot	5755-Cus	Unauthorised expenditure on account of POL and repair of Vehicles	0.00	0.00	0.00	0.00	Violation of Law / Rules
15	DDO, MCC, Sialkot	5756-Cus	Unauthorised expenditure on account of	0.00	0.00	0.18	0.18	Violation of Law / Rules
16	DDO, MCC, Sialkot	5757-Cus	Inadmissible payment of HRA	0.00	0.00	0.17	0.17	Violation of Law / Rules

17	DDO, MCC, Sialkot	5758-Cus	Non /short deduction of Group insurance	0.00	0.00	0.35	0.35	Violation of Law / Rules
18	DDO, MCC, Sialkot	5761-Cus	Non deduction of certain amount from Pay & allowance	0.00	0.00	0.05	0.05	Violation of Law / Rules
19	DDO, MCC, Multan	5786-Cus	Non deduction of WH ST on services	0.00	0.00	0.43	0.43	Violation of Law / Rules
20	DDO, MCC, Multan	5788-Cus	Inadmissible payment of of HRA and non deduction of HR	0.00	0.00	0.12	0.12	Violation of Law / Rules
21	Director, Intelligence & Investigation, Peshawar	5867-Cus	Unauthorized/illegal use of government vehicles without authorization under policy for monetization of transport facility	0.00	0.00	0.00	0.00	Violation of Law / Rules
22	Director, Intelligence & Investigation, Peshawar	5868-Cus	Irregular/doubtful expenditure on POL	0.00	0.00	0.30	0.30	Violation of Law / Rules
23	DDO, Model Customs Collectorate, Peshawar	6016-Cus	Short-deduction of income tax from cash reward	0.00	0.00	0.50	0.50	Violation of Law / Rules
24	DDO, Model Customs Collectorate, Peshawar	6018-Cus	Short-deduction of income tax from honorarium	0.00	0.00	0.37	0.37	Violation of Law / Rules
25	DDO, Model Customs Collectorate, Peshawar	6020-Cus	Short-deduction of income tax from payment to lawyers	0.00	0.00	0.22	0.22	Violation of Law / Rules

26	DDO, Model Customs Collectorate, Peshawar	6023-Cus	Inadmissible expenditure on pay and allowances	0.00	0.00	0.08	0.08	Violation of Law / Rules
27	I&I Customs, Lahore	6159-Cus	Excess payment of Performance allowance	0.00	0.00	0.00	0.00	Violation of Law / Rules
28	I&I Customs, Lahore	6161-Cus	Excess payment of Special Performance allowance	0.00	0.00	0.00	0.00	Violation of Law / Rules
29	Director I&I, Customs, Lahore	6162-Cus	Stoppage of payment of Special Fee	0.00	0.00	0.70	0.70	Violation of Law / Rules
30	Collectorate MCC (Appraisement) Lahore	6191-Cus	Excess payment of Special Performance allowance	0.00	0.00	0.00	0.00	Violation of Law / Rules
31	Collectorate MCC (Appraisement) Lahore	6193-Cus	Excess payment of Special Performance allowance	0.00	0.00	0.00	0.00	Violation of Law / Rules
32	Collectorate MCC (Appraisement) Lahore	6197-Cus	Excess payment of Special Performance allowance	0.00	0.00	0.00	0.00	Violation of Law / Rules
33	MCC (Preventive) Lahore	6198-Cus	Irregular expenditure on POL and Repair of Vehicles	0.00	0.00	4.83	4.83	Violation of Law / Rules
34	MCC (Preventive) Lahore	6199-Cus	Excess payment on account of provision required to be provided by the operators of customs stations	0.00	0.00	0.24	0.24	Violation of Law / Rules

35	MCC (Preventive) Lahore	6200-Cus	Excess payment on Repair of Vehicles	0.00	0.00	1.22	1.22	Violation of Law / Rules
36	MCC (Preventive) Lahore	6201-Cus	Excess payment on stationery items	0.00	0.00	0.54	0.54	Violation of Law / Rules
37	MCC (Preventive) Lahore	6202-Cus	Excess payment of professional fee due to non-consolidation of identical cases	0.00	0.00	.40	.40	Violation of Law / Rules
38	MCC (Preventive) Lahore	6203-Cus	Irregular /illegal payment of cash reward without fulfilment of codal provisions	0.00	0.00	10.62	10.62	Violation of Law / Rules
39	MCC (Preventive) Lahore	6204-Cus	Excess payment on electricity	0.00	0.00	26.38	26.38	Violation of Law / Rules
40	MCC (Preventive) Lahore	6205-Cus	Unjustified expenditure on Sigh board	0.00	0.00	0.18	0.18	Violation of Law / Rules
41	DDO Intelligence & Investigation Customs, Islamabad.	195-Cus	Irregularities of lesser significance	0.00	0.00	0.05	0.05	Violation of Law / Rules
42	Deputy Director Intelligence & Investigation Customs (SWH), Islamabad.	190-Cus	Irregularities of lesser significance	0.00	0.01	0.00	0.01	Violation of Law / Rules
43	Deputy Collector Customs (SWH), MCC, Islamabad.	191-Cus	Irregularities of lesser significance	0.00	0.01	0.00	0.01	Violation of Law / Rules

44	Chief Collector Customs (North), Islamabad	206-Cus	Irregularities of lesser significance	0.00	0.00	0.25	0.25	Violation of Law / Rules
45	Model Customs Collectorate, Islamabad	207-Cus	Irregularities of lesser significance	0.00	0.00	0.01	0.01	Violation of Law / Rules
46	Director General Post Clearance Audit, Islamabad.	196-Cus	Irregularities of lesser significance	0.00	0.00	0.91	0.91	Violation of Law / Rules
47	DDO, MCC Faisalabad	117-Cus	Irregularities of lesser significance	0.00	0.00	0.35	0.35	Violation of Law / Rules
48	AC, Auction, MCC Faisalabad	119-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
49	DDO, Collector, Adjudication, Faisalabad	124-Cus	Irregularities of lesser significance	0.00	0.00	0.74	0.74	Violation of Law / Rules
50	DC Customs DTRE, MCC Peshawar	127-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
51	DC customs (Bonds), Gadoon Ammazai, Peshawar	123-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
52	DDO MCC, Gilgit.	13-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules

53	Director I&I, Customs Peshawar	120-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
54	DC Customs (BWH), MCC Peshawar	131-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
55	DC Customs Import Sost, MCC Gilgit	12-Cus/ 5645-Cus	Irregularities of lesser significance	0.00	1.94	0.00	1.94	Violation of Law / Rules
56	DC Customs (SWH), MCC Peshawar	124-Cus	Irregularities of lesser significance	0.00	2.66	0.00	2.66	Violation of Law / Rules
57	DDO, MCC Peshawar	119-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
58	DC Customs Import, AFU, MCC Peshawar	125-Cus	Irregularities of lesser significance	0.00	0.06	0.00	0.06	Violation of Law / Rules
59	DC Customs Import, Dry port MCC Peshawar	132-Cus	Irregularities of lesser significance	0.00	0.02	0.00	0.02	Violation of Law / Rules
60	DDO, (Expenditure), MCC Multan	73-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
61	DC (Bonds/EOU) MCC Multan	74-Cus	Irregularities of lesser significance	0.00	0.94	0.00	0.94	Violation of Law / Rules

62	DC (Import), Dry port MCC Multan	75-Cus	Irregularities of lesser significance	0.00	0.98	0.00	0.98	Violation of Law / Rules
63	Deputy Director Intelligence and Investigation Gujranwala	102-Cus	Irregularities of lesser significance	0.00	0.01	0.00	0.01	Violation of Law / Rules
64	DC (Auction) MCC Sialkot	103-Cus	Irregularities of lesser significance	0.00	0.45	0.00	0.45	Violation of Law / Rules
65	DC (SWH) MCC Sialkot	104-Cus	Irregularities of lesser significance	0.00	0.28	0.00	0.28	Violation of Law / Rules
66	DC (DTRE) MCC Sialkot	105-Cus	Irregularities of lesser significance	0.00	11.14	0.00	11.14	Violation of Law / Rules
67	DDO, (Expenditure), MCC Sialkot	107-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
68	DC (Import) MCC Sialkot	111-Cus	Irregularities of lesser significance	0.00	0.30	0.00	0.30	Violation of Law / Rules
69	DC (EPZ) MCC Sialkot	113-Cus	Irregularities of lesser significance	0.00	1.13	0.00	1.13	Violation of Law / Rules
70	DDO, Director (I&I), Lahore	377-Cus	Irregularities of lesser significance	0.00	0.00	2.02	2.02	Violation of Law / Rules

71	DDO, MCC (Appraisement), Lahore	375-Cus	Irregularities of lesser significance	0.00	0.00	0.08	0.08	Violation of Law / Rules
72	DDO, MCC (Preventive), Lahore	376-Cus	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
73	MCC (Preventive) Lahore	5556-Cus	Short-realization of income tax due to application of incorrect rate	0.00	1.35	0.00	1.35	Violation of Law / Rules
74	MCC (Appraisement) Lahore	5618-Cus	Incomplete examination reports of imported goods causing possible loss	0.00	0.16	0.00	0.16	Violation of Law / Rules
75	MCC Gilgit	5640-Cus	Short-realization of government revenue due to inadmissible benefit of 5th Schedule	0.00	0.62	0.00	0.62	Violation of Law / Rules
76	MCC, Islamabad	5698-Cus	Non enforcement of expired indemnity bonds and non encashment of post dated cheques	0.00	30.88	0.00	30.88	Violation of Law / Rules
77	MCC, Islamabad	5704-Cus	Non-Recovery of Additional Sales Tax on Mobile Phones	0.00	0.05	0.00	0.05	Violation of Law / Rules
78	MCC, Islamabad	5707-Cus	Non Realization of Regulatory Duty	0.00	0.04	0.00	0.04	Violation of Law / Rules
79	MCC, Islamabad	5708-Cus	Non Realization of Additional Custom Duty	0.00	0.02	0.00	0.02	Violation of Law / Rules

80	MCC Sialkot	5743-Cus	Excess payment of rebate due to non-deduction of freight	0.00	0.12	0.00	0.12	Violation of Law / Rules
81	MCC Sialkot	5745-Cus	Non-Encashment of Indemnity Bonds/Postdated Cheques	0.00	11.44	0.00	11.44	Violation of Law / Rules
82	MCC Sialkot	5750-Cus	Non-realization of government revenue due to non-encashment of bank guarantees/post-dated cheques received under SRO 492(I)/2009–	0.00	28.54	0.00	28.54	Violation of Law / Rules
83	MCC Multan	5770-Cus	Non-realization of custom duty and withholding tax on local sale of wastage	0.00	0.56	0.00	0.56	Violation of Law / Rules
84	MCC Multan	5774-Cus	Short realization of additional custom duty and Non-disposal of unclaimed/undelivered parcels	0.00	0.08	0.00	0.08	Violation of Law / Rules
85	MCC Faisalabad	5839-Cus	Misuse/abnormal delay in disposal of confiscated vehicle resulting loss to govt. exchequer	0.00	1.30	0.00	1.30	Violation of Law / Rules
86	MCC Faisalabad	5842-Cus	Inadmissible payment of rebate on acrylic polymer not covered under SRO 212(I)/2009	0.00	0.22	0.00	0.22	Violation of Law / Rules

87	MCC Faisalabad	5858-Cus	Inadmissible exemption of duty & taxes to licensee by allowing irregular use of SRO 327(I)/2008	0.00	874.91	0.00	874.91	Violation of Law / Rules
88	MCC, Islamabad	5884-Cus	Non-realization of withholding tax due to inadmissible benefit of SRO 947(I)/2008	0.00	2.46	0.00	2.46	Violation of Law / Rules
89	MCC (Appraisement) Lahore	5940-Cus	Definite loss to national exchequer due to clearance of imported goods with incomplete examination and assessment	0.00	0.00	0.00	0.00	Violation of Law / Rules
90	MCC Peshawar	5967-Cus	Short-realization of government revenue due to under valuation of imported goods	0.00	0.05	0.00	0.05	Violation of Law / Rules
91	MCC Peshawar	5999-Cus	Irregular release of imported goods	0.00	0.00	0.00	0.00	Violation of Law / Rules
92	MCC Peshawar	6008-Cus	Irregular release of imported goods	0.00	0.00	0.00	0.00	Violation of Law / Rules
93	MCC (Preventive) Lahore	6137-Cus	Short-realization of Federal Excise Duty	0.00	1.57	0.00	1.57	Violation of Law / Rules
94	MCC (Preventive) Lahore	6143-Cus	Short-realization of revenue due to application of sales tax at reduced rates	0.00	0.86	0.00	0.86	Violation of Law / Rules

95	MCC (Preventive) Lahore	6150-Cus	Short-realization of regulatory duty	0.00	18.68	0.00	18.68	Violation of Law / Rules
96	MCC (Appraisement) Lahore	6210-Cus	Non-maintenance of record of manufacturing bonds	0.00	0.00	0.00	0.00	Violation of Law / Rules
97	DOT, Lahore	17535	Non recovery of interest on House Building Advance	0.00	0.00	0.78	0.78	Violation of Law / Rules
98	DOT, Lahore	17536	Inadmissible payment of conveyance allowance and performance allowance	0.00	0.00	0.14	0.14	Violation of Law / Rules
99	RTO, Sargodha	17571	Non withholding /realization of advertisement	0.00	50.46	0.00	50.46	Violation of Law / Rules
100	RTO, Sargodha	17579	Loss of revenue on account ST	0.00	0.00	0.00	0.00	Violation of Law / Rules
101	Directorate I&I, Lahore	17593	Unauthorised payment to Security Guards	0.00	0.00	0.75	0.75	Violation of Law / Rules
102	Directorate Internal Audit, Lahore	17595	Inadmissible payment of Conveyance allowance	0.00	0.00	0.06	0.06	Violation of Law / Rules
103	Commissioner IR Appeal-II, Lahore	17597	Inadmissible payment of pay & allowance	0.00	0.00	0.11	0.11	Violation of Law / Rules

104	CRTO, Lahore	17626	Inadmissible adjustment of ST deducted by Un-Reg persons	0.00	7.96	0.00	7.96	Violation of Law / Rules
105	RTO, Bahawalpur	17665	Irregular payment of pay & allowance	0.00	0.00	0.10	0.10	Violation of Law / Rules
106	RTO, Bahawalpur	17667	Excess payment of HRA	0.00	0.00	0.33	0.33	Violation of Law / Rules
107	RTO, Bahawalpur	17668	Excess payment of HRA	0.00	0.00	0.07	0.07	Violation of Law / Rules
108	RTO, Bahawalpur	17671	Over payment of pay & allowance	0.00	0.00	0.04	0.04	Violation of Law / Rules
109	Commissioner (IR) Appeal, Bahawalpur	17675	Irregular expenditure on account of POL and Repair and maintenance of Vehicle	0.00	0.00	0.08	0.08	Violation of Law / Rules
110	RTO, Bahawalpur	17682	Short realization of ST due to concealment of sales	2.18	0.00	0.00	2.18	Violation of Law / Rules
111	RTO, Bahawalpur	17693	Non withholding of ST on advertisement Services	0.00	33.38	0.00	33.38	Violation of Law / Rules
112	RTO, Abbottabad	17730	Doubtful payment on account of purchase of Books	0.00	0.00	0.12	0.12	Violation of Law / Rules

113	LTU, Lahore	17735	Unauthorised /unjustified expenditure on account of overtime	0.00	0.00	0.65	0.65	Violation of Law / Rules
114	LTU, Lahore	17739	Suspicious purchases under the wrong head	0.00	0.00	0.66	0.66	Violation of Law / Rules
115	LTU, Lahore	17740	Excess/inadmissible payment of TA/DA	0.00	0.00	0.17	0.17	Violation of Law / Rules
116	LTU, Islamabad	17742	Non Conducting of physical verification of stores/stocks	0.00	0.00	0.00	0.00	Violation of Law / Rules
117	LTU, Lahore	17743	No conducting of Internal Audit	0.00	0.00	0.00	0.00	Violation of Law / Rules
118	Six Field formations of FBR	17744	Loss of revenue due to unexplained income or assets	2,747.89	0.00	0.00	2,747.89	Violation of Law / Rules
119	Six Field formations of FBR	17745	Loss of revenue due to non intimation of legal proceeding of cases involving high economic value	4,390.34	0.00	0.00	4,390.34	Violation of Law / Rules
120	Six Field formations of FBR	17746	Loss of revenue due to unexplained income or assets	743.28	0.00	0.00	743.28	Violation of Law / Rules
121	Six Field formations of FBR	17747	Loss of revenue due to non intimation of legal proceeding of cases involving high economic value	968.92	0.00	0.00	968.92	Violation of Law / Rules

122	RTO, Multan	17766	Non recovery of interest on Motor Car Advances	0.00	0.00	1.17	1.17	Violation of Law / Rules
123	RTO, Multan	17767	Non recovery of interest on House Building Advances	0.00	0.00	1.07	1.07	Violation of Law / Rules
124	RTO Multan	17771	Non recovery of Motor Cycle Advances	0.00	0.00	0.46	0.46	Violation of Law / Rules
125	RTO, Multan	17772	Non recovery of interest Motor Cycle Advances	0.00	0.00	0.19	0.19	Violation of Law / Rules
126	RTO, Islamabad	17778	Short deduction of IT on payment of Rent of Residential Building	0.00	0.00	0.05	0.05	Violation of Law / Rules
127	FBR HQ, Islamabad	17822	Non imposing of Penalty	0.00	0.00	0.06	0.06	Violation of Law / Rules
128	Revenue Division Islamabad	17843	Overpayment of Daily Allowance/ Accommodation Charges	0.00	0.00	0.01	0.01	Violation of Law / Rules
129	DG Internal Audit (HQ), Islamabad	17850	Irregular payment of entertainment charges	0.00	0.00	0.05	0.05	Violation of Law / Rules
130	Director Internal Audit (IR) Islamabad	17855	Doubtful payment & recovery of Penalty	0.00	0.00	0.35	0.35	Violation of Law / Rules
131	RTO, Faisalabad	17856	Non-recovery of interest on advance	0.00	0.00	0.22	0.22	Violation of Law / Rules
132	RTO, Faisalabad	17857	Overpayment of Pay and Allowances after retirement	0.00	0.00	0.40	0.40	Violation of Law / Rules

133	RTO, Faisalabad	17860	Overpayment of HRA	0.00	0.00	0.24	0.24	Violation of Law / Rules
134	LTU, Islamabad	17872	Non recovery of interest on Advance	0.00	0.00	0.37	0.37	Violation of Law / Rules
135	RTO, Gujranwala	17883	Short Recovery of group insurance	0.00	0.00	0.03	0.03	Violation of Law / Rules
136	RTO, Gujranwala	17885	Excess payment of pay and Allowance	0.00	0.00	0.64	0.64	Violation of Law / Rules
137	RTO, Sialkot	17892	Overpayment of pay and Allowance	0.00	0.00	0.10	0.10	Violation of Law / Rules
138	RTO, Sialkot	17932	Non deposit of ST required to be withheld at advertisement services	0.00	5.27	0.00	5.27	Violation of Law / Rules
139	RTO, Faisalabad	17940	Non recovery of arrears of IT	261.44	0.00	0.00	261.44	Violation of Law / Rules
140	RTO, Faisalabad	17951	Loss of Govt. revenue due to time barred adjudication	0.00	2.19	0.00	2.19	Violation of Law / Rules
141	RTO, Abbottabad	17976	Short payment of Sales Tax from CNG sector	0.00	18.84	0.00	18.84	Violation of Law / Rules
142	Director Research & Statistics, Islamabad	18021	Unauthorised payment of pay and Allowances	0.00	0.00	0.38	0.38	Violation of Law / Rules
143	RTO, Sargodha	18019	Non withholding of ST on advertisement Services	0.00	37.13	0.00	37.13	Violation of Law / Rules
144	RTO, Gujranwala	18048	Non recovery of arrears of IT	301.96	0.00	0.00	301.96	Violation of Law / Rules
145	RTO, Gujranwala	18050	Non withholding of tax on advertisement Services	0.00	11.61	0.00	11.61	Violation of Law / Rules

146	RTO, Gujranwala	18060	Non recovery of arrears of IT	2,134.29	0.00	0.00	2,134.29	Violation of Law / Rules
147	RTO, Gujranwala	18084	Non recovery of arrears of IT	49.59	0.00	0.00	49.59	Violation of Law / Rules
148	RTO, Faisalabad	18110	Non recovery of arrears of IT	3,641.97	0.00	0.00	3,641.97	Violation of Law / Rules
149	FBR, Islamabad	18111	Loss of revenue due to suppression/Nil sales in Income tax return	21,823.50	0.00	0.00	21,823.50	Violation of Law / Rules
150	RTO, Abbottabad	18113	Short payment of Sales Tax by CNG Sector	0.00	11179.99	0.00	11179.99	Violation of Law / Rules
151	RTO, Rawalpindi	18135	Inadmissible payment of House Rent Allowance	0.00	0.00	0.03	0.03	Violation of Law / Rules
152	RTO, Rawalpindi	18138	Inadmissible payment of Conveyance Allowance	0.00	0.00	0.03	0.03	Violation of Law / Rules
153	RTO, Rawalpindi	18190	Inadmissible adjustment of input tax against invoices issued by blacklisted/non-Active taxpayers	0.00	0.00	0.62	0.62	Violation of Law / Rules
154	RTO, Rawalpindi	18209	Non withholding of ST on advertisement Services	0.00	7.22	0.00	7.22	Violation of Law / Rules
155	RTO, Sialkot	18222	Non withholding of ST on advertisement Services	0.00	0.75	0.00	0.75	Violation of Law / Rules
156	RTO, Sialkot	18225	Non finalization of discrepancies variation pointed out	0.00	0.00	0.00	0.00	Violation of Law / Rules
157	Chief Commissioner LTU, Lahore	18245	Non rejection of refund claims despite system	0.00	6.12	0.00	6.12	Violation of Law / Rules

			objection "Does Not Exist / Duplicate					
158	RTO, Peshawar	18252	Excess Payment of HRA	0.00	0.00	0.50	0.50	Violation of Law / Rules
159	RTO, Peshawar	18254	Overpayment of pay and Allowance to retired officer	0.00	0.00	0.01	0.01	Violation of Law / Rules
160	RTO, Peshawar	18256	Non recovery of Conveyance Allowance	0.00	0.00	0.11	0.11	Violation of Law / Rules
161	RTO, Peshawar	18258	Non Recovery of Interest on Advances	0.00	0.00	0.42	0.42	Violation of Law / Rules
162	RTO, Peshawar	18264	Non payment of penalty and advance tax	22.17	0.00	0.00	22.17	Violation of Law / Rules
163	RTO, Peshawar	18282	Short payment of Sales Tax from CNG Sector	0.00	441.61	0.00	441.61	Violation of Law / Rules
164	RTO, Peshawar	18287	Nonpayment of Federal Excise Duty	0.00	58.04	0.00	58.04	Violation of Law / Rules
165	RTO, Peshawar	18299	Potential loss of Government revenue by tobacco sector	0.00	35,025.68	0.00	35,025.68	Violation of Law / Rules
166	LTU, Islamabad	18340	Non recovery of arrears of IT	289.04	0.00	0.00	289.04	Violation of Law / Rules
167	LTU, Islamabad	18382	Non-payment of sales tax on advertisement services	0.00	1.05	0.00	1.05	Violation of Law / Rules
168	DPC (IR) Lahore	18388	Unauthorised payment of Mobile Allowance	0.00	0.00	0.02	0.02	Violation of Law / Rules
169	CRTO, Lahore	18391	Over payment of Conveyance Allowance	0.00	0.00	0.00	0.00	Violation of Law / Rules

170	CRTO, Lahore	18392	Unauthorised payment of performance allowance	0.00	0.00	2.28	2.28	Violation of Law / Rules
171	CRTO, Lahore	18393	Misuse of Public Vehicle	0.00	0.00	0.07	0.07	Violation of Law / Rules
172	CRTO, Lahore	18394	Over payment of Adhoc Allowance	0.00	0.00	0.02	0.02	Violation of Law / Rules
173	CRTO, Lahore	18395	Non deduction of GP Fund Advance	0.00	0.00	0.05	0.05	Violation of Law / Rules
174	CRTO, Lahore	18397	Over drawn of pay & Allowance	0.00	0.00	0.16	0.16	Violation of Law / Rules
175	CRTO, Lahore	18398	Over drawn of pay & Allowance	0.00	0.00	0.10	0.10	Violation of Law / Rules
176	CRTO, Lahore	18402	Overdrawn of performance Allowance	0.00	0.00	0.03	0.03	Violation of Law / Rules
177	CRTO, Lahore	18405	Unauthorised payment of pay & Allowance	0.00	0.00	0.65	0.65	Violation of Law / Rules
178	CRTO, Lahore	18425	Non finalization of the case u/s 38	0.00	4.00	0.00	4.00	Violation of Law / Rules
179	CRTO, Lahore	18438	Loss of revenue due to short realization of ST on purchases	0.00	0.55	0.00	0.55	
180	MCC, Gilgit	5661-Cus	Payments made in cash instead of cheques	0.00	0.00	1.25	1.25	Violation of Law / Rules

181	MCC, Gilgit	5669-Cus	Unauthorised use of Govt. Vehicles	0.00	0.00	0.00	0.00	Violation of Law / Rules
182	DG Post Clearance Audit, Islamabad	5684-Cus	Unauthorised retention of Laptop by Officer	0.00	0.00	0.05	0.05	Violation of Law / Rules
183	Director, I & I (IR), RTO, Multan	4419	Irregularities of lesser significance	0.00	0.00	1.34	1.34	Violation of Law / Rules
184	Commissioner IR (Multan Zone), RTO, Multan.	4480	Irregularities of lesser significance	159.89	34.21	0.00	194.10	Violation of Law / Rules
185	Commissioner IR (Corporate Zone), RTO, Multan.	4483	Irregularities of lesser significance	41,067.56	3,861.56	0.00	44,929.12	Violation of Law / Rules
186	Chief Commissioner IR, RTO, Multan	4418	Irregularities of lesser significance	0.00	0.00	0.21	0.21	Violation of Law / Rules
187	DG, DOT (IR), LAHORE	4390	Irregularities of lesser significance	0.00	0.00	0.37	0.37	Violation of Law / Rules
188	Commissioner Appeals-III (IR), Lahore	4391	Irregularities of lesser significance	0.00	0.00	0.91	0.91	Violation of Law / Rules
189	Commissioner Appeals-IV (IR), Lahore	4392	Irregularities of lesser significance	0.00	0.00	0.47	0.47	Violation of Law / Rules
190	Commissioner Zone-V, RTO-II, Lahore	4410	Irregularities of lesser significance	0.00	0.00	0.61	0.61	Violation of Law / Rules
191	Commissioner Zone-IV, RTO-II, Lahore	4409	Irregularities of lesser significance	0.00	0.00	61.31	61.31	Violation of Law / Rules
192	Chief Commissioner (IR), LTU Lahore	4433	Irregularities of lesser significance	0.00	0.00	0.68	0.68	Violation of Law / Rules

193	Commissioner (IR) Zone-II, LTU Lahore	4486	Irregularities of lesser significance	0.00	4.12	0.00	4.12	Violation of Law / Rules
194	Commissioner Zone-II ,RTO Sargodha	4469	Irregularities of lesser significance	9.13	0.00	0.00	9.13	Violation of Law / Rules
195	CCIR, RTO Sargodha	4444	Irregularities of lesser significance	0.00	0.00	1.76	1.76	Violation of Law / Rules
196	Commissioner of RTO Faisalabad Jhang Zone	4477	Irregularities of lesser significance	0.00	0.07	0.00	0.07	Violation of Law / Rules
197	The Director I & I Faisalabad	4427	Irregularities of lesser significance	0.00	0.00	1.51	1.51	Violation of Law / Rules
198	Data Processing Center (IR), Lahore	4447	Irregularities of lesser significance	0.00	0.00	0.01	0.01	Violation of Law / Rules
199	Chief Commissioner/DDO, RTO Sialkot.	4431	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law / Rules
200	Commissioner, Sialkot Zone, RTO Sialkot.	4473	Irregularities of lesser significance	0.63	0.32	0.00	0.95	Violation of Law / Rules
201	Commissioner, Gujrat Zone, RTO Sialkot.	4496	Irregularities of lesser significance	0.50	0.00	0.00	0.50	Violation of Law / Rules
202	Chief Commissioner, RTO Rawalpindi	4428	Irregularities of lesser significance	0.00	0.00	9.13	9.13	Violation of Law / Rules
203	DPC, Rawalpindi	4429	Irregularities of lesser significance	0.00	0.00	1.40	1.40	Violation of Law / Rules
204	Chief Commissioner, RTO Abbottabad	4440	Irregularities of lesser significance	0.00	0.00	12.62	12.62	Violation of Law / Rules

205	Regional Tax Office Abbottabad (Zone-I)	4443	Irregularities of lesser significance	34.19	40.03	0.00	74.22	Violation of Law / Rules
206	Regional Tax Office Abbottabad (Zone-II)	4474	Irregularities of lesser significance	3.66	0.09	0.00	3.75	Violation of Law / Rules
207	Director General Audit (IR) HQ, Islamabad	4438	Irregularities of lesser significance	0.00	0.00	0.62	0.62	Violation of Law / Rules
208	Director Audit (IR) Northern Region, Islamabad	4439	Irregularities of lesser significance	0.00	0.00	0.75	0.75	Violation of Law / Rules
209	Director Audit (IR) Northern Region, Islamabad	4432	Irregularities of lesser significance	0.00	0.00	132.65	132.65	Violation of Law / Rules
210	Revenue Division, Islamabad	4437	Irregularities of lesser significance	0.00	0.00	1.75	1.75	Violation of Law / Rules
211	LTU Islamabad (Zone-IV)	Para 9, 10, 11	Irregularities of lesser significance	0.00	0.64	0.00	0.64	Violation of Law / Rules
212	Commissioner IR Zone-IV, CRTO Lahore	F-4415	Irregularities of lesser significance	0.00	0.00	51.87	51.87	Violation of Law / Rules
213	Commissioner IR Zone-V, CRTO Lahore	F-4416	Irregularities of lesser significance	2.06	11.72	0.00	13.78	Violation of Law / Rules
214	Commissioner IR Zone-VI, CRTO Lahore	F-4417	Irregularities of lesser significance	20.04	66.98	0.00	87.02	Violation of Law / Rules
215	Commissioner IR Appeals-I, Lahore	F-4397	Irregularities of lesser significance	0.00	0.00	0.26	0.26	Violation of Law / Rules
216	Commissioner IR Appeals-II, Lahore	F-4398	Irregularities of lesser significance	0.00	0.00	0.08	0.08	Violation of Law / Rules
217	Director Internal Audit (IR) Central Region, Lahore	F-4396	Irregularities of lesser significance	0.00	0.00	19.35	19.35	Violation of Law / Rules

218	Directorate of I&I (IR) Lahore	F-4413	Irregularities of lesser significance	0.00	0.00	3.20	3.20	Violation of Law / Rules
219	RTO Gujranwala	F-4420	Irregularities of lesser significance	0.00	0.00	4.21	4.21	Violation of Law / Rules
220	RTO Gujranwala	F-4490	Irregularities of lesser significance	0.00	0.00	292.81	292.81	Violation of Law / Rules
221	Regional Tax Office, Abbottabad	F-4401	Irregularities of lesser significance	0.00	0.00	4.41	4.41	Violation of Law / Rules
222	Additional Director Internal Audit, Abbottabad	F-4402	Irregularities of lesser significance	0.00	0.00	0.02	0.02	Violation of Law / Rules
223	Regional Tax Office, Abbottabad	F-4403	Irregularities of lesser significance	121.35	73.70	0.00	195.05	Violation of Law / Rules
224	(Zone-II) Regional Tax Office, Abbottabad	F-4404	Irregularities of lesser significance	318.95	10.06	0.00	329.01	Violation of Law / Rules
225	(Expenditure) Regional Tax Office, Peshawar	F-4453	Irregularities of lesser significance	0.00	0.00	0.17	0.17	Violation of Law / Rules
226	(Corporate Zone) Regional Tax Office, Peshawar	F-4457	Irregularities of lesser significance	0.00	2,652.45	0.00	2,652.45	Violation of Law / Rules
227	(Mardan Zone) Regional Tax Office, Peshawar	F-4471	Irregularities of lesser significance	0.00	0.02	0.00	0.02	Violation of Law / Rules
228	(DI Khan Zone) Regional Tax Office, Peshawar	F-4500	Irregularities of lesser significance	130.26	215.17	0.00	345.43	Violation of Law / Rules
229	East Zone, RTO, Islamabad	F-4465	Irregularities of lesser significance	0.00	0.30	0.00	0.30	Violation of Law / Rules

230	DDO RTO Faisalabad (Expenditure Audit)	F-4425	Irregularities of lesser significance	0.00	0.00	0.01	0.01	Violation of Law / Rules
231	Commissioner IR Corporate Zone	F-4475	Irregularities of lesser significance	0.00	0.03	0.00	0.03	Violation of Law / Rules
232	PRAL FBR Islamabad (Expenditure/Receipt Audit)	F-4459	Irregularities of lesser significance	0.00	0.00	0.07	0.07	Violation of Law / Rules
233	DR&S FBR Islamabad	F-4452	Irregularities of lesser significance	0.00	0.00	3.17	3.17	Violation of Law / Rules
234	CIR (Appeal) Sargodha	F-4400	Irregularities of lesser significance	0.00	0.00	0.22	0.22	Violation of Law / Rules
235	DDO, RTO Sargodha	F-4399	Irregularities of lesser significance	0.00	0.00	1.12	1.12	Violation of Law / Rules
236	Commissioner IR Zone-I RTO Sargodha	F-4405	Irregularities of lesser significance	54.11	0.15	0.00	54.26	Violation of Law / Rules
237	Commissioner IR Zone-II RTO Sargodha	F-4406	Irregularities of lesser significance	56.95	0.00	0.00	56.95	Violation of Law / Rules
238	Commissioner (IR), Zone-Bahawalpur, RTO Bahawalpur	F-4407	Irregularities of lesser significance	20.97	260.67	0.00	281.64	Violation of Law / Rules
239	Commissioner (IR), Zone-Rahim-Yar-Khan, RTO Bahawalpur	F-4408	Irregularities of lesser significance	0.21	16.56	0.00	16.77	Violation of Law / Rules
240	Chief Commissioner RTO Islamabad	F-4424	Irregularities of lesser significance	0.00	0.00	2.18	2.18	Violation of Law / Rules

241	LTU Lahore	18246, 18249, 18250 & 18251-NPR	Non-production of auditable record	0.00	0.00	0.00	0.00	Violation of Law/Rules
242	CRTO Lahore	18423	Non-production of auditable record	0.00	0.00	0.00	0.00	Violation of Law/Rules
243	MCC Islamabad	5714-Cus	Non-production of auditable record	0.00	0.00	0.00	0.00	Violation of Law/Rules
244	MCC (Appraisement) Lahore	6211-Cus	Non-production of auditable record	0.00	0.00	0.00	0.00	Violation of Law/Rules
245	MCC Peshawar	6006-Cus	Non-production of auditable record	0.00	0.00	0.00	0.00	Violation of Law/Rules
246	MCC Peshawar	6041-Cus	Non-production of auditable record	0.00	0.00	0.00	0.00	Violation of Law/Rules
247	MCC Peshawar	6134-Cus	Non-production of auditable record	0.00	0.00	0.00	0.00	Violation of Law/Rules
Total (Lahore)				**79377.03**	**55134.78**	**689.12**	**135200.93**	

DGAIR & Customs, Karachi (Rs. in million)

S. No	Name of office	No of Para/ DP	Title of Para	Amount of Audit Observations				Nature of Audit Observations
				Amount of Direct Taxes	Amount of Indirect Taxes	Expenditure	Total	
1	RTO Sukkur	13	Irregularities of lesser significance	0.00	0.00	6.61	6.61	Violation of Law/Rules
2	LTU-II Karachi	8	Irregularities of lesser significance	0.00	0.00	0.11	0.11	Violation of Law/Rules
3	RTO-Hyderabad	9	Irregularities of lesser significance	0.00	0.00	0	0	Violation of Law/Rules
		452/Exp/K	Irregular claim of milage allowance	0.00	0.00	0.09	0.09	S.R.31(Para 8.44 of DDO hand Book
		461/Exp/K	Non disposal of old news paper	0.00	0.00	0.27	0.27	Rule-167 of GFR, volume-I
		450-Exp/K	Mis-classification of expenditure	0.00	0.00	0.14	0.14	Para 99 of GFR Vol-I
4	Commissioner (Appeals) (IR) Hyderabad	9	Irregularities of lesser significance	0.00	0.00	0	0	Violation of Law/Rules
		453/Exp/K	Illegal deposit of govt. money into DDO account	0.00	0.00	0.29	0.29	Rule 290 of the Federal Treasury Rules
		454-Exp/K	Non surrendering of savings	0.00	0.00	0.12	0.12	\\Para 94 & 95 of GFR Vol-I
5	DPU (IR) Hyderabad	9	Irregularities of lesser significance	0.00	0.00	0	0	Violation of Law/Rules
6	FTO (IR) Hyderabad	9	Irregularities of lesser significance	0.00	0.00	0	0	Violation of Law/Rules
7	Director I & I (IR) Hyderabad	9	Irregularities of lesser significance	0.00	0.00	0	0	Violation of Law/Rules
		456/Exp/K	Non-verification of cash book by an officer other than DDO	0.00	0.00	0	0	Rule 77(ii) of FTR Vol.I
8	DIA (IR)	8	Irregularities	0.00	0.00	0.02	0.02	Violation of

	Hyderabad		of lesser significance					Law/Rules
		457-Exp/K	Mis-classification of Expenditure	0.00	0.00	0.02	0.02	Para 99 of GFR Vol-I
		470-Exp/K	Non surrendering of savings	0.00	0.00	1.32	1.32	Para 94 & 95 of GFR Vol-I
9	ADIA (IR) Sukkur	6	Irregularities of lesser significance	0.00	0.00	0.01	0.01	Violation of Law/Rules
10	RTO-III Karachi	17	Irregularities of lesser significance	8.68	0.00	5.35	14.03	Violation of Law/Rules
		1666/IT-K	Non invoking of section 35 of ITO, 2001	405.45	0.00	0	405.45	Section 36 of Income Tax Ordinance, 2001
11	LTU-Karachi	13	Irregularities of lesser significance	0	0.00	4.58	4.58	Violation of Law/Rules
		1672/IT-K	Non payment of income tax	1,7971.21	0.00	0	17,971.21	Section 127(2) of Income Tax Ordinance, 2001
		1673/IT-K	Non realization of Super Tax	4,842.56	0.00	0	4,842.56	Section 4B of Income Tax Ordinance, 2001
12	RTO-II Karachi	18	Irregularities of lesser significance	0	0.00	7.70	7.70	Violation of Law/Rules
13	CRTO-Karachi	4	Irregularities of lesser significance	0	0.00	0	0	Violation of Law/Rules
		480/Exp/K	Recovery of payment in pay & allowances	0	0.00	1.19	1.19	Rule-23 of GFR, volume-I
		481-Exp/K	Doubtful purchase of uniform & liveries	0	0.00	3.35	3.35	Rule -148 of GFR-VoI-I
		484/Exp/K	Short/ less deduction of income tax on account of law charges	0	0.00	0.22	0.22	Section 153 (1)(b)(ii) of the ITO, 2001
14		11	Irregularities of lesser	0.22	0.15	1.50	1.87	Violation of Law/Rules

	RTO-Quetta		significance					
		6440-ST/K	Short realization of sales tax from retailers	0	3.01	0	3.01	Section 3(9) of ST Act, 1990
15	Commissioner Appeal, Quetta	8	Irregularities of lesser significance	0.00	0.00	1.19	1.19	Violation of Law/Rules
16	DPU-Quetta	6	Irregularities of lesser significance	0.00	0.00	0.06	0.06	Violation of Law/Rules
17	Internal Audit (IR) Quetta	7	Irregularities of lesser significance	0.00	0.00	0.43	0.43	Violation of Law/Rules
18	DG IO Karachi	7	Irregularities of lesser significance	0.00	0.00	0.45	0.45	Violation of Law/Rules
19	DPC-Karachi	7	Irregularities of lesser significance	0.00	0.00	0.01	0.01	Violation of Law/Rules
20	FTO (IR) Karachi	6	Irregularities of lesser significance	0.00	0.00	0	0	Violation of Law/Rules
21	DIA (IR) Karachi	6	Irregularities of lesser significance	0.00	0.00	1.82	1.82	Violation of Law/Rules
22	Commissioner IR Appeal-I Karachi	5	Irregularities of lesser significance	0.00	0.00	0.00	0.00	Violation of Law/Rules
23	Director I & I (IR) Karachi	5	Irregularities of lesser significance	0.00	0.00	0.35	0.35	Violation of Law/Rules
24	Directorate of Training, Karachi	5	Irregularities of lesser significance	0.00	0.00	0.50	0.50	Violation of Law/Rules
25	Directorate Law (IR), Karachi	495/Exp/K	Non utilization of budget allocation	0.00	0.00	10.65	10.65	Para-88 of GFR Volume-I
		492-Exp/K	Non surrendering of savings	0.00	0.00	10.65	10.65	Para-94 & 95 of GFR Volume-I
26	MCC Preventive	Para-02/Exp	Non-reconciliation of Financial statement with DGPR	0.00	0.00	0.00	0.00	Violation of Law / Rules
27	MCC Preventive	Para-04/Exp	Irregularly deduction of Service Charges by PSO	0.00	0.04	0.00	0.04	Violation of Law / Rules
28	MCC Preventive	Para-05/Exp	Non-maintenance of Cash Book	0.00	0.00	0.00	0.00	Violation of Law / Rules

29	MCC Preventive	Para-8/Exp	Non-deposit of tender fees	0.00	0.01	0.00	0.01	Violation of Law / Rules
30	MCC Preventive	Para-09/Exp	Un-authorized utilization of public money	0.00	0.08	0.00	0.08	Violation of Law / Rules
31	MCC Preventive	Para-11/Exp	Non-disposal of newspaper purchases during 2017-18	0.00	0.00	0.00	0.00	Violation of Law / Rules
32	MCC Preventive	Para-12/Exp	Non-disposal of parts purchased/replaced during 2017-18	0.00	0.00	0.00	0.00	Violation of Law / Rules
33	MCC Preventive	Para-13/Exp	Non-disposal of spare parts purchased during 2017-18	0.00	0.00	0.00	0.00	Violation of Law / Rules
34	MCC Preventive	73-Exp/k	Irregular payment of electricity charges	0.00	0.62	0.00	0.62	Violation of Law / Rules
35	DG Cus Valuation	Para-01/Exp	Irregular expenditure on payment of previous year liabilities.	0.00	2.05	0.00	2.05	Violation of Law / Rules
36	DG Cus Valuation	Para-04/Exp	Non-maintenance of Stationery Register	0.00	0.00	0.00	0.00	Violation of Law / Rules
37	DG Cus Valuation	Para-05/exp	Irregular expenditure on purchases of Stationery due to splitting the procurement into parts to avoid competitive bidding	0.00	0.59	0.00	0.59	Violation of Law / Rules
38	DG Cus Valuation	Para-06/Exp	Improper maintenance of Cash Book	0.00	0.00	0.00	0.00	Violation of Law / Rules
39	DG Cus Valuation	Para-07/Exp	Non-deduction of Conveyance Allowance during leave	0.00	0.02	0.00	0.02	Violation of Law/Rules
40	DG Cus Valuation	Para-08/Exp	Non-deduction of Group Insurance	0.00	0.14	0.00	0.14	Violation of Law/Rules

41	Chief Collector (Enf) Karachi	Para-03/Exp	Non-adjustment of TA/DA Advamces	0.00	0.17	0.00	0.17	Violation of Law/Rules
42	Chief Collector (Enf) Karachi	Para-04/Exp	Irregular expenditure under head printing & publication	0.00	0.03	0.00	0.03	Violation of Law/Rules
43	Chief Collector (Enf) Karachi	Para-05/Exp	Non-disposal of newspaper purchased during 2017-18	0.00	0.00	0.00	0.00	Violation of Law/Rules
44	Chief Collector (Enf) Karachi	Para-07/Exp	Non-maintenance of dead stock register	0.00	0.00	0.00	0.00	Violation of Law/Rules
45	Chief Collector (Enf) Karachi	Para-08/Exp	Irregular expenditure on purchase of stationery due to splitting the procurement into various parts to avoid competitive bidding	0.00	0.15	0.00	0.15	Violation of Law/Rules
46	Chief Collector (A) Karachi	Para-03/Exp	Non-maintenance of dead stock register	0.00	0.00	0.00	0.00	Violation of Law/Rules
47	Chief Collector (A) Karachi	Para-04/Exp	Non-maintenance of stationery register	0.00	0.00	0.00	0.00	Violation of Law/Rules
48	Chief Collector (A) Karachi	Para-05/Exp	Non-disposal of newspaper purchase during 2017-18	0.00	0.00	0.00	0.00	Violation of Law/Rules
49	Chief Collector (A) Karachi	Para-06/Exp	Non-maintenance of Cash Book	0.00	0.00	0.00	0.00	Violation of Law/Rules
50	Chief Collector (A) Karachi	Para-08/Exp	Non-carrying out of physical verification of dead stock/stores	0.00	0.00	0.00	0.00	Violation of Law/Rules
51	Director IPR Karachi	Para-02/Exp	Non-maintenance of Stationery register	0.00	0.00	0.00	0.00	Violation of Law/Rules

52	Director IPR Karachi	Para-03/Exp	Non-maintenance of dead stock/stores	0.00	0.00	0.00	0.00	Violation of Law/Rules
53	Director IPR Karachi	Para-04/Exp	Non-reconciliation of financial statement with AGPR	0.00	0.00	0.00	0.00	Violation of Law/Rules
54	Director IPR Karachi	Para-05/Exp	Non-carrying out of physical verification of dead stock/stores	0.00	0.00	0.00	0.00	Violation of Law/Rules
55	Director Risk Management Karachi	Para-02/exp	Non-maintenance of dead stock/stores	0.00	0.00	0.00	0.00	Violation of Law/Rules
56	Director Risk Management Karachi	Para-03/Exp	Non-carrying out of physical verification of dead stock/stores	0.00	0.00	0.00	0.00	Violation of Law/Rules
57	Director Risk Management Karachi	Para-04/Exp	Non-disposal of newspaper purchase during 2017-18	0.00	0.00	0.00	0.00	Violation of Law/Rules
58	Director Risk Management Karachi	Para-05/Exp	Non-reconciliation of financial statement with AGPR	0.00	0.00	0.00	0.00	Violation of Law/Rules
59	Director Risk Management, Karachi	75-Exp/k	Irregular expenditure due to non-maintenance of Stationery register	0.00	0.15	0.00	0.15	Violation of Law/Rules
60	Collector Appeal (Customs) Karachi	Para-03/Exp	Non-disposal of newspaper purchase during 2017-18	0.00	0.07	0.00	0.07	Violation of Law/Rules
61	Collector Appeal (Customs) Karachi	Para-04/Exp	Non-maintenance of Stationery register	0.00	0.00	0.00	0.00	Violation of Law/Rules
62	Collector Appeal (Customs) Karachi	Para-05/Exp	Non-carrying out of physical verification of dead stock/stores	0.00	0.00	0.00	0.00	Violation of Law/Rules

63	Collector Appeal (Customs) Karachi	Para-06/Exp	Irregular expenditure on account of Courier service	0.00	0.01	0.00	0.01	Violation of Law/Rules
64	Collector Appeal (Customs) Karachi	Para-07/Exp	Mis-classification of expenditure	0.00	0.02	0.00	0.02	Violation of Law/Rules
65	Chief Collector Enforcement	Para-03/Exp	Non-adjustment of TA/DA	0.00	0.17	0.00	0.17	Violation of Law/Rules
66	Chief Collector Enforcement	Para-04/Exp	Irregular expenditure under head printing & publication	0.00	0.03	0.00	0.03	Violation of Law/Rules
67	Chief Collector Enforcement	Para-05/Exp	Non-disposal of newspaper purchased during 2017-18	0.00	0.00	0.00	0.00	Violation of Law/Rules
68	Chief Collector Enforcement	Para-07/Exp	Non-maintenance of dead stock register	0.00	0.00	0.00	0.00	Violation of Law/Rules
69	Chief Collector Enforcement	Para-08/Exp	Irregular expenditure on purchase of stationery due to splitting the procurement into parts to avoid competitive bidding	0.00	0.15	0.00	0.15	Violation of Law/Rules
70	MCC Imports PMBQ	Para-9/Exp	Non-deposit of tender documents fees into government account	0.00	0.00	0.00	0.00	Violation of Law/Rules
71	MCC Imports PMBQ	Para-11/Exp	Non-maintenance of cash book	0.00	0.00	0.00	0.00	Violation of Law/Rules
72	MCC Imports PMBQ	Para-10/Exp	Non-carrying out of physical verification of stores	0.00	0.00	0.00	0.00	Violation of Law/Rules
73	MCC Import (PMBQ) Karachi	06-Exp/k	Non-maintenance of dead stock register	0.00	1.17	0.00	1.17	Violation of Law/Rules
74	MCC Import	08-	Irregular	0.00	0.00	0.00	0.00	Violation of

	(PMBQ) Karachi	Exp/k	expenditure due to non-maintenance of cash book					Law/Rules
75	MCC Exports (PMBQ) Karachi	18-Exp/k	Irregular expenditure due to non-maintenance of cash book	0.00	0.00	0.00	0.00	Violation of Law/Rules
76	MCC Exports (PMBQ) Karachi	61-Exp/k	Irregular expenditure without codal formalities	0.00	0.71	0.00	0.71	Violation of Law/Rules
77	MCC ExportsCustom House Karachi	66-Exp/k	Irregular expenditure due to non-maintenance of cash book	0.00	0.00	0.00	0.00	Violation of Law/Rules
78	DDO MCC Appraisement (West)	Para-06/Exp	Rush of Expenditure	0.00	6.85	0.00	6.85	Violation of Law/Rules
79	DDO MCC Appraisement (West)	Para-11/Exp	Fictitious purchase of Books	0.00	0.12	0.00	0.12	Violation of Law/Rules
80	DDO MCC Appraisement (West)	Para-13/Exp	Irregular expenditure on IT equipment	0.00	0.03	0.00	0.03	Violation of Law/Rules
81	DDO MCC Appraisement (West)	Para-16/Exp	Non-submission f Returns on account of purchases made during 2017-18	0.00	0.00	0.00	0.00	Violation of Law/Rules
82	DDO MCC Appraisement (West)	Para-17/Exp	Non-disposal of newspapers	0.00	0.00	0.00	0.00	Violation of Law/Rules
83	DDo MCC Appraisement (West)	Para-19/Exp	Non-disposal of old stock/assets	0.00	0.00	0.00	0.00	Violation of Law/Rules
84	DDO MCC Appraisement (West)	Para-20/Exp	Non-carrying out of physical verification of stocks/stores	0.00	0.00	0.00	0.00	Violation of Law/Rules
85	DDO MCC Appraisement (West)	33-Exp/K	Non-maintenance of dead stock register	0.00	0.00	0.00	0.00	Violation of Law/Rules
86	MCC Appraisement West	DP-230-CD/K	Loss of govt. revenue due to non - auction of misc./ perishable	0.00	0.00	0.00	0.00	Violation of Law/Rules

			goods in time					
87	MCC Appraisement West	DP-413-CD/K	Illegal destruction of 599 containers Hazardous waste	0.00	0.00	0.00	0.00	Violation of Law/Rules
88	MCC Appraisement West	DP-31-Exp/cus/k	Un-justified expenditure on transportation of goods	0.00	0.10	0.00	0.10	Violation of Law/Rules
89	DDO MCC Appraisement (East)	Para-11/Exp	Irregular payment of service charges to M/s. PSO	0.00	0.02	0.00	0.02	Violation of Law/Rules
90	DDO MCC Appraisement (East)	DP-36-exp/cus/k	Irregular expenditure of maintenance of garden	0.00	0.15	0.00	0.15	Violation of Law/Rules
91	DDO MCC Appraisement (East)	Para-12/Exp	Irregular payment on law charges	0.00	0.02	0.00	0.02	Violation of Law/Rules
92	DDO MCC Appraisement (East)	Para-13/Exp	Non-deposit of tender fees	0.00	0.01	0.00	0.01	Violation of Law/Rules
93	DDO MCC Appraisement (East)	Para-14/Exp	Non-deposit of tender fees	0.00	0.00	0.00	0.00	Violation of Law/Rules
94	DDO MCC Appraisement (East)	Para-15/Exp	Short-deduction of income tax	0.00	0.00	0.00	0.00	Violation of Law/Rules
95	DDO MCC Appraisement (East)	Para-1/Exp	Procedural lapse required attention	0.00	0.00	0.00	0.00	Violation of Law/Rules
96	DDO MCC Appraisement (East)	Para-ii/Exp	Non-verification of degree/certificates of the employees	0.00	0.00	0.00	0.00	Violation of Law/Rules
97	DDO MCC Appraisement (East)	Para-iii/Exp	Non-disposal of old newspaper	0.00	0.00	0.00	0.00	Violation of Law/Rules
98	DDO MCC Appraisement (East)	Para-iv/Exp	Non-completion of service books of non-gazetted staff	0.00	0.00	0.00	0.00	Violation of Law/Rules
99	DDO MCC Appraisement (East)	Para-V/Exp	Non-maintenance of fixed assets	0.00	0.00	0.00	0.00	Violation of Law/Rules
100	DDO MCC	Para-	Non-carrying	0.00	0.00	0.00	0.00	Violation of

	Appraisement (East)	VI/Exp	out physical verification of stores					Law/Rules
101	DDO MCC Appraisement (East)	Para-VII/Exp	Non-submission of returns on account purchase made during 2017-18	0.00	0.00	0.00	0.00	Violation of Law/Rules
102	DDO MCC Appraisement (East)	DP-41-Exp/cus /k	Blockage of govt. money	0.00	0.00	0.00	0.00	Violation of Law/Rules
103	Director I & I Karachi	Para-01/Exp	irregular payment amounting to-on account of printing and publication	0.00	0.05	0.00	0.05	Violation of Law/Rules
104	Director I & I Karachi	Para-02/Exp	irregular expenditure in the head of repair of transport to avoid tenders	0.00	0.36	0.00	0.36	Violation of Law/Rules
105	Director I & I Karachi	Para-03/Exp	irregular expenditure in the head of repair of furniture to avoid tenders	0.00	0.13	0.00	0.13	Violation of Law/Rules
106	Director I & I Karachi	Para-04/Exp	Irregular expenditure without calling tender on account of purchase plant and machinery	0.00	0.20	0.00	0.20	Violation of Law/Rules
107	Director I & I Karachi	Para-06/Exp	Doubtful purchase of uniforms &liveries.	0.00	0.10	0.00	0.10	Violation of Law/Rules

108	Director I & I Karachi	Para-08/Exp	Non-preparation of TA appropriation register	0.00	0.00	0.00	0.00	Violation of Law/Rules
109	Director I & I Karachi	Para-09/Exp	non-conducting of physical verification of store/stock as required under rules 159 to 161 GFR	0.00	0.00	0.00	0.00	Violation of Law/Rules
110	Director I & I Karachi	Para-10/Exp	non-obtaining of surety/fidelity bond by the officials concerned	0.00	0.00	0.00	0.00	Violation of Law/Rules
111	Director I & I Karachi	Para-11/Exp	Non-maintenance of cash book	0.00	0.00	0.00	0.00	Violation of Law/Rules
112	MCC Preventive	DP-05-CD/K	Non realization of sales tax on mobile phones	0.00	2.70	0.00	2.70	Violation of Law/Rules
113	MCC Preventive	DP-60-CD/K	Short realization of Sales Tax on mobile phones of smart phone category	0.00	0.13	0.00	0.13	Violation of Law/Rules
114	MCC Preventive	DP-61-CD/K	Short realization of sales tax on mobile phones of low priced category	0.00	2.12	0.00	2.12	Violation of Law/Rules
115	MCC Preventive	DP-81-CD/K	Short realization of sales tax on mobile phone of low priced category	0.00	0.12	0.00	0.12	Violation of Law/Rules
116	AC IMO MCC Preventive	Para-02/Rev	Non-realization of custom duty @1%	0.00	0.00	0.00	0.00	Violation of Law/Rules
117	DC UAB West Wharf MCC	Para-01/Rev	Short-realization of	0.00	0.01	0.00	0.01	Violation of Law/Rules

	Preventive		duty and taxes on import of Split-Air-condition					
118	DC UAB West Wharf MCC Preventive	Para-02/Rev	Short-realization of duty and taxes on import of fabric	0.00	0.01	0.00	0.01	Violation of Law/Rules
119	DC AFU MCC Preventive	Para-06/Rev	Non-Levy and realization of Addl custom duty under SRO 1178(I)/2015	0.00	0.01	0.00	0.01	Violation of Law/Rules
120	AC UAB JIAP MCC preventive	Para-01/Rev	Non-deposit of confiscated/seized goods into state warehouse	0.00	0.00	0.00	0.00	Violation of Law/Rules
121	AC UAB JIAP MCC preventive	Para-03/Rev	Short=realization of duty and taxes	0.00	0.00	0.00	0.00	Violation of Law/Rules
122	AC UAB JIAP MCC preventive	Para-02/Rev	Late issuance of notice under section 82 of the Custom Act,1969	0.00	0.00	0.00	0.00	Violation of Law/Rules
123	DC UAB East Wharf MCC Preventive	Para-01/Rev	Short-realization of duty and taxes on import of Washing Machine	0.00	0.01	0.00	0.01	Violation of Law/Rules
124	DC UAB East Wharf MCC Preventive	Para-02/Rev	Short-realization of duty and taxes on import of Split-Air-condition	0.00	0.02	0.00	0.02	Violation of Law/Rules
125	DC UAB East Wharf MCC Preventive	Para-03/Rev	Short-realization of duty and taxes on import of Micro wave oven	0.00	0.01	0.00	0.01	Violation of Law/Rules
126	DC UAB East Wharf MCC Preventive	Para-04/Rev	Short-realization of duty and taxes on import	0.00	0.01	0.00	0.01	Violation of Law/Rules
127	MCC Preventive CRA	Para-31/Rev	In admissible benefits of 5th schedule	0.00	0.70	0.00	0.70	Violation of Law/Rules

128	MCC Preventive CRA	Para-46/Rev	In admissible exemption of sales tax under serial 52 of sixth schedule	0.00	0.03	0.00	0.03	Violation of Law/Rules
129	MCC Preventive CRA	Para-52/Rev	In admissible benefit of SRO 678(I)/2004	0.00	23.31	0.00	23.31	Violation of Law/Rules
130	MCC Preventive CRA	Para-54/Rev	Short-realization of sales tax on I phone-7	0.00	0.01	0.00	0.01	Violation of Law/Rules
131	MCC Preventive CRA	Para-55/Rev	Non-levy of RD under SRO 1035(I)/2017	0.00	0.27	0.00	0.27	Violation of Law/Rules
132	MCC Preventive CRA	Para-76/Rev	In-admissible benefit of SRO 1125(I)/2011	0.00	0.55	0.00	0.55	Violation of Law/Rules
133	MCC Imports PMBQ (Recovery)	Para-06/Rev	Non-maintenance of Master recovery Register	0.00	0.00	0.00	0.00	Violation of Law/Rules
134	MCC Imports PMBQ (Recovery)	Para-27/Rev	Non-finalization of adjudication cases	0.00	0.00	0.00	0.00	Violation of Law/Rules
135	MCC Imports PMBQ	DP-313-CD/K	Non recovery of arrears of govt. dues	0.00	1.82	0.00	1.82	Violation of Law/Rules
136	Director Transit & Trade, Quetta	Para-1/Rec	Non-Receipt of T1's (Acknowledgement from Afghan Customs	0.00	0.00	0.00	0.00	Violation of Law/Rules
137	Director Transit & Trade, Quetta	Para-2/Rec	Non-Receipt of cross border certificate (M.R) from exit station	0.00	0.00	0.00	0.00	Violation of Law/Rules
138	Director Transit & Trade, Quetta	Para-3/Rec	Non-Receipt of T1's (Acknowledgement from Afghan Customs	0.00	0.00	0.00	0.00	Violation of Law/Rules
139	Director Transit & Trade, Quetta	Para-4/Rec	Non-Receipt of T1's (Acknowledgement from	0.00	0.00	0.00	0.00	Violation of Law/Rules

			Afghan Customs in respect of US Aid – (Non-Commercial) NATO/ISAF					
140	Director Transit & Trade, Quetta	Para-5/Rec	Non-maintenance of record	0.00	0.00	0.00	0.00	Violation of Law/Rules
141	Director Transit & Trade, Quetta	55-Exp/K	Non-maintenance of dead stock register	0.00	1.58	0.00	1.58	Violation of Law/Rules
142	DDO-Model Customs Collectorate, Quetta	Para-2/Exp	Non-recovery of conveyance allowance	0.00	0.01	0.00	0.01	Violation of Law/Rules
143	DDO-Model Customs Collectorate, Quetta	Para-7/Exp	Verification of service books of staff	0.00	0.00	0.00	0.00	Violation of Law/Rules
144	MCC Quetta	72-Exp/K	Non-maintenance of dead stock register	0.00	1.87	0.00	1.87	Violation of Law/Rules
145	DDO-Model Customs Collectorate, Quetta	Para-8/Exp	Physical verification of store items	0.00	0.00	0.00	0.00	Violation of Law/Rules
146	DDO-Model Customs Collectorate, Quetta	Para-9/Exp	Internal check/Audit	0.00	0.00	0.00	0.00	Violation of Law/Rules
147	MCC Quetta	DP-367-CD/K	Non realization of duty & taxes on removal of goods from zone to tariff area	0.00	0.00	0.00	0.00	Violation of Law/Rules
148	MCC Quetta	DP-378-CD/K	Sanctioning of rebate claim without verification	0.00	3.22	0.00	3.22	Violation of Law/Rules
149	MCC Quetta	DP-402-CD/K	Sanction of time barred rebate claims	0.00	0.46	0.00	0.46	Violation of Law/Rules
150	MCC Quetta	DP-403-CD/K	Non realization of export DS	0.00	0.13	0.00	0.13	Violation of Law/Rules

137	Director reforms & automation, Karachi	Para-6/Exp	Physical verification of store items	0.00	0.00	0.00	0.00	Violation of Law/Rules
138	Director reforms & automation, Karachi	Para-7/Exp	Internal check/Audit	0.00	0.00	0.00	0.00	Violation of Law/Rules
139	Director Transit & Trade, Quetta	Para-11/Exp	Without budget allocation by finance	0.00	0.00	0.00	0.00	Violation of Law/Rules
140	Director Transit & Trade, Quetta	Para-12Exp	Physical verification of store items	0.00	0.00	0.00	0.00	Violation of Law/Rules
141	Director Transit & Trade, Quetta	Para-13/Exp	Internal check/Audit	0.00	0.00	0.00	0.00	Violation of Law/Rules
142	DC Taftan (Saindak), MCC. Quetta	Para-10/Rec	Non-maintenance of record	0.00	0.00	0.00	0.00	Violation of Law/Rules
143	DC, Chamman, MCC, Quetta	Para-12/Rec	Short assessment of government dues Rs 8,086/- due to incorrect application of rate of imported Annar Dana as per soft data 2017-18	0.00	0.01	0.00	0.01	Violation of Law/Rules
144	DC, Chamman, MCC, Quetta	Para-13/Rec	Non-maintenance of record	0.00	0.00	0.00	0.00	Violation of Law/Rules
145	DDO-MCC-Export, Karachi	Para-15/Exp	Physical verification of store items	0.00	0.00	0.00	0.00	Violation of Law/Rules
146	DDO-MCC-Export, Karachi	Para-16/Exp	Internal check/Audit	0.00	0.00	0.00	0.00	Violation of Law/Rules
147	DC, NLC, Dry port, MCC, Quetta	Para-12/Exp	Government sustain loss of revenue due to transaction value assessed less than declared price actually paid for the goods when sold for export to Pakistan	0.00	0.02	0.00	0.02	Violation of Law/Rules

148	DC, NLC, Dry port, MCC, Quetta	Para-13/Exp	Government sustain loss of revenue due to transaction value assessed less than declared price actually paid for the goods when sold for export to Pakistan	0.00	0.02	0.00	0.02	Violation of Law/Rules
149	DC, NLC, Dry port, MCC, Quetta	Para-14/Exp	Government sustain loss of revenue due to transaction value assessed less than declared price actually paid for the goods when sold for export to Pakistan	0.00	0.02	0.00	0.02	Violation of Law/Rules
150	DC, NLC, Dry port, MCC, Quetta	Para-15/Exp	Government sustain loss of revenue due to transaction value assessed less than declared price actually paid for the goods when sold for export to Pakistan	0.00	0.01	0.00	0.01	Violation of Law/Rules
151	DD, I & I (Anti-Smuggling), Sukkur	Para-06/Rev	Non-maintenance of stock register & seizure register	0.00	0.00	0.00	0.00	Violation of Law/Rules
152	Director, I & I (Anti-Smuggling), Hyderabad	Para-04/Rev	Non-Reconciliation of revenue receipt from auction of goods	0.00	0.00	0.00	0.00	Violation of Law/Rules

153	Director, I & I (Anti-Smuggling), Hyderabad	Para-05/Rev	Non-maintenance of auction register	0.00	0.00	0.00	0.00	Violation of Law/Rules
154	Director, IOCO, Karachi	Para-03/Exp	Improper maintenance of service books of the officials	0.00	0.00	0.00	0.00	Violation of Law/Rules
155	Director, IOCO, Karachi	Para-05/Exp	Non-disposal of newspapers	0.00	0.03	0.00	0.03	Violation of Law/Rules
156	Director, IOCO, Karachi	Para-06/Exp	Non-maintenance of dead stock/fixed asset register	0.00	0.00	0.00	0.00	Violation of Law/Rules
157	Director, IOCO, Karachi	83-Exp/k	Irregular expenditure W/o supporting documents	0.00	0.50	0.00	0.50	Violation of Law/Rules
158	Director, Internal Audit, Karachi	Para-05/Exp	Non-reconciliation of utility charges	0.00	0.14	0.00	0.14	Violation of Law/Rules
159	Director, Internal Audit, Karachi	Para-08/Exp	Expenditure was not reconciled from AGPR office	0.00	54.78	0.00	54.78	Violation of Law/Rules
160	Director, I & I, Customs, Karachi	Para-10/Rev	Non-recovery of outstanding amount/adjudged	0.00	21.84	0.00	21.84	Violation of Law/Rules
161	Director, I & I, Customs, Karachi	Para-11/Rev	Non-recovery of outstanding amount/adjudged	0.00	4.74	0.00	4.74	Violation of Law/Rules
162	Director, I & I, Customs, Karachi	Para-12/Rev	Non-recovery of outstanding amount/adjudged	0.00	3.21	0.00	3.21	Violation of Law/Rules
163	Director, I & I, Customs, Karachi	Para-13/Rev	Blockage of government revenue	0.00	91.34	0.00	91.34	Violation of Law/Rules
164	Director, I & I, Customs, Karachi	Para-01/Exp	Irregular payment on account printing publication	0.00	0.05	0.00	0.05	Violation of Law/Rules
165	Director, I & I, Customs, Karachi	Para-06/Exp	Doubtful expenditure Uniform Liveries	0.00	0.10	0.00	0.10	Violation of Law/Rules
166	Director, I & I,	Para-	Non-	0.00	0.00	0.00	0.00	Violation of

	Customs, Karachi	08/Exp	preparation of TA register					Law/Rules
167	Director, I & I, Customs, Karachi	Para-09/Exp	Non-obtaining of surety bond by official concerned	0.00	0.00	0.00	0.00	Violation of Law/Rules
168	Director, I & I, Customs, Karachi	Para-10/Exp	Non-maintenance of Cash Book	0.00	0.00	0.00	0.00	Violation of Law/Rules
169	Collector, MCC, Hyderabad	Para-11/Exp	Non-conduct of Internal Audit	0.00	0.00	0.00	0.00	Violation of Law/Rules
170	Collector, MCC, Hyderabad	Para-12/Exp	Non preparation of T.A appropriation register	0.00	0.00	0.00	0.00	Violation of Law/Rules
171	Collector, MCC, Hyderabad	Para-13/Exp	Non-conducting of physical verification	0.00	0.00	0.00	0.00	Violation of Law/Rules
172	Collector, MCC, Hyderabad	Para-14/Exp	Non-obtaining of surety bond by official concerned	0.00	0.00	0.00	0.00	Violation of Law/Rules
173	MCC Hyderabad	DP-336-CD/K	Irregular advance collection of customs duty resulting in over statement of govt. revenue	0.00	400.00	0.00	400.00	Violation of Law/Rules
174	MCC Gawader	DP-156-CD/K	Short-realization of govt. revenue due to non-inclusion of insurance and lending charges	0.00	0.39	0.00	0.39	Violation of Law/Rules
175	Commissioner IR Appeal Quetta	DP-468-Exp/K	Un-authorize payment of Performance Allowance	0.00	0.00	1.14	1.14	Para 2 of FBR circular No. 01 of 2015 dated 06.03.2015

176	Additional Director Internal Audit IR Quetta	DP-471-Exp/K	Un-authorize payment of Performance Allowance	0.00	0.00	5.44	5.44	Para 2 of FBR circular No. 01 of 2015 dated 06.03.2015
177	DPU (IR) Quetta	DP-473-Exp/K	Un-authorize payment of Performance Allowance	0.00	0.00	5.26	5.26	Para 2 of FBR circular No. 01 of 2015 dated 06.03.2015
178	CRTO Karachi	DP-477-Exp/K	Un-authorize payment of Performance Allowance	0.00	0.00	166.844	166.844	Para 2 of FBR circular No. 01 of 2015 dated 06.03.2015
179	LTU Karachi	DP-6371-ST/K	Non-production of auditable record (130 cases)	0.00	2,369.03	0.00	2,369.03	Violation of Law/Rules
180	CRTO Karachi	6359-ST/K	Non-production of auditable record (91 cases)	0.00	422.485	0.00	422.485	Violation of Law/Rules
Total-Karachi				**23,228.12**	**3,425.51**	**237.68**	**26,891.31**	
Grand Total (Lahore & Karachi)				**102,605.15**	**58,560.29**	**926.80**	**162,092.24**	

<u>Annexure-2</u>

Audit Impact Summary

Particulars

Change in Rules/Systems/Procedure

1. On the direction of the PAC in the meeting held on 3rd May 2018, this office conducted special audit on the issue of decline in tax collection of Tobacco Sector by the FBR. The Report, inter alia, concluded that due to weak enforcement and introduction of 3rd tier with lower FED rates not only resulted in loss to the tune of Rs.30 to 35 billion to the National Exchequer but also promoted smoking behavior by 23%. The report was presented and discussed in PAC meeting chaired by Syed Khurshid Ahmed Shah, MNA on 23rd May 2018. There was complete unanimity in the views of the members and chairman of the PAC that FBR has introduced the 3rd tier to give alleged benefit to major manufacturer which also resulted in increase in consumption of cigarettes causing health hazards.

Being last session of the PAC, the committee referred the report to the Senate of Pakistan with the direction to form a committee comprising members of the Senate Standing Committee on Finance, National Health Services Regulations and Senators who are member of the PAC and investigate the facts.

The committee also directed that high powered committee be constituted by the Finance Division to be headed by a Senior Retired Judge of the Supreme Court of Pakistan and the officer not below the rank of Grade 20 of the office of the Auditor General of Pakistan to investigate the matter and fix responsibility.

Audit Impact

Upon pointing out by the Audit, FBR not only enhanced rate of FED on all tiers of cigarettes but also devised a mechanism to monitor illicit trade of cigarettes which would obviously held to improve increase in government revenue and discourage the use of tobacco as well. This amendment was made through Supplementary Finance Bill, 2018 introduce on 3rd October, 2018

2. **Post Refund Audit:** As per Rule 36(1) of the Sales Tax Rules, 2006 after disposing of the refund claim, the officer in charge shall forward the relevant file to the Post Refund Audit Division for post-sanction audit and scrutiny, which shall inter-alia, include verification of import tax payments by respective suppliers and compliance of Section 73 of the Sales Tax Act, 1990.

In 2015, FBR made amendment through inserting provisions which provides that post refund audit shall be carried out on the basis of risk based selection through computerized Post Refund Scrutiny. The Commission Inland Revenue was empowered to conduct computerized post refund scrutiny of such claim.

Audit consistently observed and pointed out that after insertion of said proviso there was neither computerized selection nor computerized post refund scrutiny was made by the formations of FBR. Resultantly the most vital internal control was not existent which ultimately declared the whole process as "provisional". The matter was discussed in various DAC/PAC meetings wherein Audit emphasizes to revive the previous provisions of law to safeguard the public exchequer.

Audit Impact

Upon pointing out by the Audit, the DAC made recommendation to FBR for manual scrutiny of refund vouchers. The FBR has made amendment in Rule 26A and Rule 36 of the Sales Tax Rules, 2006 vide SRO 1320(1)/2018 dated 02.11.2018 which provides that "a registered person, whose refund claim was processed or sanctioned after 30th June, 2014 has been paid refund which was not admissible he may direct through order in writing to conduct manual post refund scrutiny of such claim". The change would make strengthen internal control of post refund scrutiny which in term provide safeguard to the public exchequer.

ANNEXURES

Annexure-3
(Para 4.1.1)

Loss of Rs. 22,203.90 million due to non-realization of Sales Tax on subsidy from Government on sale of electricity

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	CRTO Lahore	17631	1	4,766.15
2	RTO Gujranwala	18066	1	8,455.31
3	RTO Multan	18228	1	8,108.48
		18231	2	873.97
Total			**5**	**22,203.90**

Annexure-4
(Para 4.1.2)

Loss of Rs. 7,408.38 million due to non-implementation of statutory provisions / SROs resulting in inadmissible adjustment of Input Tax

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	CRTO Lahore	17619-ST	10	975.38
		17622-ST	1	2747.39
		17635-ST	30	183.35
		18429-ST	1	1.79
2	LTU Lahore	18248-ST	2	17.43
3	RTO Abbottabad	17637-ST	1	44.49
		17638-ST	1	14.60
		17648-ST	1	0.89
		17650-ST	1	0.31
		17748-ST	1	17.71
		17753-ST	1	0.27
		17754-ST	1	0.06
		17965-ST	1	4.68
		17970-ST	2	1.48
		17973-ST	1	1.24
		17975-ST	1	13.39
4	RTO Bahawalpur	17686-ST	1	1.49
		17694-ST	3	8.42
5	RTO Faisalabad	17945-ST	1	0.52
		17947-ST	4	107.48
		18085-ST	3	150.96
		18089-ST	11	41.23
6	RTO Gujranwala	18061-ST	5	27.30
7	RTO Multan	18226-ST	3	27.87
		18233-ST	3	17.78

8	RTO Rawalpindi	18153-ST	9	3.59
		18179-ST	3	1.18
		18183-ST	4	2.67
9	RTO Sargodha	17569-ST	1	86.38
		18030-ST	1	213.95
10	LTU Islamabad	18384-ST	5	586.85
11	LTU Karachi	6367-ST/K	3	1.57
		6369-ST/K	1	0.71
		6388-ST/K	35	96.37
		6390-ST/K	16	21.61
		6392-ST/K	1	1.59
		6442-ST/K	2	556.78
		6446-ST/K	1	794.97
		6448-STK	4	536.04
		6451-ST/K	1	63.87
		6459-ST/K	1	12.34
12	CRTO Karachi	6450-ST/K	1	6.71
		6354-ST/K	2	1.39
13	RTO-III Karachi	6394-STK	1	11.94
14	RTO Hyderabad	6400-ST/K	1	0.37
Total			**183**	**7,408.38**

Annexure-5
(Para 4.1.3)

Loss of Rs. 6,514.56 million due to difference of sales declared in Income Tax Returns / Sales Tax Returns

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	RTO Sargodha	17574-ST	1	0.72
		17575-ST	1	7.16
		18038-ST	1	0.79
2	RTO Abbottabad	17641-ST	1	9.82
		17749-ST	1	15.58
		17751-ST	1	1.11
3	RTO Islamabad	17792-ST	4	401.45
4	RTO Sialkot	17907-ST	5	24.35
		17915-ST	1	3.39
5	RTO Multan	17959-ST	3	2.92
6	RTO Peshawar	18285-ST	2	2,029.51
7	CRTO Lahore	17628-ST	1	34.11
		18426-ST	1	6.24
		18437-ST	1	16.19
8	LTU Karachi	6360-ST/K	5	956.52
		6455-ST/K	4	762.19
9	RTO Hyderabad	6401-ST/K	3	519.06
		6403-ST/K	1	154.86
		6404-ST/K	1	152.19
10	RTO Sukar	6417-ST/K	6	1,306.97
		6427-ST/K	1	20.02
11	RTO-III Karachi	6412-ST/K	10	89.41
Total			**55**	**6,514.56**

Annexure-6
(Para 4.1.5)

Loss of Rs. 3,189.90 million due to non-recovery of adjudged dues/arrears

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	RTO Faisalabad	17946	46	605.43
		18096	32	260.31
2	RTO Sargodha	18020	20	123.92
		18031	19	29.54
3	RTO Gujranwala	18070	22	203.51
		18075	48	47.88
4	RTO Rawalpindi	18168	17	1,785.83
		18180	33	56.21
		18196	15	7.11
5	LTU Islamabad	18386	1	70.16
Total			**253**	**3,189.90**

Annexure-7
(Para 4.1.7)

Loss of Rs. 2,863.12 million due to inadmissible adjustment of Input Tax against exempt supplies

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	CRTO Lahore	17620	5	46.27
2	RTO Bahawalpur	17713	7	238.16
3	RTO Islamabad	17791	2	11.51
4	RTO Sialkot	17914	3	3.39
5	RTO Peshawar	18284	1	2,563.79
Total			**18**	**2,863.12**

Annexure-8
(Para 4.1.8)

Loss of Rs. 2,450.32 million due to inadmissible adjustment of input tax on services

(Rs. in million)

S. No.	Office	DP No.	No. of Cases	Amount
1	LTU Karachi	6384-ST/K	1	148.60
		6385-ST/K	1	126.13
		6387-ST/K	1	112.91
		6391-ST/K	1	20.43
		6444-ST/K	3	2,015.95
		6454-ST/K	1	7.07
		6364-ST/K	1	12.20
2	CRTO Karachi	6349-STK	2	7.03
Total			**11**	**2,450.32**

Annexure-9
(Para 4.1.10)

Loss of Rs. 2,019.62 million due to concealment of actual sales resulting in short-realization of Sales Tax

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	RTO-II Lahore	17549	1	0.40
2	RTO Abbottabad	17636	7	57.73
3	RTO Sialkot	18217	28	18.91
4	RTO Peshawar	18277	1	214.26
		18281	2	708.69
		18291	1	808.75
		18300	1	205.09
		18303	2	5.78
Total			**43**	**2,019.62**

Annexure-10
(Para 4.1.12)

Loss of Rs. 1,692.02 million due to incorrect application of rate of Sales Tax

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	CRTO Karachi	6345-ST/K	7	293.22
		6346-ST/K	1	144.79
		6347-ST/K	1	71.53
		6351-ST/K	1	4.14
		6352-ST/K	4	4.11
		6358-ST/K	1	0.07
2	LTU Karachi	6362-ST/K	2	97.44
		6447-ST/K	2	692.79
		6381-ST/K	1	350.16
3	RTO Hyderabad	6410-ST/K	1	14.49
4	RTO-III Karachi	6413-ST/K	2	19.28
Total			**23**	**1,692.02**

Annexure-11
(Para 4.1.14)

Loss of Rs. 1,361.12 million due to inadmissible Sales Tax exemption

(Rs. in million)

S. No.	Name of office	PDP No.	No. of cases	Amount
1	LTU Karachi	6380-ST/K	1	368.594
		6382-ST/K	1	281.808
		6383-ST/K	1	281.110
2	RTO Hyderabad	6402-ST/K	1	233.817
		6405-ST/K	2	86.707
3	RTO Quetta	6436-ST/K	4	109.094
Total			**10**	**1,361.13**

Annexure-12
(Para 4.1.16)

Potential loss of revenue amounting Rs. 1,192.09 million due to non-registration of taxpayers in Sales Tax regime

(Rs. in million)

S. No.	Formation	DP. No.	No of Cases	Amount
1	RTO Sargodha	17573	2	9.43
2	CRTO Lahore	17630	1	1.97
3	RTO Abbottabad	17642	5	8.23
4	RTO Sialkot	17920	1	2.02
5	RTO Faisalabad	17948	1	0.26
6	RTO Sialkot	18216	14	26.70
7	RTO Peshawar	18295	1	5.94
		18301	5	53.92
8	LTU Karachi	6378-ST/K	1	521.23
		6379-ST/K	1	460.54
		6453-ST/K	1	16.33
9	RTO Hyderabad	6406-ST/K	1	85.52
		Total	**34**	**1,192.09**

Annexure-13
(Para 4.1.17)

Loss of Rs. 990.31 million due to non-realization of Further Tax and Extra Tax

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	RTO-II Lahore	17537	1	1.738
		17546	1	5.420
		17548	1	3.504
2	RTO Sargodha	17572	11	14.040
		17578	2	2.650
		18032	4	4.784
		18034	2	6.044
3	CRTO Lahore	17625	1	5.135
		17629	3	18.856
		18431	7	116.048
4	RTO Abbottabad	17640	6	10.042
		17647	1	1.444
		17752	2	0.595
		17755	1	0.860
		17969	6	0.294
		17972	1	6.271
5	RTO Sialkot	17908	7	9.321
		17909	5	7.946
6	RTO Faisalabad	17952	2	9.127
7	RTO Multan	17955	3	31.270
		17958	7	2.483
8	RTO Gujranwala	18063	8	58.135
		18064	4	23.433
		18071	11	52.049
9	RTO Faisalabad	18087	14	104.852
10	RTO Rawalpindi	18158	1	1.388
		18187	1	1.133
11	CRTO Karachi	6348-ST/K	3	7.369

12	LTU Karachi	6365-ST/K	1	3.404
		6389-ST/K	1	47.192
		6460-ST/K	1	8.182
		6366-ST/K	2	2.00
		6456-ST/K	3	37.57
13	RTO Hyderabad	6411-ST/K	1	9.55
14	RTO Sukar	6419-ST/K	25	64.37
		6425-ST/K	10	170.65
15	RTO Quetta	6434-ST/K	4	6.98
		6435-ST/K	5	134.18
		Total	**169**	**990.31**

Annexure-14
(Para 4.1.20)

Loss of Rs. 567.07 million due to non-realization of Sales Tax and Default Surcharge against the advances received from customers

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	CRTO, Lahore	17634	4	12.44
2	RTO, Multan	18230	3	539.39
3	RTO, Peshawar	18288	1	11.00
		18296	1	4.24
		Total	**9**	**567.07**

Annexure-15
(Para 4.1.21)

Loss of Rs. 495.34 million due to non-realization of Sales Tax on services

(Rs. in million)

S. No.	Formation	DP. No.	No of cases	Amount
1	RTO, Islamabad	17793	1	12.60
		17794	8	345.78
		17796	1	31.97
		17800	23	102.56
2	RTO, Sargodha	18025	3	2.43
		Total	**36**	**495.34**

Annexure-16
(Para 4.1.26)

Loss of Rs. 347.06 million due to non recovery of Sales Tax on cotton seed oil and oil cake

(Rs. in million)

S. No.	Office	DP No.	No of cases	Amount
1	RTO Hyderabad	6399-ST/K	32	58.01
		6408-ST/K	3	21.836
		6409-ST/K	9	15.421
		6430-ST/K	4	10.539
2	RTO Sukar	6418-ST/K	25	206.466
		6426-ST/K	7	34.790
		Total	**80**	**347.062**

Annexure-17
(Para 4.1.28)

Loss of Rs. 288.32 million due to non-payment of Sales Tax due to non-determination of Minimum Tax liability

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	LTU Karachi	6432-ST/K	1	50.00
		6431-ST/K	1	24.01
		6373-ST/K	1	3.42
		6361-ST/K	5	137.43
		6458-ST/K	8	16.61
2	RTO Hyderabad	6407-ST/K	2	56.09
3	RTO Sukar	6429-ST/K	1	0.76
		Total	**19**	**288.32**

Annexure-18
(Para 4.1.29)

Loss of Rs. 253.16 million due to non-realization of Sales Tax on disposal of fixed assets/waste/scrap

(Rs. in million)

S. No.	Formation	DP. No.	No of cases	Amount
1	RTO, Sargodha	17576	1	12.93
2	CRTO, Lahore	17621	8	39.35
3	RTO, Bahawalpur	17684	1	0.79
		17696	1	1.88
4	RTO, Abbottabad	17964	3	0.41
		17966	1	25.00
		17967	3	1.35
		17971	1	4.14
5	RTO, Gujranwala	18069	1	39.64
6	RTO, Faisalabad	18091	1	14.25
7	RTO, Rawalpindi	18154	2	2.61
8	RTO, Multan	18227	4	3.74
9	RTO, Peshawar	18289	1	10.67
10	LTU Karachi	6457-ST/K	7	30.35
		6363-ST/K	6	28.82
		6372-ST/K	13	35.17
11	LTU-II Karachi	6416-ST/K	1	1.65
12	CRTO Karachi	6357-ST/K	1	0.41
		Total	**56**	**253.16**

Annexure-19
(Para 4.1.33)

Loss of Rs. 89.26 million due to excess adjustment of Input Tax

(Rs. in million)

S. No.	Formation	DP. No.	No of cases	Amount
1	RTO Abbottabad	17639	2	10.39
2	RTO Sargodha	18033	2	4.64
3	RTO Gujranwala	18067	2	24.37
		18072	1	6.05
4	RTO Faisalabad	18098	1	0.59
5	RTO Rawalpindi	18157	3	1.57
		18181	1	25.29
6	RTO Peshawar	18290	1	0.90
7	RTO Hyderabad	6397-STK	2	2.68
8	RTO Quetta	6437-ST/K	2	12.78
Total			**17**	**89.26**

Annexure-20
(Para 4.1.46)

Loss of Rs. 466.03 million due to non imposition of penalty from non-filers of Sales Tax returns

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Abbottabad	17652-ST	02	0.19
		17649-ST	02	0.51
		17974-ST	06	0.37
2	RTO Islamabad	17797-ST	13	0.87
		18125-ST	01	0.03
3	RTO Faisalabad	18097-ST	02	0.72
4	CRTO Lahore	18432-ST	06	273.23
5	RTO Rawalpindi	18201-ST	01	0.32
6	RTO Peshawar	18280-ST	01	0.18
		18298-ST	01	0.49
		18304-ST	03	0.99
		18305-ST	03	0.30
7	CRTO Karachi	6353-ST/K	104	3.00
		6356-STK	36	0.41
		6355-ST/K	05	0.76
8	LTU Karachi	6370-ST/K	14	0.39
		6374-ST/K	10	0.41
		6368-ST/K	01	0.86
		6386-ST/K	01	121.96
9	RTO-III Karachi	6395-ST/K	17	0.49
		6414-ST/K	203	6.03
10	RTO Hyderabad	6398-ST/K	48	2.03
		6396-ST/K	02	6.95
11	RTO Sukar	6423-ST/K	340	16.54
		6428-ST/K	245	12.21
		6424-ST/K	10	8.64
12	RTO Quetta	6438-ST/K	21	0.81
		6439-ST/K	02	6.34
		Total	**1100**	**466.03**

Annexure-21
(Para 4.2.1)

Loss of Rs. 20.36 million due to inadmissible payment of Sales Tax refund

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Abbottabad	17643-ST	1	6.52
		17645-ST	1	3.70
		17651-ST	1	0.26
2	CRTO Lahore	18424-ST	1	2.78
		18436-ST	1	3.92
3	RTO Sialkot	17924-ST	1	0.75
		17928-ST	1	0.05
4	RTO Gujranwala	18074-ST	1	2.38
		Total	**08**	**20.36**

Annexure-22

(Para 4.4.1)

Loss of Rs. 1,651.18 million due to non-levy of Minimum Tax

DGAIR (N) Lahore (Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount	Recovered
1	RTO Rawalpindi	18182	2017	11	9.29	0.06
		18197	2017	17	10.66	0.08
		18170	2017	26	25.59	-
		18165	2017	01	0.19	-
2	RTO Islamabad	18127	2017	03	208.87	-
		17806	2016 & 2017	02	3.70	-
3	RTO Gujranwala	18076	2017	25	6.22	0.23
		18053	2017	01	394.14	-
4	RTO Abbottabad	17662	2016 & 2017	02	7.73	-
5	RTO Faisalabad	18109	2017	01	0.20	-
		18101	2017	02	6.89	0.14
		17941	2016 & 2017	15	3.27	-
6	CRTO Lahore	18408	2017	01	12.84	-
		17599	2017	03	4.83	-
7	RTO-II Lahore	17543	2016	02	0.88	-
		17544	2016 & 2017	02	2.78	0.85
		17559	2015 to 2017	06	19.10	-
		17539	2016	02	5.78	-
8	RTO Multan	17957	2017	08	4.56	-
		17954	2017	10	15.48	-
9	LTU Islamabad	18342	2017	01	14.77	-
10	RTO Peshawar	18313	2017	02	0.30	-
		18308	2017	05	10.61	-
		18275	2017	01	1.73	-
		17910	2017	10	7.11	0.08

12	RTO Bahawalpur	17708	2017	01	3.32	-
13	RTO Sargodha	18026	2016 & 2017	13	4.75	-
		18011	2016 & 2017	12	6.97	-
		18007	2017	01	2.73	-
		17565	2016	12	7.26	0.55
		17561	2014 to 2016	11	39.83	0.39
		17566	2017	01	1.62	-
				220	**921.14**	

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No. of cases	Amount
1.	LTU Karachi	1533	2017	1	19.215
		1538	2017	1	265.220
		1678	2017	1	4.303
2.	CRTO Karachi	1630	2017	03	3.442
		1632	2017	5	28.593
3.	RTO-III Karachi	1583	2017	05	1.294
		1667	2017	28	43.670
4.	RTO Hyderabad	1589	2017	02	5.410
		1612	2017	03	1.135
5.	RTO Sukar	1546	2017	07	11.661
		1555	2017	30	53.388
6.	RTO Quetta	1650	2017	01	292.708
			Total	**87**	**730.039**
			Grand Total	**307**	**1,651.18**

Recovered & verified Rs. 2.47 million, Recovery awaited Rs 12.18 million
Under process Rs.1,636.53 million

Annexure-23
(Para 4.4.2)

Loss of Rs. 13,296.60 million due to concealment of income or assets

DGAIR (N) Lahore

(Rs. in million)

S. No.	Offices	DP No	Tax Year	No. of cases	Amount
1	RTO Multan	18243	2017	01	277.03
		17953	2017	07	298.72
2	RTO Faisalabad	18099	2017	06	152.96
3	RTO Rawalpindi	18191	2017	01	0.59
		18174	2017	01	2.60
		18166	2017	01	0.09
4	RTO Peshawar	18310	2017	01	2.43
		18307	2017	01	37.39
		18306	2015-16	01	266.58
		18271	2016 & 2017	14	1274.37
		18270	2017	01	51.20
		18263	2015-16	02	1313.08
		18262	2016	01	220.90
5	LTU Islamabad	18356	2014	01	21.10
		18355	2014	01	115.60
		18346	2017	01	6.79
		18330	2017	01	120.54
6	RTO-II Lahore	17551	2016-17	03	16.43
7	RTO Abbottabad	17664	2016-17	01	2.35
		17660	2017	01	0.30
		17981	2017	01	0.13
		17762	2017	01	12.37
		17756	2017	01	0.28
		17761	2017	01	0.109
8	RTO Gujranwala	18082	2013 to 2017	386	56.43
		18077	2012 to 2016	02	8.45

9	CRTO Lahore	17616	2017	01	23.28
		17600	2016 & 2017	02	57.11
		17612	2017	01	168.70
		17602	2016	01	0.25
		18416	2017	02	46.96
		18417	2015	01	87.64
		18406	2015 to 2017	01	6.50
10	RTO Sargodha	18036	2016	01	6.09
		18035	2017	03	224.74
		17567	2011	01	1.31
		17563	2016	02	20.93
		18027	2017	06	100.04
		18008	2017	01	30.69
		18005	2017	01	7.11
11	RTO Sialkot	17905	2017	01	35.70
		17903	2017	18	300.15
		18213	2017	18	589.15
12	RTO Islamabad	17808	2014	01	5.10
		17786	2015 & 2016	01	10.15
		17787	2017	01	2.07
		17788	2016 & 2017	11	174.31
		17802	2014	01	0.64
		17804	2016& 2017	02	38.95
		18130	2017	02	120.30
		17807	2016	22	618.43
		17810	2014 to 2017	293	943.33
13	RTO Bahawalpur	17702	2017	01	97.67
		17699	2017	01	10.32
		17692	2017	01	25.74
		17687	2017	01	5.88
		17678	2017	03	18.16
		17689	2017	01	6.30
		17700	2017	01	35.71
		17701	2017	01	0.08
Grand Total				**844**	**8,078.31**

DGAIR (S) Karachi

(Rs. in million)

S. No.	Offices	DP No	Tax Year	No. of Cases	Amount
1.	CRTO, Karachi	1657	2017	01	26.788
2.	RTO-III, Karachi	1571	2017	10	976.939
3.	RTO Hyderabad	1595	2017	02	110.811
		1596	2017	01	85.345
		1599	2017	01	1,690.652
4.	RTO Sukar	1550	2017	30	724.316
		1560	2017	14	1,505.053
5.	RTO Quetta	1651	2017	03	98.384
			Total	**62**	**5,218.288**
			Grand Total	**906**	**13,296.60**

Recovered and verified Rs. 25.74 million, Under process Rs. 13,270.86 million

Annexure-24
(Para 4.4.3)

Loss of Rs. 11,797.15 million due to short levy of Super Tax

DGAIR (N) Lahore (Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	CRTO Lahore	17610	2016 & 2017	02	58.23
2	LTU Islamabad	18337	2016	01	21.37
		18326	2017	01	26.36
		18350	2016	01	129.73
		18380	2017	09	1,525.16
		18325	2016	01	2,318.42
3	RTO Rawalpindi	18150	2015 & 2016	02	35.72
4	RTO Gujranwala	18051	2016 & 2017	01	579.84
5	RTO Islamabad	18126	2016-17	01	27.18
6	RTO Multan	18237	2017	01	95.45
7	RTO Bahawalpur	17709	2016-17	01	4.06
		17705	2016-17	01	4.08
8	RTO Abbottabad	17992	2017	01	11.40
Total				**23**	**4,837.00**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1.	LTU Karachi	1529	2017	25	3,294.07
		1539	2017	8	590.72
		1674	2017	5	339.87
2.	LTU-II Karachi	1622	2017	09	412.22
3.	RTO-III Karachi	1576	2017	1	47.76
4.	RTO Hyderabad	1586	2017	1	24.32
		1594	2017	1	264.64
		1605	2017	2	144.77
5.	RTO Sukar	1549	2017	1	61.11
		1559	2017	13	615.19

6.	RTO Quetta	1649	2017	4	1,165.49
			Total	**70**	**6,960.15**
			Grand Total	**93**	**11,797.15**

Recovered & Verified Rs. 8.14 million. Recovery awaited Rs.61.70 million Subjudice Rs.493.51 million, Under process Rs. 11,233.80 million.

Annexure-25
(Para 4.4.4)

Loss of Rs. 6,744.71 million due to non-apportionment of expenses between final and normal tax regimes

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Sargodha	18009	2017	01	0.94
2	RTO Peshawar	18266	2017	01	295.24
3	RTO Islamabad	17803	2017	01	13.39
		18131	2017	01	61.78
4	RTO Sialkot	17917	2017	01	2.65
		18221	2017	01	1.74
5	RTO Rawalpindi	18160	2017	01	0.82
6	RTO Faisalabad	18100	2017	01	114.63
7	RTO Gujranwala	18052	2016 &2017	01	6,253.52
			Total	**9**	**6,744.71**

Under process Rs. 6,449.47, Recovery awaited Rs.295.24

Annexure-26
(Para 4.4.5)

Loss of Rs. 1,103.01 million due to non-levy of default surcharge on payment of Tax after due date

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Rawalpindi	18194	2017	3	0.14
		18172	2017	2	0.26
		18420	2017	1	0.11
2	LTU Islamabad	18371	2014	1	240.29
		18377	2010	1	176.39
		18372	2015 to 2017	1	7.74
Total				**9**	**424.93**

DGAIR (S) Karachi

(Rs. in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1.	CRTO Karachi	1627	2017	08	13.13
		1631	2017	3	0.50
2.	RTO Hyderabad	1590	2017	2	0.47
		1613	2017	3	0.11
		1617	2017	9	69.95
3.	RTO Sukar	1541	2017	24	304.42
		1545	2017	7	1.17
		1553	2017	33	5.60
		1671	2017	28	5.17
4.	RTO Quetta	1636	2017	32	256.03
		1653	2017	4	21.54
			Total	**153**	**678.08**
				162	**1,103.01**

Recovered Rs.0.12 million Under process Rs. 1,102.89 Million

Annexure-27
(Para 4.4.6)

Loss of Rs. 354.64 million due to allowing inadmissible expenses

DGAIR(N), Lahore (Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	RTO Rawalpindi	18184	2017	01	2.20
		18163	2017	01	0.36
		18151	2017	02	18.60
2	LTU Islamabad	18376	2010	01	255.98
		18318	2015	01	14.52
3	RTO Sialkot	17916	2017	03	3.10
		17904	2017	01	46.40
		18224	2017	01	0.20
		18218	2017	01	13.28
			Total	**12**	**354.64**

Under process Rs. 354.64 million

Annexure-28

(Para 4.4.7)

Loss of Rs. 797.13 million due to non-taxation of income from other sources

DGAIR(N), Lahore (Rs. in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	LTU Islamabad	18343	2017	1	6.54
		18338	2012	1	26.89
		18329	2017	1	401.11
2	RTO Rawalpindi	18206	2017	1	125.92
		18148	2017	2	217.93
3	RTO Sargodha	18006	2016	1	13.22
4	RTO Sialkot	17923	2017	3	0.97
5	RTO-II Lahore	17550	2016 & 2017	1	4.55
			Total	**11**	**797.13**

Under process Rs. 792.58 million, Recovery awaited Rs. 4.55 million

Annexure-29
(Para 4.4.8)

Loss of Rs. 10,195.04 million due to incorrect assessment of tax under respective heads of income

DGAIR (N) Lahore

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	LTU Islamabad	18365	2015	01	104.05
		18334	2017	01	118.21
		18370	2011	01	35.12
		18369	2015	01	108.80
		18367	2016	01	32.50
		18363	2012	01	243.99
		18362	2013	01	100.42
		18353	2016	01	90.87
		18332	2017	01	11.90
		18344	2017	01	36.53
2	RTO Gujranwala	18079	2017	05	38.46
3	RTO Multan	18234	2017	01	112.88
		17962	2014, 2015 & 2016	01	5.30
4	CRTO Lahore	17618	2017	02	308.66
		17614	2016	01	5.26
		17611	2016 & 2017	01	8.78
		17608	2014	01	12.45
		17609	2014	01	167.89
		17615	2017	01	2.23
		18418	2014 to 2017	05	41.23
5	RTO Rawalpindi	18149	2017	01	57.38
6	RTO Faisalabad	18103	2017	01	0.82
			Total	**31**	**1,643.73**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1.	LTU-II-Karachi	1625	2017	14	1,175.35
2.	CRTO-Karachi	1664	2017	2	0.47
		1663	2017	1	0.79
3.	RTO-III Karachi	1573	2017	3	167.34
		1581	2017	8	12.42
		1665	2017	30	841.99
4.	RTO-Hyderabad	1591	2017	1	0.39
		1602	2017	4	696.75
		1608	2017	2	29.50
		1607	2017	2	12.89
		1609	2017	1	17.72
5.	RTO-Sukar	1551	2017	35	1,108.09
		1554	2017	5	47.28
		1563	2017	30	1,799.43
6.	RTO-Quetta	1638	2017	63	27.41
		1647	2017	1	2,613.48
Total				**202**	**8,551.31**
Grand Total				**233**	**10,195.04**

Subjudice Rs.354.32 million, Under process Rs. 9,939.72 million

Annexure-30
(Para 4.4.9)

Loss of Rs. 970.13 million due to inadmissible depreciation allowance on fixed assets

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	LTU Islamabad	18361	2013	1	903.36
		18320	2017	1	29.01
2	CRTO Lahore	17605	2016 & 2017	3	1.21
3	RTO II Lahore	17538	2014,2015 & 2016	1	28.20
		17556	2016 & 2017	1	8.35
			Total	**7**	**970.13**

Recovered & verified Rs.0.27 million Under process-Rs.961.51 million
Recovery awaited Rs. 8.35 million

Annexure-31
(Para 4.4.10)

Loss of Rs.539.82 million due to non-treatment of Withholding Tax as Final and Minimum Tax

DGAIR (N) Lahore

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	RTO Islamabad	18152	2017	01	13.25
		18176	2017	01	3.96
2	RTO Multan	18236	2017	02	511.08
3	RTO Sialkot	17921	2017	01	1.62
4	CRTO Lahore	18407	2017	01	8.58
		18413	2011 to 2015	01	1.33
			Total	**7**	**539.82**

Under process Rs. 539.82 million

<u>Annexure-32</u>

(Para 4.4.11)

Loss of Rs. 882.10 million due to application of incorrect tax rates

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	LTU Islamabad	18374	2016	1	37.54
		18375	2016	1	28.80
		18327	2017	1	814.68
2	RTO Rawalpindi	18159	2017	1	1.08
			Total	**4**	**882.10**

Under process Rs. 882.10 million

Annexure-33
(Para 4.4.12)

Loss of Rs. 2,823.62 million due to non-recovery of arrears of tax demand

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Rawalpindi	18203	2017	40	144.13
		18195	2017	12	33.42
		18167	2017	22	1,362.93
		18175	2017	50	541.19
2	CRTO Lahore	17617	2017	01	11.04
3	RTO Gujranwala	18078	2017	14	3.28
4	RTO Abbottabad	17988	2009, 2014-15 &2016	06	22.23
		17987	2014	01	18.92
5	RTO Multan	18239	2017	03	132.18
			Total	**149**	**2,269.32**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	LTU Karachi	1564	2017	01	317.84
2	CRTO Karachi	1626	2017	08	90.78
3	RTO-II Karachi	1568	2017	11	48.93
4	RTO-Hyderabad	1585	2017	5	95.37
		1618	2017	3	1.08
			Total	**28**	**554.30**
			Grand Total	**177**	**2,823.62**

Recovered Rs.10.63 million, Recovery awaited Rs.0.31 million & Under process Rs. 2,812.68 million

Annexure-34

(Para 4.4.13)

Loss of Rs. 6,320.15 million due to incorrect adjustment of tax credits

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Bahawalpur	17676	2017	2	1.43
2	RTO Abbottabad	17659	2016	1	0.30
		17663	2016-2017	1	71.77
3	CRTO Lahore	18409	2016-2017	1	2.89
		17606	2017	1	1.26
4	RTO Peshawar	18273	2017	1	7.30
		18260	2016 & 2017	1	6.00
5	RTO Multan	18241	2017	1	20.79
		18235	2017	1	4995.54
6	LTU Islamabad	18319	2017	1	119.38
		18339	2013 to 2015	1	257.99
7	RTO Sialkot	17918	2017	1	2.37
8	RTO Faisalabad	18106	2017	3	23.33
Total				**13**	**5,510.35**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No. of cases	Amount
1	LTU-II, Karachi	1620	2017	5	635.04
2	CRTO Karachi	1659	2017	3	5.58
3	RTO Hyderabad	1587	2017	7	11.67
		1598	2017	1	0.21
		1604	2017	3	63.48
4	RTO Sukar	1557	2017	4	92.29
5	RTO Quetta	1656	2017	1	1.53
				19	**809.80**
			Total	**32**	**6,320.15**

Under process Rs. 6,320.15 million

<u>Annexure-35</u>
(Para 4.4.14)

Loss of Rs. 342.73 million due to incorrect tax credit claimed under Section 100C of the Income Tax Ordinance, 2001

DGAIR (N) Lahore

(Rs in million)

S. No.	Offices	DP No.	Tax Year	No of cases	Amount
1	RTO Gujranwala	18054	2014 to 2016	1	3.28
2	RTO Sargodha	18028	2016 & 2017	2	7.13
3	RTO Islamabad	17789	2017	3	53.59
		18134	2016	1	278.73
Total				**7**	**342.73**

Under process Rs. 342.73 million

Annexure-36
(Para 4.4.15)

Loss of Rs. 2,006.39 million due to claim of undetermined expenses / liabilities

DGAIR (N) Lahore (Rs. in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	RTO Bahawalpur	17706	2016-17	1	47.58
		17688	2016-17	1	0.31
2	LTU Islamabad	18333	2017	1	1,706.06
		18331	2017	1	24.03
		18347	2016	1	219.57
3	RTO Islamabad	18119	2017	2	8.84
Total				**7**	**2,006.39**

Under Process Rs. 2,006.18 million Recovery awaited Rs.0.31milloin

Annexure-37
(Para 4.4.16)

Loss of Rs. 2,088.06 million due to non-levy of Alternative Corporate Tax

DGAIR (N) Lahore (Rs. in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	RTO Sargodha	18037	2017	1	0.33
2	LTU Islamabad	18335	2017	1	2084.05
3	RTO Gujranwala	18055	2017	1	3.68
Total				**3**	**2,088.06**

Under Process Rs. 2,088.06 million

Annexure-38
(Para 4.4.22)

Loss of Rs. 212.97 million due to non-treating of tax deduction on services as Minimum Tax

DGAIR (N) Lahore

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	RTO Islamabad	18118	2017	1	16.23
2	RTO-II Lahore	17545	2017	2	8.62
		17554	2016 &2017	1	78.16
3	RTO Bahawalpur	17677	2017	1	1.56
		17685	2016-17	1	1.30
4	RTO Abbottabad	17978	2017	1	4.07
		17986	2017	2	2.03
		17985	2017	2	4.37
		17990	2017	1	10.64
5	RTO Rawalpindi	18156	2017	1	2.19
6	RTO Multan	18244	2017	4	83.80
			Total	**17**	**212.97**

Under process Rs. 212.97 million

Annexure-39
(Para 4.4.23)

Potential loss of Rs. 8,437.68 million due to incorrect adjustment of brought forward losses

DGAIR (N) Lahore

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	LTU Islamabad	18336	2017	1	22.90
		18379	2017	1	24.87
		18354	2013	1	83.39
		18358	2012	1	303.29
2	RTO Islamabad	18132	2017	1	495.08
			Total	**5**	**929.53**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	RTO Sukar	1561	2016 & 2017	3	1,739.86
2	RTO Quetta	1646	2017	1	5,768.29
			Total	**4**	**7,508.15**
			Grand Total	**9**	**8,437.68**

Under process Rs. 8,437.68 million

Annexure-40
(Para 4.4.25)

Loss due to non-levy of penalty on late/non filing of returns - Rs. 2,191.22 million

(Rs in million)

S. No.	Offices	DP No.	Tax Year	No of cases	Amount
1	RTO Peshawar	18309	2016 & 2017	06	76.29
2	RTO Rawalpindi	18161	2017	11	0.49
		18202	2017	05	0.18
		18193	2017	06	0.48
		18171	2017	05	0.89
3	RTO Sargodha	18029	2017	333	6.66
4	RTO Islamabad	17805	2016 & 2017	07	1.28
		17790	2016 & 2017	14375	289.44
		18120	2017	3,023	62.54
		18114	2016 & 2017	04	0.72
5	RTO Gujranwala	18080	2017	277	5.46
		18058	2017	05	0.43
6	RTO Abbottabad	17658	2014 to 2017	01	0.08
7	LTU Karachi	1531	2017	156	249.09
8		1535	2017	86	1.70
9		1537	2017	10	31.33
10		1675	2017	132	693.78
11	LTU-II Karachi	1624	2017	6	7.58
12	CRTO Karachi	1628	2017	11	12.27
13		1633	2017	25	3.36
14		1662	2017	16	0.1
15	RTO-II Karachi	1566	2017	37	1.85
16		1569	2017	18	6.46
17	RTO-III Karachi	1574	2017	6520	130.40
18		1575	2017	1217	105.57
19		1578	2017	215	2.25
20		1669	2017	157	20.71
21	RTO Hyderabad	1597	2017	6	0.64
22		1606	2017	6	1.26
23		1610	2017	2	7.13
24		1616	2017	9	34.87

25	RTO Sukar	1548	2017	4	30.33
26		1552	2017	4	0.65
27		1562	2017	23	81.63
28	RTO Quetta	1634	2017	23	292.54
29		1643	2017	3	2.73
30		1644	2017	9	1.80
31		1652	2017	22	26.25
Total				**26,775**	**2191.22**

Annexure-41

(Para 4.5.1)

Loss of Rs. 4,010.34 million due to unlawful grant of tax refund

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	CRTO Lahore	18419	2017	01	2.19
		18412	2017	01	2.21
		18414	2013 to 2017	03	2.34
		17603	2013, 2015 & 2016	03	4.28
		18411	2015	01	0.62
		18410	2014	01	0.21
2	RTO Peshawar	18259	2011 & 2012	05	1.66
		18312	2014 &2016	04	0.57
3	RTO Abbottabad	17977	2015	32	21.58
4	RTO Faisalabad	18108	2017	10	9.78
5	RTO Gujranwala	18056	2016	01	14.40
6	RTO Sialkot	17926	2017	01	0.43
7	RTO Rawalpindi	18162	2017	01	0.39
8	LTU Islamabad	18328	2013	01	17.36
9	RTO Islamabad	18128	2016 &2017	04	966.56
		18133	2017	01	0.56
10	LTU Islamabad	18345	2017	01	46.75
11	RTO Sargodha	18039	2014 to 2017	01	0.25
			Total	**72**	**1,092.14**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1.	LTU Karachi	1530	2017	5	488.97
		1534	2017	1	10.45
		1676	2017	4	41.53
2.	LTU-II Karachi	1621	2017	3.	16.78
3.	CRTO Karachi	1658	2017	4	6.12
4.	RTO-III Karachi	1580	2017	18	15.09
		1668	2017	18	34.79
5.	RTO Hyderabad	1592	2017	3	5.48
		1601	2017	4	70.49
		1611	2017	2	1.77
6.	RTO Sukkar	1547	2017	27	27.08
		1558	2017	45	186.28
7.	RTO Quetta	1642	2017	1	3.31
		1645	2017	1	0.25
		1648	2017	2	2009.82
			Total	**138**	**2,918.20**
			Grand Total	**210**	**4,010.34**

Amount recovered & verified Rs. 1.20 million Recovery Awaited Rs. 0.46 million Under process Rs. 4,008.68 million

<u>Annexure-42</u>

(Para 4.6.1)

Loss of Rs. 433.95 million due to non-realization of Workers Welfare Fund

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Faisalabad	17942	2017	23	1.04
		18102	2017	23	5.03
2	RTO Rawalpindi	18200	2017	04	0.33
		18177	2017	01	0.08
		18155	2017	08	2.34
3	RTO Peshawar	18314	2008, 2011 to 2018	03	0.22
4	CRTO Lahore	17598	2013, 2015 & 2016	01	0.091
		18415	2017	06	4.21
5	RTO Sialkot	17925	2017	01	0.65
6	RTO-II Lahore	17558	2016 & 2017	02	0.98
		17541	2014 to 2017	02	4.23
7	RTO Gujranwala	18081	2017	10	1.64
		18057	2017	02	2.24
8	RTO Sargodha	18040	2016 & 2017	06	0.44
		18004	2016& 2017	09	0.65
		17568	2016	06	0.32
9	RTO Abbottabad	17994	2017	01	27.99
		17984	2017	02	0.42
		17982	2017	02	0.26
		17757	2017	04	1.66
		17661	2016 & 2017	02	0.60

10	RTO Bahawalpur	17698	2017	02	0.73
		17690	2016 & 2017	14	3.40
Total				**134**	**59.55**

DGAIR (S) Karachi

(Rs in million)

S. No	Offices	DP No	Tax Year	No of cases	Amount
1.	LTU Karachi	1532	2017	16	49.35
		1536	2017	4	32.80
		1677	2017	4	58.02
2.	LTU-II Karachi	1623	2017	6	31.59
3.	CRTO Karachi	1629	2017	15	6.30
		1661	2017	19	1.69
4.	RTO-III Karachi	1579	2017	349	19.53
		1670	2017	213	6.02
5.	RTO Hyderabad	1588	2017	12	9.22
		1603	2017	3	85.28
6.	RTO Sukkar	1544	2017	9	0.46
		1556	2017	541	61.19
7.	RTO Quetta	1654	2017	13	12.95
			Total	**1204**	**374.40**
			Grand Total	**1338**	**433.95**

Amount recovered Rs.5.60 million, Recovery awaited Rs.5.06 million
Subjudice Rs.20.56 million Under process Rs. 402.73 million

<u>Annexure-43</u>
(Para 4.7.2)

Loss of Rs. 35.77 million due to non-realization of withholding Sales Tax

(Rs. in million)

S. No.	Formation	DP No.	No of cases	Amount
1	CRTO, Lahore	17627	1	4.20
		17644	1	3.78
2	RTO, Abbottabad	17750	1	2.19
3	RTO, Sialkot	17935	1	0.24
4	RTO, Abbottabad	17968	1	20.86
5	RTO, Gujranwala	18049	1	1.03
		18189	3	0.68
6	RTO, Rawalpindi	18210	6	2.79
		Total	**15**	**35.77**

Annexure-44
(Para 4.7.3)

Loss of Rs. 362.46 million due to non-realization of Withholding Tax on salary

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Rawalpindi	18211	2017	02	0.99
2	RTO Gujranwala	18044	2015 to 2017	03	16.67
3	RTO Bahawalpur	17691	2017	04	13.31
		17681	2017	04	21.70
4	RTO Peshawar	18272	2016 & 2017	03	129.77
5	RTO Sialkot	17931	2017	12	36.73
6	RTO Islamabad	17812	2017	08	9.26
7	RTO Abbottabad	17989	2017	03	48.06
		17983	2017	01	72.57
		17773	2017	05	13.40
			Total	**45**	**362.46**

Recovery awaited Rs.9.43 million Under Process Rs. 353.03 million

Annexure-45
(Para 4.7.4)

Loss of Rs. 199.25 million due to non-realization of Withholding Tax on dividend

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO Abbottabad	17979	2017	01	3.11
		17980	2017	01	21.17
2	LTU Islamabad	18359	2013	01	7.92
		18366	2015	01	17.11
		18368	2015	01	120.05
		18378	2014	01	22.47
3	RTO Bahawalpur	17711	2017	01	7.42
			Total	**7**	**199.25**

Under process Rs. 199.25 million

Annexure-46
(Para 4.7.5)

Loss of Rs. 102.67 million due to non withholding of tax on brokerage and commission

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO-II Lahore	17552	2017	01	52.24
		17557	2016 & 2017	02	0.45
2	RTO Sargodha	18018	2017	01	0.86
3	RTO Bahawalpur	17710	2017	10	36.50
		17680	2017	02	0.59
4	RTO Islamabad	18123	2016	01	1.61
		18117	2017	01	0.39
5	RTO Gujranwala	18042	2016	01	6.31
6	RTO Sialkot	17934	2017	01	0.38
7	RTO Abbottabad	17763	2017	05	0.58
		17759	2017	03	2.51
		17760	2016 & 2017	01	0.25
			Total	**29**	**102.67**

Recovery awaited Rs. 56.62 million Under process Rs. 46.05 million

Annexure-47
(Para 4.7.6)

Loss of Rs. 138.47 million due to non-recovery of Withholding Tax on income from property

DGAIR (N) Lahore

(Rs. in million)

S. No.	Office	DP No.	Tax Year	No of cases	Amount
1	RTO-II Lahore	17555	2017	01	1.98
2	RTO Faisalabad	18107	2017	01	1.96
3	RTO Sargodha	17564	2016 & 2017	01	3.54
		18003	2016 & 2017	02	23.98
		18016	2017	02	1.15
4	RTO Islamabad	18116	2017	02	0.88
		18122	2016 & 2017	02	8.21
5	RTO Rawalpindi	18207	2017	18	93.93
6	RTO Gujranwala	18045	2015 to 2017	01	1.46
7	RTO Bahawalpur	17697	2017	04	1.38
			Total	**34**	**138.47**

Recovery awaited Rs.1.13 million Under process Rs. 137.34 million

Annxure-48
(Para 4.7.7)

Loss of Rs. 821.27 million due to non-collection of advance tax under Section 236 of Income Tax Ordinance, 2001

DGAIR (N) Lahore

(Rs. in million)

S. No.	Offices	DP No.	Tax Year	No of cases	Amount involved
1	LTU Islamabad	18316	2016	01	17.50
		18315	2017	01	35.82
2	CRTO Lahore	17601	2014 to 2017	04	11.88
		17613	2016 & 2017	02	22.29
3	RTO Peshawar	18261	2017	01	21.92
4	RTO Gujranwala	18046	2016 & 2017	01	2.22
		18043	2017	13	13.80
5	RTO Sialkot	18223	2017	01	0.49
		17930	2017	03	39.12
		17933	2017	02	4.32
		17936	2017	01	0.12
6	RTO Islamabad	18115	2017	02	20.00
		18124	2016	01	17.41
		17809	2016 to 2017	01	36.49
		17811	2016	04	5.05
7	RTO Bahawalpur	17712	2017	04	14.37
8	RTO Faisalabad	18105	2018	10	57.35
		17944	2016-17	18	7.62
9	RTO Rawalpindi	18173	2017	01	2.10
		18178	2017	02	8.65
		18188	2017	02	0.82
10	RTO Sargodha	18010	2016	01	0.18
		18014	2017	01	7.27
		18015	2016-2017	04	12.99
		18017	2017	03	3.29
		17560	2017	07	20.19

11	RTO Multan	17963	2017	03	1.49
		17960	2017	18	47.25
12	RTO Abbottabad	17758	2017	01	2.93
		17993	2017	01	10.48
			Total	**114**	**445.41**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1.	LTU Karachi	1565	2017	1	308.71
2.	RTO-III Karachi	1577	2017	215	22.25
		1582	2017	21	3.76
		1584	2017	6	3.67
3.	RTO Hyderabad	1619	2017	2	7.26
4.	RTO Quetta	1639	2017	3	11.90
		1640	2017	1	10.08
		1641	2017	5	5.84
		1655	2017	1	2.40
			Total	**255**	**375.86**
				369	**821.27**

Recovered & verified Rs 1.65 million, Recovery awaited Rs. 5.21 million
Under process Rs.814.41 million

Annexure-49
(Para 4.7.8)

Loss of Rs. 116.30 million due to non-withholding/deposit of Income Tax under Section 151 of Income Tax Ordinance, 2001

DGAIR (N) Lahore (Rs. in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	RTO Multan	18240	2017	1	41.03
2	RTO Bahawalpur	17704	2015	1	51.15
3	RTO Rawalpindi	18208	2017	1	24.12
Total				**3**	**116.30**

Under Process Rs. 116.30 million

Annexure-50
(Para 4.7.10)

Loss of Rs. 5,329.63 million due to short/non-deduction of Withholding Tax

DGAIR (N) Lahore (Rs. in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount involved
1	RTO Rawalpindi	18204	2016 & 2017	02	912.73
		18198	2017	02	1.05
		18192	2017	01	0.49
		18199	2017	01	0.66
		18205	2017	04	224.80
2	RTO Peshawar	18274	2016 & 2017	01	2.57
		18311	2017	08	6.33
3	RTO Islamabad	18121	2016	04	56.87
		18112	2016 & 2017	09	127.03
		17813	2016-17	05	60.01
		17785	2016 & 2017	09	50.82
4	CRTO Lahore	17607	2013 & 2014	01	0.40
		17604	2015-16 &2016-17	05	39.03
5	RTO Faisalabad	18104	2017	01	346.61
		17943	2017	13	20.49
6	RTO Sargodha	17562	2015 to 2017	04	69.86
		18012	2016	02	0.25
		18013	2016	01	0.36
7	RTO Gujranwala	18041	2017	09	127.480
		18047	2017	01	15.10
8	RTO Multan	17961	2017	01	1.82
		18242	2017	01	1199.53
9	RTO Sialkot	17929	2017	26	86.12
		17906	2015 to 2017	01	28.40
		18215	2017	17	48.45
10	RTO Bahawalpur	17703	2017	01	0.76
		17695	2017	09	60.04
		17679	2017	16	97.95
11	LTU Islamabad	18360	2017	01	64.85
		18321	2016	01	16.98

		18322	2015	01	4.29
		18357	2016	01	186.20
12	RTO Abbottabad	17991	2017	01	13.29
Total				**160**	**3,871.62**

DGAIR (S) Karachi

(Rs in million)

S. No.	Offices	DP No	Tax Year	No of cases	Amount
1	CRTO Karachi	1660	2017	3	3.80
2	RTO-II Karachi	1567	2017	1	7.69
3	RTO Hyderabad	1614	2017	9	345.11
4	RTO Sukar	1540	2017	8	184.32
		1543	2017	15	632.00
5	RTO Quetta	1635	2017	23	285.10
				59	**1,458.01**
			Total	**219**	**5,329.63**

Recovered and verified Rs.3.35 million Recovery awaited Rs. 6.26 million
Under process Rs. 5,329.63 million

<u>Annexure-51</u>
(Para 4.8.3)

Loss of Rs. 12,583.22 million due to grant of inadmissible exemptions/concessions in Duty & Taxes

(Rs. in millions)

S. No.	DP No	Name of Office	Amount
1.	5541-Cus	MCC (Preventive) Lahore	0.06
2.	5542-Cus	MCC (Preventive) Lahore	4.60
3.	5543-Cus	MCC (Preventive) Lahore	0.65
4.	5544-Cus	MCC (Preventive) Lahore	0.18
5.	5551-Cus	MCC (Preventive) Lahore	0.11
6.	5576-Cus	MCC (Appraisement) Lahore	0.08
7.	5581-Cus	MCC (Appraisement) Lahore	4.76
8.	5584-Cus	MCC (Appraisement) Lahore	2.88
9.	5587-Cus	MCC (Appraisement) Lahore	1.78
10.	5591-Cus	MCC (Appraisement) Lahore	1.11
11.	5612-Cus	MCC (Appraisement) Lahore	0.20
12.	5622-Cus	MCC (Appraisement) Lahore	0.12
13.	5642-Cus	MCC Gilgit	0.54
14.	5646-Cus	MCC Gilgit	0.25
15.	5654-Cus	MCC Gilgit	0.06
16.	5705-Cus	MCC, Islamabad	0.05
17.	5748-Cus	MCC Sialkot	0.44
18.	5778-Cus	MCC Multan	0.47
19.	5821-Cus	MCC Faisalabad	1.85
20.	5824-Cus	MCC Faisalabad	8.40
21.	5877-Cus	MCC, Islamabad	10.01
22.	5880-Cus	MCC, Islamabad	6.40
23.	5881-Cus	MCC, Islamabad	6.38

24.	5883-Cus	MCC, Islamabad	4.26
25.	5886-Cus	MCC, Islamabad	1.33
26.	5889-Cus	MCC, Islamabad	0.57
27.	5891-Cus	MCC, Islamabad	0.41
28.	5893-Cus	MCC, Islamabad	0.39
29.	5894-Cus	MCC, Islamabad	0.32
30.	5895-Cus	MCC, Islamabad	0.30
31.	5896-Cus	MCC, Islamabad	0.21
32.	5897-Cus	MCC, Islamabad	0.19
33.	5909-Cus	MCC (Appraisement) Lahore	128.77
34.	5910-Cus	MCC (Appraisement) Lahore	21.20
35.	5911-Cus	MCC (Appraisement) Lahore	50.54
36.	5920-Cus	MCC (Appraisement) Lahore	12.41
37.	5921-Cus	MCC (Appraisement) Lahore	12.73
38.	5926-Cus	MCC (Appraisement) Lahore	15.92
39.	5932-Cus	MCC (Appraisement) Lahore	-
40.	5946-Cus	MCC Peshawar	10.34
41.	5954-Cus	MCC Peshawar	0.80
42.	5955-Cus	MCC Peshawar	1.76
43.	5956-Cus	MCC Peshawar	1.38
44.	5957-Cus	MCC Peshawar	9.50
45.	5958-Cus	MCC Peshawar	17.13
46.	5964-Cus	MCC Peshawar	2.80
47.	5972-Cus	MCC Peshawar	0.29
48.	5978-Cus	MCC Peshawar	0.32
49.	5986-Cus	MCC Peshawar	0.43
50.	5987-Cus	MCC Peshawar	0.05
51.	5992-Cus	MCC Peshawar	2.40
52.	6046-Cus	MCC Peshawar	0.06
53.	6053-Cus	MCC Peshawar	3.36
54.	6056-Cus	MCC Peshawar	9.44
55.	6057-Cus	MCC Peshawar	3.76

56.	6061-Cus	MCC Peshawar	13.42
57.	6063-Cus	MCC Peshawar	0.33
58.	6072-Cus	MCC Peshawar	0.10
59.	6075-Cus	MCC Peshawar	68.94
60.	6089-Cus	MCC Islamabad	50.84
61.	6095-Cus	MCC Islamabad	2.99
62.	6096-Cus	MCC Islamabad	2.94
63.	6097-Cus	MCC Islamabad	2.59
64.	6098-Cus	MCC Islamabad	2.12
65.	6099-Cus	MCC Islamabad	1.43
66.	6104-Cus	MCC Islamabad	0.79
67.	6110-Cus	MCC Islamabad	0.42
68.	6113-Cus	MCC Islamabad	0.30
69.	6114-Cus	MCC Islamabad	0.27
70.	6118-Cus	MCC Islamabad	0.15
71.	6123-Cus	MCC Islamabad	0.10
72.	6126-Cus	MCC Islamabad	0.08
73.	6128-Cus	MCC Islamabad	0.05
74.	6138-Cus	MCC (Preventive) Lahore	42.70
75.	6142-Cus	MCC (Preventive) Lahore	1.50
76.	6145-Cus	MCC (Preventive) Lahore	0.38
77.	6149-Cus	MCC (Preventive) Lahore	1.04
78.	6151-Cus	MCC (Preventive) Lahore	20.21
79.	6157-Cus	MCC (Preventive) Lahore	15.86
80.	6174-Cus	MCC (Appraisement) Lahore	11,274.75
81.	6188-Cus	MCC (Appraisement) Lahore	14.67
82.	50-CD/K	MCC Preventive, Karachi	0.79
83.	51-CD/K	MCC Preventive, Karachi	2.50
84.	65-CD/K	MCC Preventive, Karachi	2.03
85.	68-CD/K	MCC Preventive, Karachi	2.48
86.	69-CD/K	MCC Preventive, Karachi	0.32
87.	76-CD/K	MCC Preventive, Karachi	2.23
88.	149-CD/K	MCC Appraisement East, Karachi	0.15
89.	233-CD/K	MCC Appraisement West, Karachi	0.42
90.	255-CD/K	MCC Appraisement West, Karachi	0.91
91.	420-CD/K	MCC Appraisement West, Karachi	0.93
92.	164-CD/K	MCC Imports, PMBQ, Karachi	2.62
93.	206-CD/K	MCC Imports, PMBQ, Karachi	8.05
94.	209-CD/K	MCC Imports, PMBQ, Karachi	0.89
95.	269-CD/K	MCC Imports, PMBQ, Karachi	2.70

96.	277-CD/K	MCC Imports, PMBQ, Karachi	0.10
97.	280-CD/K	MCC Imports, PMBQ, Karachi	3.21
98.	296-CD/K	MCC Imports, PMBQ, Karachi	5.90
99.	52-CD/K	MCC Preventive, Karachi	43.30
100.	55-CD/K	MCC Preventive, Karachi	18.92
101.	56-CD/K	MCC Preventive, Karachi	0.28
102.	57-CD/K	MCC Preventive, Karachi	3.18
103.	58-CD/K	MCC Preventive, Karachi	9.14
104.	59-CD/K	MCC Preventive, Karachi	13.52
105.	66-CD/K	MCC Preventive, Karachi	27.66
106.	72-CD/K	MCC Preventive, Karachi	13.15
107.	74-CD/K	MCC Preventive, Karachi	0.11
108.	75-CD/K	MCC Preventive, Karachi	344.15
109.	77-CD/K	MCC Preventive, Karachi	107.56
110.	79-CD/K	MCC Preventive, Karachi	1.80
111.	62-CD/K	MCC Preventive, Karachi	7.25
112.	150-CD/K	MCC Appraisement (East), Karachi	57.00
113.	10-CD/K	MCC Preventive, Karachi	1.25
114.	20-CD/K	MCC Preventive, Karachi	0.171
115.	47-CD/K	MCC Preventive, Karachi	14.929
Total			**12,583.22**

Annexure-52
(Para 4.8.4)

Blockage of government revenue of Rs. 3,604.12 million due to non-encashment of financial instruments

(Rs. in millions)

S. No.	DP No.	Name of Office	Amount
1.	5699-Cus	MCC Sialkot	17.80
2.	5773-Cus	MCC Multan	63.48
3.	5833-Cus	MCC Faisalabad	166.04
4.	5834-Cus	MCC Faisalabad	88.60
5.	5928-Cus	MCC (Appraisement) Lahore	35.03
6.	6005-Cus	MCC Peshawar	250.81
7.	125-CD/K	MCC Appraisement East, Karachi	43.49
8.	180-CD/K	MCC Exports, PMBQ, Karachi	211.80
9.	181-CD/K	MCC Exports, PMBQ, Karachi	75.59
10.	182-CD/K	MCC Exports, PMBQ, Karachi	70.14
11.	215-CD/K	MCC Appraisement West, Karachi	7.37
12.	315-CD/K	MCC Imports, PMBQ, Karachi	271.62
13.	316-CD/K	MCC Imports, PMBQ, Karachi	239.80
14.	317-CD/K	MCC Imports, PMBQ, Karachi	200.68
15.	345-CD/K	MCC Preventive, Karachi	30.10
16.	346-CD/K	MCC Preventive, Karachi	1.54
17.	372-CD/K	MCC Quetta	5.71
18.	379-CD/K	MCC Exports, Custom House, Karachi	1,372.92
19.	380-CD/K	MCC Exports, Custom House, Karachi	194.13
20.	381-CD/K	MCC Exports, Custom House, Karachi	63.58
21.	382-CD/K	MCC Exports, Custom House, Karachi	19.53
22.	417-CD/K	MCC Appraisement West, Karachi	3.89
23.	239-CD/K	MCC Appraisement East, Karachi	41.23
24.	425-CD/K	MCC Appraisement East, Karachi	22.32
25.	426-CD/K	MCC Appraisement East, Karachi	4.31
26.	427-CD/K	MCC Appraisement East, Karachi	11.23
27.	428-CD/K	MCC Appraisement East, Karachi	3.16
28.	429-CD/K	MCC Appraisement East, Karachi	49.94
29.	430-CD/K	MCC Appraisement West, Karachi	38.28
Total			**3,604.12**

Annexure-53
(Para 4.8.5)

Blockage of revenue due to non-disposal of confiscated goods - Rs. 3,057.67 million

(Rs. in millions)

S. No.	DP No.	Name of Office	Amount
1.	5593-Cus	MCC (Appraisement) Lahore	0.99
2.	5657-Cus	MCC Gilgit	-
3.	5670-Cus	DD I&I, Rwp	218.26
4.	5671-Cus	DD I&I, Rwp	11.58
5.	5709-Cus	MCC, Islamabad	19.50
6.	5710-Cus	MCC, Islamabad	7.05
7.	5718-Cus	DD, I&I Gujranwala	50.00
8.	5719-Cus	MCC Sialkot	35.51
9.	5721-Cus	MCC Sialkot	1.95
10.	5731-Cus	MCC Sialkot	1.65
11.	5762-Cus	MCC Multan	118.39
12.	5763-Cus	MCC Multan	66.00
13.	5765-Cus	DD, I&I Multan	91.20
14.	5766-Cus	DD, I&I Multan	10.92
15.	5835-Cus	MCC Faisalabad	45.83
16.	5836-Cus	MCC Faisalabad	44.94
17.	5837-Cus	MCC Faisalabad	19.45
18.	5838-Cus	MCC Faisalabad	14.66
19.	5841-Cus	MCC Faisalabad	-
20.	5843-Cus	Dir I&I, Faisalabad	192.10
21.	5844-Cus	Dir I&I, Faisalabad	33.68
22.	5845-Cus	Dir I&I, Faisalabad	-
23.	5861-Cus	DD, I&I Peshawar	186.40
24.	5862-Cus	DD, I&I Peshawar	27.99

25.	6001-Cus	MCC Peshawar	4.35
26.	6002-Cus	MCC Peshawar	23.50
27.	6003-Cus	MCC Peshawar	-
28.	6027-Cus	MCC Peshawar	12.41
29.	6028-Cus	MCC Peshawar	51.40
30.	6029-Cus	MCC Peshawar	14.17
31.	6030-Cus	MCC Peshawar	-
32.	6032-Cus	MCC Peshawar	75.09
33.	6043-Cus	MCC Peshawar	7.45
34.	6083-Cus	MCC Peshawar	38.80
35.	223-CD/K	MCC Appraisement West, Karachi	85.10
36.	224-CD/K	MCC Appraisement West, Karachi	98.53
37.	262-CD/K	MCC Appraisement East, Karachi	64.64
38.	263-CD/K	MCC Appraisement East, Karachi	44.01
39.	266-CD/K	MCC Appraisement East, Karachi	-
40.	267-CD/K	MCC Appraisement East, Karachi	-
41.	325-CD/K	MCC Imports, PMBQ, Karachi	276.17
42.	326-CD/K	MCC Imports, PMBQ, Karachi	187.74
43.	327-CD/K	MCC Imports, PMBQ, Karachi	156.90
44.	328-CD/K	MCC Imports, PMBQ, Karachi	73.92
45.	329-CD/K	MCC Imports, PMBQ, Karachi	40.61
46.	330-CD/K	MCC Imports, PMBQ, Karachi	37.02
47.	339-CD/K	MCC Preventive, Karachi	154.52
48.	340-CD/K	MCC Preventive, Karachi	126.37
49.	341-CD/K	MCC Preventive, Karachi	9.89
50.	353-CD/K	MCC Preventive, Karachi	2.66
51.	355-CD/K	MCC Preventive, Karachi	20.36
52.	356-CD/K	MCC Preventive, Karachi	4.00
53.	369-CD/K	MCC Quetta	10.37
54.	374-CD/K	MCC Quetta	26.17
55.	375-CD/K	MCC Quetta	1.59
56.	376-CD/K	MCC Quetta	28.94
57.	377-CD/K	MCC Quetta	7.98
58.	396-CD/K	MCC Quetta	8.96

59.	397-CD/K	MCC Quetta	0.39
60.	398-CD/K	MCC Quetta	7.08
61.	399-CD/K	MCC Quetta	9.81
62.	400-CD/K	MCC Quetta	11.92
63.	404-CD/K	MCC Quetta	8.95
64.	405-CD/K	MCC Quetta	2.54
65.	387-CD/K	Director I & I (Anti smuggling) Karachi	91.34
66.	433-CD/K	I & I Customs, Hyderabad	6.47
67.	434-CD/K	I & I Customs, Hyderabad	10.60
68.	436-CD/K	I & I Customs, Sukar	3.54
69.	437-CD/K	I & I Customs, Sukar	4.87
70.	438-CD/K	I & I Customs, Sukar	5.36
71.	439-CD/K	I & I Customs, Sukar	1.39
72.	440-CD/K	I & I Customs, Sukar	1.74
Total			**3,057.67**

Annexure-54
(Para 4.8.6)

Loss of Rs. 2,273.87 million due to short-realization of Regulatory Duty on imported/exported goods

(Rs in millions)

S. No.	DP No.	Name of Office	Amount
1.	5540-Cus	MCC (Preventive) Lahore	0.55
2.	5592-Cus	MCC (Appraisement) Lahore	1.08
3.	5898-Cus	MCC, Islamabad	0.16
4.	5902-Cus	MCC, Islamabad	0.02
5.	5904-Cus	MCC (Appraisement) Lahore	357.08
6.	5914-Cus	MCC (Appraisement) Lahore	34.76
7.	5923-Cus	MCC (Appraisement) Lahore	2.57
8.	5950-Cus	MCC Peshawar	19.56
9.	6050-Cus	MCC Peshawar	58.28
10.	6076-Cus	MCC Peshawar	94.35
11.	6107-Cus	MCC Islamabad	0.61
12.	6141-Cus	MCC (Preventive) Lahore	17.92
13.	6144-Cus	MCC (Preventive) Lahore	305.00
14.	6166-Cus	MCC (Appraisement) Lahore	328.10
15.	6168-Cus	MCC (Appraisement) Lahore	9.98
16.	6172-Cus	MCC (Appraisement) Lahore	865.93
17.	6176-Cus	MCC (Appraisement) Lahore	38.57
18.	12-CD/K	MCC Preventive, Karachi	0.08
19.	44-CD/K	MCC Preventive, Karachi	0.55
20.	349-CD/K	MCC Preventive, Karachi	0.28
21.	100-CD/K	MCC Appraisement West, Karachi	0.53
22.	102-CD/K	MCC Appraisement West, Karachi	0.26
23.	103-CD/K	MCC Appraisement West, Karachi	0.14
24.	104-CD/K	MCC Appraisement West, Karachi	0.81
25.	106-CD/K	MCC Appraisement West, Karachi	1.02
26.	107-CD/K	MCC Appraisement West, Karachi	0.28
27.	236-CD/K	MCC Appraisement West, Karachi	0.30
28.	134-CD/K	MCC Appraisement East, Karachi	1.37
29.	135-CD/K	MCC Appraisement East, Karachi	15.91
30.	168-CD/K	MCC Exports, PMBQ, Karachi	64.18

31.	171-CD/K	MCC Exports, PMBQ, Karachi	5.52
32.	203-CD/K	MCC Imports, PMBQ, Karachi	6.75
33.	204-CD/K	MCC Imports, PMBQ, Karachi	2.20
34.	208-CD/K	MCC Imports, PMBQ, Karachi	2.03
35.	279-CD/K	MCC Imports, PMBQ, Karachi	11.29
36.	298-CD/K	MCC Imports, PMBQ, Karachi	1.41
37.	319-CD/K	MCC Imports, PMBQ, Karachi	7.44
38.	159-CD/K	MCC Quetta	10.30
39.	357-CD/K	MCC Quetta	6.70
Total			**2,273.87**

Annexure-55
(Para 4.8.7)

Loss of Rs. 1,733.98 million due to non-recovery of adjudged government revenue

(Rs in millions)

S. No.	DP No.	Name of Office	Amount
1.	5848-Cus	MCC Faisalabad	4.69
2.	190-CD/K	MCC Exports, Custom House, Karachi	0.65
3.	248-CD/K	MCC Appraisement East, Karachi	37.92
4.	310-CD/K	MCC Imports, PMBQ, Karachi	1,530.49
5.	311-CD/K	MCC Imports, PMBQ, Karachi	74.80
6.	312-CD/K	MCC Imports, PMBQ, Karachi	13.73
7.	314-CD/K	MCC Imports, PMBQ, Karachi	0.09
8.	363-CD/K	MCC Quetta	41.82
9.	386-CD/K	Director I & I (Anti smuggling) Karachi	29.79
Total			**1,733.98**

Annexure-56
(Para 4.8.8)

Loss of Rs. 753.27 million due to misclassification of imported goods

(Rs in millions)

S.No.	DP No	Name of Office	Amount
1.	5538-Cus	MCC (Preventive) Lahore	0.82
2.	5545-Cus	MCC (Preventive) Lahore	1.64
3.	5569-Cus	MCC (Appraisement) Lahore	0.09
4.	5605-Cus	MCC (Appraisement) Lahore	0.32
5.	5606-Cus	MCC (Appraisement) Lahore	0.31
6.	5607-Cus	MCC (Appraisement) Lahore	0.30
7.	5608-Cus	MCC (Appraisement) Lahore	0.30
8.	5611-Cus	MCC (Appraisement) Lahore	0.24
9.	5616-Cus	MCC (Appraisement) Lahore	0.17
10.	5619-Cus	MCC (Appraisement) Lahore	0.15
11.	5621-Cus	MCC (Appraisement) Lahore	0.13
12.	5624-Cus	MCC (Appraisement) Lahore	0.10
13.	5629-Cus	MCC (Appraisement) Lahore	0.10
14.	5887-Cus	MCC Islamabad	0.76
15.	5908-Cus	MCC (Appraisement) Lahore	3.95
16.	5912-Cus	MCC (Appraisement) Lahore	18.78
17.	5925-Cus	MCC (Appraisement) Lahore	386.87
18.	5930-Cus	MCC (Appraisement) Lahore	11.41
19.	5931-Cus	MCC (Appraisement) Lahore	2.59
20.	5935-Cus	MCC (Appraisement) Lahore	0.52
21.	5936-Cus	MCC (Appraisement) Lahore	0.41
22.	5944-Cus	MCC (Appraisement) Lahore	0.18
23.	5963-Cus	MCC Peshawar	0.05
24.	5969-Cus	MCC Peshawar	0.18

25.	5989-Cus	MCC Peshawar	0.67
26.	5990-Cus	MCC Peshawar	0.36
27.	5993-Cus	MCC Peshawar	1.67
28.	5996-Cus	MCC Peshawar	1.01
29.	6051-Cus	MCC Peshawar	0.07
30.	6091-Cus	MCC Islamabad	6.50
31.	6092-Cus	MCC Islamabad	4.10
32.	6094-Cus	MCC Islamabad	3.39
33.	6109-Cus	MCC Islamabad	0.50
34.	6116-Cus	MCC Islamabad	0.18
35.	6130-Cus	MCC Islamabad	0.03
36.	6146-Cus	MCC (Preventive) Lahore	2.03
37.	6155-Cus	MCC (Preventive) Lahore	0.36
38.	6178-Cus	MCC (Appraisement) Lahore	0.18
39.	6183-Cus	MCC (Appraisement) Lahore	28.84
40.	6189-Cus	MCC (Appraisement) Lahore	8.79
41.	6190-Cus	MCC (Appraisement) Lahore	2.28
42.	6213-Cus	MCC (Appraisement) Lahore	152.98
43.	3-CD/K	MCC Preventive, Karachi	0.86
44.	22-CD/K	MCC Preventive, Karachi	4.14
45.	30-CD/K	MCC Preventive, Karachi	0.04
46.	43-CD/K	MCC Preventive, Karachi	4.82
47.	45-CD/K	MCC Preventive, Karachi	0.32
48.	71-CD/K	MCC Preventive, Karachi	0.52
49.	348-CD/K	MCC Preventive, Karachi	9.47
50.	95-CD/K	MCC Appraisement West, Karachi	21.77
51.	96-CD/K	MCC Appraisement West, Karachi	8.72
52.	110-CD/K	MCC Appraisement West, Karachi	0.44
53.	214-CD/K	MCC Appraisement West, Karachi	11.04

54.	219-CD/K	MCC Appraisement West, Karachi	1.34
55.	222-CD/K	MCC Appraisement West, Karachi	0.25
56.	231-CD/K	MCC Appraisement West, Karachi	5.66
57.	234-CD/K	MCC Appraisement West, Karachi	0.72
58.	423-CD/K	MCC Appraisement West, Karachi	0.39
59.	126-CD/K	MCC Appraisement East, Karachi	8.23
60.	138-CD/K	MCC Appraisement East, Karachi	0.95
61.	141-CD/K	MCC Appraisement East, Karachi	0.68
62.	151-CD/K	MCC Appraisement East, Karachi	0.43
63.	154-CD/K	MCC Appraisement East, Karachi	0.60
64.	238-CD/K	MCC Appraisement East, Karachi	5.69
65.	246-CD/K	MCC Appraisement East, Karachi	3.07
66.	250-CD/K	MCC Appraisement East, Karachi	2.42
67.	157-CD/K	MCC Hyderabad	4.88
68.	158-CD/K	MCC Hyderabad	2.05
69.	194-CD/K	MCC Exports, PMBQ, Karachi	0.69
70.	207-CD/K	MCC Imports, PMBQ, Karachi	2.23
71.	210-CD/K	MCC Imports, PMBQ, Karachi	0.52
72.	270-CD/K	MCC Imports, PMBQ, Karachi	1.93
73.	285-CD/K	MCC Imports, PMBQ, Karachi	0.58
74.	288-CD/K	MCC Imports, PMBQ, Karachi	0.75
75.	289-CD/K	MCC Imports, PMBQ, Karachi	0.47
76.	290-CD/K	MCC Imports, PMBQ, Karachi	0.45
77.	291-CD/K	MCC Imports, PMBQ, Karachi	0.41
78.	293-CD/K	MCC Imports, PMBQ, Karachi	0.25
79.	299-CD/K	MCC Imports, PMBQ, Karachi	0.74
80.	302-CD/K	MCC Imports, PMBQ, Karachi	0.44
Total			**753.27**

Annexure-57
(Para 4.8.9)

Loss of Rs. 641.76 million due to non-realization of duty and taxes from DTRE users

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1.	167-CD/K	MCC Exports, PMBQ, Karachi	326.62
2.	169-CD/K	MCC Exports, PMBQ, Karachi	24.29
3.	176-CD/K	MCC Exports, PMBQ, Karachi	0.99
4.	178-CD/K	MCC Exports, PMBQ, Karachi	0.05
5.	183-CD/K	MCC Exports, Custom House, Karachi	162.38
6.	184-CD/K	MCC Exports, Custom House, Karachi	121.34
7.	201-CD/K	MCC Imports, PMBQ, Karachi	0.87
8.	383-CD/K	MCC Exports, Custom House, Karachi	5.22
Total			**641.76**

Annexure-58
(Para 4.8.10)

Loss of Rs. 550.94 million due to under-valuation of imported goods

(Rs. in millions)

S. No.	DP No.	Name of Office	Amount
1.	5559-Cus	MCC (Preventive) Lahore	1.14
2.	5564-Cus	MCC (Appraisement) Lahore	2.30
3.	5565-Cus	MCC (Appraisement) Lahore	2.13
4.	5575-Cus	MCC (Appraisement) Lahore	0.14
5.	5580-Cus	MCC (Appraisement) Lahore	5.41
6.	5586-Cus	MCC (Appraisement) Lahore	1.96
7.	5590-Cus	MCC (Appraisement) Lahore	1.31
8.	5601-Cus	MCC (Appraisement) Lahore	0.50
9.	5604-Cus	MCC (Appraisement) Lahore	0.34
10.	5615-Cus	MCC (Appraisement) Lahore	0.18
11.	5620-Cus	MCC (Appraisement) Lahore	0.15
12.	5623-Cus	MCC (Appraisement) Lahore	0.12
13.	5625-Cus	MCC (Appraisement) Lahore	0.09
14.	5627-Cus	MCC (Appraisement) Lahore	0.11
15.	5628-Cus	MCC (Appraisement) Lahore	0.11
16.	5631-Cus	MCC Gilgit	6.55
17.	5634-Cus	MCC Gilgit	1.99
18.	5635-Cus	MCC Gilgit	1.70
19.	5638-Cus	MCC Gilgit	1.03
20.	5647-Cus	MCC Gilgit	0.23
21.	5651-Cus	MCC Gilgit	0.14
22.	5653-Cus	MCC Gilgit	0.10
23.	5783-Cus	MCC Multan	5.43
24.	5813-Cus	MCC Faisalabad	20.98
25.	5828-Cus	MCC Faisalabad	0.15
26.	5863-Cus	DD, I&I Peshawar	0.07
27.	5864-Cus	DD, I&I Peshawar	0.27
28.	5866-Cus	DD, I&I Peshawar	0.37
29.	5916-Cus	MCC (Appraisement) Lahore	33.49
30.	5917-Cus	MCC (Appraisement) Lahore	83.58
31.	5918-Cus	MCC (Appraisement) Lahore	194.32
32.	5924-Cus	MCC (Appraisement) Lahore	13.49
33.	5942-Cus	MCC (Appraisement) Lahore	0.60
34.	5943-Cus	MCC (Appraisement) Lahore	0.74

35.	5947-Cus	MCC Peshawar	1.47
36.	5948-Cus	MCC Peshawar	0.17
37.	5959-Cus	MCC Peshawar	0.50
38.	5960-Cus	MCC Peshawar	0.67
39.	5961-Cus	MCC Peshawar	1.51
40.	5962-Cus	MCC Peshawar	0.06
41.	5965-Cus	MCC Peshawar	0.11
42.	5966-Cus	MCC Peshawar	4.20
43.	5970-Cus	MCC Peshawar	1.84
44.	5971-Cus	MCC Peshawar	4.49
45.	5973-Cus	MCC Peshawar	0.09
46.	5975-Cus	MCC Peshawar	0.56
47.	5976-Cus	MCC Peshawar	1.09
48.	5979-Cus	MCC Peshawar	0.36
49.	5981-Cus	MCC Peshawar	0.31
50.	5982-Cus	MCC Peshawar	2.08
51.	5983-Cus	MCC Peshawar	0.03
52.	5984-Cus	MCC Peshawar	0.21
53.	5985-Cus	MCC Peshawar	0.08
54.	5988-Cus	MCC Peshawar	1.35
55.	5991-Cus	MCC Peshawar	0.03
56.	6038-Cus	MCC Peshawar	0.16
57.	6039-Cus	MCC Peshawar	0.07
58.	6042-Cus	MCC Peshawar	38.01
59.	6048-Cus	MCC Peshawar	0.04
60.	6049-Cus	MCC Peshawar	0.03
61.	6052-Cus	MCC Peshawar	0.64
62.	6058-Cus	MCC Peshawar	0.44
63.	6059-Cus	MCC Peshawar	1.63
64.	6060-Cus	MCC Peshawar	9.86
65.	6065-Cus	MCC Peshawar	0.77
66.	6066-Cus	MCC Peshawar	4.60
67.	6080-Cus	MCC Peshawar	0.06
68.	6081-Cus	MCC Peshawar	0.24
69.	6082-Cus	MCC Peshawar	1.60
70.	6084-Cus	MCC Peshawar	4.57
71.	6086-Cus	MCC Peshawar	0.06
72.	6100-Cus	MCC Islamabad	1.28
73.	6101-Cus	MCC Islamabad	1.21
74.	6102-Cus	MCC Islamabad	0.90
75.	6115-Cus	MCC Islamabad	0.18

76.	6125-Cus	MCC Islamabad	0.08
77.	6131-Cus	MCC Islamabad	0.03
78.	NA-Cus	MCC (Appraisement) Lahore	0.13
79.	83-CD/K	MCC Appraisement West, Karachi	8.31
80.	84-CD/K	MCC Appraisement West, Karachi	0.35
81.	87-CD/K	MCC Appraisement West, Karachi	1.82
82.	88-CD/K	MCC Appraisement West, Karachi	0.22
83.	89-CD/K	MCC Appraisement West, Karachi	1.05
84.	90-CD/K	MCC Appraisement West, Karachi	0.32
85.	91-CD/K	MCC Appraisement West, Karachi	0.12
86.	92-CD/K	MCC Appraisement West, Karachi	0.52
87.	93-CD/K	MCC Appraisement West, Karachi	1.75
88.	94-CD/K	MCC Appraisement West, Karachi	3.73
89.	105-CD/K	MCC Appraisement West, Karachi	1.58
90.	109-CD/K	MCC Appraisement West, Karachi	0.25
91.	111-CD/K	MCC Appraisement West, Karachi	19.26
92.	117-CD/K	MCC Appraisement West, Karachi	5.49
93.	118-CD/K	MCC Appraisement West, Karachi	1.74
94.	119-CD/K	MCC Appraisement West, Karachi	0.18
95.	120-CD/K	MCC Appraisement West, Karachi	5.75
96.	121-CD/K	MCC Appraisement West, Karachi	0.17
97.	122-CD/K	MCC Appraisement West, Karachi	0.10
98.	123-CD/K	MCC Appraisement West, Karachi	0.05
99.	124-CD/K	MCC Appraisement West, Karachi	3.02
100.	422-CD/K	MCC Appraisement West, Karachi	0.96
101.	221-CD/K	MCC Appraisement West, Karachi	0.63
102.	237-CD/K	MCC Appraisement West, Karachi	0.13
103.	253-CD/K	MCC Appraisement West, Karachi	0.85
104.	257-CD/K	MCC Appraisement West, Karachi	0.18
105.	258-CD/K	MCC Appraisement West, Karachi	0.76
106.	259-CD/K	MCC Appraisement West, Karachi	0.21
107.	260-CD/K	MCC Appraisement West, Karachi	0.05
108.	136-CD/K	MCC Appraisement East, Karachi	1.21
109.	137-CD/K	MCC Appraisement East, Karachi	0.44
110.	153-CD/K	MCC Appraisement East, Karachi	0.46
111.	249-CD/K	MCC Appraisement East, Karachi	2.46
112.	155-CD/K	MCC Gawadar	2.42
113.	271-CD/K	MCC Imports, PMBQ, Karachi	0.48
114.	272-CD/K	MCC Imports, PMBQ, Karachi	0.42
115.	273-CD/K	MCC Imports, PMBQ, Karachi	0.35
116.	274-CD/K	MCC Imports, PMBQ, Karachi	0.28

117.	278-CD/K	MCC Imports, PMBQ, Karachi	0.08
118.	281-CD/K	MCC Imports, PMBQ, Karachi	2.07
119.	284-CD/K	MCC Imports, PMBQ, Karachi	0.94
120.	286-CD/K	MCC Imports, PMBQ, Karachi	0.44
121.	297-CD/K	MCC Imports, PMBQ, Karachi	2.82
122.	300-CD/K	MCC Imports, PMBQ, Karachi	0.49
123.	301-CD/K	MCC Imports, PMBQ, Karachi	0.46
124.	303-CD/K	MCC Imports, PMBQ, Karachi	0.39
125.	305-CD/K	MCC Imports, PMBQ, Karachi	0.34
126.	307-CD/K	MCC Imports, PMBQ, Karachi	0.29
127.	308-CD/K	MCC Imports, PMBQ, Karachi	0.27
128.	309-CD/K	MCC Imports, PMBQ, Karachi	0.17
129.	334-CD/K	MCC Hyderabad	1.16
130.	335-CD/K	MCC Hyderabad	1.41
131.	391-CD/K	MCC Preventive, Karachi	1.73
132.	392-CD/K	MCC Preventive, Karachi	0.39
133.	406-CD/K	MCC Quetta	0.08
134.	407-CD/K	MCC Quetta	0.07
135.	408-CD/K	MCC Quetta	0.04
136.	409-CD/K	MCC Quetta	0.03
137.	410-CD/K	MCC Quetta	0.02
138.	411-CD/K	MCC Quetta	0.02
139.	412-CD/K	MCC Quetta	0.02
140.	414-CD/K	MCC Quetta	0.06
141.	415-CD/K	MCC Quetta	0.06
		Total	**550.94**

Annexure-59
(Para 4.8.12)

Loss of Rs. 433.48 million due to non/short withholding of tax

(Rs. in millions)

S. No.	DP No.	Name of Office	Amount
1.	5546-Cus	MCC (Preventive) Lahore	0.17
2.	5639-Cus	MCC Gilgit	0.88
3.	5764-Cus	MCC Multan	0.53
4.	5767-Cus	DD, I&I Multan	0.41
5.	5812-Cus	MCC Faisalabad	3.30
6.	5840-Cus	MCC Faisalabad	0.53
7.	5879-Cus	MCC, Islamabad	7.47
8.	5882-Cus	MCC, Islamabad	6.31
9.	5885-Cus	MCC, Islamabad	1.81
10.	5890-Cus	MCC, Islamabad	0.41
11.	5900-Cus	MCC, Islamabad	0.13
12.	6047-Cus	MCC Peshawar	0.04
13.	6062-Cus	MCC Peshawar	0.05
14.	6067-Cus	MCC Peshawar	0.13
15.	6108-Cus	MCC Islamabad	0.51
16.	6124-Cus	MCC Islamabad	0.09
17.	6171-Cus	MCC (Appraisement) Lahore	372.75
18.	218-CD/K	MCC Appraisement West, Karachi	2.41
19.	226-CD/K	MCC Appraisement West, Karachi	2.18
20.	228-CD/K	MCC Appraisement West, Karachi	0.58
21.	418-CD/K	MCC Appraisement West, Karachi	2.85
22.	424-CD/K	MCC Appraisement West, Karachi	0.06
23.	242-CD/K	MCC Appraisement East, Karachi	0.09
24.	245-CD/K	MCC Appraisement East, Karachi	13.45
25.	306-CD/K	MCC Imports, PMBQ, Karachi	0.34
26.	318-CD/K	MCC Imports, PMBQ, Karachi	13.69
27.	331-CD/K	MCC Imports, PMBQ, Karachi	0.06
28.	160-CD/K	MCC Quetta	1.82
29.	361-CD/K	MCC Quetta	0.43
Total			**433.48**

Annexure-60
(Para 4.8.13)

Loss of Rs. 402.92 million due to inadmissible exemption under 6th Schedule to the Sales Tax Act, 1990

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1	1-CD/K	MCC Preventive, Karachi	0.90
2	4-CD/K	MCC Preventive, Karachi	0.21
3	39-CD/K	MCC Preventive, Karachi	0.39
4	46-CD/K	MCC Preventive, Karachi	0.40
5	48-CD/K	MCC Preventive, Karachi	0.09
6	53-CD/K	MCC Preventive, Karachi	1.22
7	54-CD/K	MCC Preventive, Karachi	0.15
8	347-CD/K	MCC Preventive, Karachi	0.36
9	350-CD/K	MCC Preventive, Karachi	0.10
10	108-CD/K	MCC Appraisement West, Karachi	95.72
11	216-CD/K	MCC Appraisement West, Karachi	5.56
12	217-CD/K	MCC Appraisement West, Karachi	0.13
13	232-CD/K	MCC Appraisement West, Karachi	0.62
14	240-CD/K	MCC Appraisement East, Karachi	1.50
15	243-CD/K	MCC Appraisement East, Karachi	247.86
16	129-CD/K	MCC Appraisement East, Karachi	14.70
17	131-CD/K	MCC Appraisement East, Karachi	10.84
18	143-CD/K	MCC Appraisement East, Karachi	0.20
19	148-CD/K	MCC Appraisement East, Karachi	11.91
20	198-CD/K	MCC Imports, PMBQ, Karachi	2.63
21	200-CD/K	MCC Imports, PMBQ, Karachi	2.22
22	202-CD/K	MCC Imports, PMBQ, Karachi	0.33
23	213-CD/K	MCC Imports, PMBQ, Karachi	0.26
24	282-CD/K	MCC Imports, PMBQ, Karachi	1.74
25	161-CD/K	MCC Quetta	1.73
26	359-CD/K	MCC Quetta	1.14
Total			**402.92**

Annexure-61
(Para 4.8.14)

Loss of Rs. 173.62 million due to non-realization of Additional Customs Duty

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1.	5561-Cus	MCC (Appraisement) Lahore	0.26
2.	5567-Cus	MCC (Appraisement) Lahore	0.93
3.	5598-Cus	MCC (Appraisement) Lahore	0.71
4.	5633-Cus	MCC Gilgit	4.53
5.	5641-Cus	MCC Gilgit	0.55
6.	5644-Cus	MCC Gilgit	0.48
7.	5652-Cus	MCC Gilgit	0.12
8.	5703-Cus	MCC, Islamabad	0.20
9.	5851-Cus	MCC Faisalabad	0.82
10.	5892-Cus	MCC, Islamabad	0.39
11.	5915-Cus	MCC (Appraisement) Lahore	74.13
12.	5929-Cus	MCC (Appraisement) Lahore	12.68
13.	5977-Cus	MCC Peshawar	0.18
14.	5995-Cus	MCC Peshawar	0.22
15.	6071-Cus	MCC Peshawar	0.85
16.	6073-Cus	MCC Peshawar	0.24
17.	6079-Cus	MCC Peshawar	0.03
18.	6085-Cus	MCC Peshawar	9.86
19.	6105-Cus	MCC Islamabad	0.62
20.	6106-Cus	MCC Islamabad	0.62
21.	6111-Cus	MCC Islamabad	0.33
22.	6112-Cus	MCC Islamabad	0.33
23.	6117-Cus	MCC Islamabad	0.17
24.	6152-Cus	MCC (Preventive) Lahore	2.63
25.	6177-Cus	MCC (Appraisement) Lahore	1.08
26.	6179-Cus	MCC (Appraisement) Lahore	3.62
27.	6180-Cus	MCC (Appraisement) Lahore	6.49
28.	2-CD/K	MCC Preventive, Karachi	0.03
29.	14-CD/K	MCC Preventive, Karachi	0.07
30.	34-CD/K	MCC Preventive, Karachi	0.45
31.	40-CD/K	MCC Preventive, Karachi	0.17

32.	41-CD/K	MCC Preventive, Karachi	0.52
33.	388-CD/K	MCC Preventive, Karachi	1.42
34.	389-CD/K	MCC Preventive, Karachi	9.45
35.	98-CD/K	MCC Appraisement West, Karachi	0.19
36.	395-CD/K	MCC Appraisement West, Karachi	0.09
37.	421-CD/K	MCC Appraisement West, Karachi	0.50
38.	127-CD/K	MCC Appraisement East, Karachi	12.18
39.	128-CD/K	MCC Appraisement East, Karachi	7.31
40.	130-CD/K	MCC Appraisement East, Karachi	2.83
41.	142-CD/K	MCC Appraisement East, Karachi	0.28
42.	146-CD/K	MCC Appraisement East, Karachi	0.37
43.	192-CD/K	MCC Exports, PMBQ, Karachi	0.91
44.	199-CD/K	MCC Imports, PMBQ, Karachi	2.54
45.	287-CD/K	MCC Imports, PMBQ, Karachi	1.03
46.	321-CD/K	MCC Imports, PMBQ, Karachi	3.09
47.	322-CD/K	MCC Imports, PMBQ, Karachi	1.26
48.	332-CD/K	MCC Hyderabad	1.97
49.	333-CD/K	MCC Hyderabad	1.42
50.	358-CD/K	MCC Quetta	1.57
51.	360-CD/K	MCC Quetta	0.60
52.	362-CD/K	MCC Quetta	0.30
Total			**173.62**

Annexure-62

(Para 4.8.15)

Loss of Rs. 171.85 million due to non-realization of Value Addition Tax

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1	5548-Cus	MCC (Preventive) Lahore	5.24
2	5549-Cus	MCC (Preventive) Lahore	3.15
3	5578-Cus	MCC (Appraisement) Lahore	11.51
4	5579-Cus	MCC (Appraisement) Lahore	9.68
5	5588-Cus	MCC (Appraisement) Lahore	1.76
6	5779-Cus	MCC Multan	3.77
7	5819-Cus	MCC Faisalabad	0.26
8	5822-Cus	MCC Faisalabad	0.03
9	5878-Cus	MCC, Islamabad	9.05
10	5888-Cus	MCC, Islamabad	0.69
11	5899-Cus	MCC, Islamabad	0.14
12	5913-Cus	MCC (Appraisement) Lahore	10.63
13	5941-Cus	MCC (Appraisement) Lahore	0.38
14	6044-Cus	MCC Peshawar	1.15
15	6054-Cus	MCC Peshawar	10.30
16	6093-Cus	MCC Islamabad	3.67
17	6103-Cus	MCC Islamabad	0.82
18	6140-Cus	MCC (Preventive) Lahore	3.58
19	6167-Cus	MCC (Appraisement) Lahore	0.36
20	6175-Cus	MCC (Appraisement) Lahore	1.59
21	6187-Cus	MCC (Appraisement) Lahore	17.25
22	11-CD/K	MCC Preventive, Karachi	0.63
23	67-CD/K	MCC Preventive, Karachi	1.79
24	139-CD/K	MCC Appraisement East, Karachi	1.00
25	196-CD/K	MCC Exports, PMBQ, Karachi	0.20
26	163-CD/K	MCC Imports, PMBQ, Karachi	0.12
27	205-CD/K	MCC Imports, PMBQ, Karachi	0.39
28	211-CD/K	MCC Imports, PMBQ, Karachi	0.35
29	283-CD/K	MCC Imports, PMBQ, Karachi	1.66
30	292-CD/K	MCC Imports, PMBQ, Karachi	0.39
31	295-CD/K	MCC Imports, PMBQ, Karachi	69.90
32	304-CD/K	MCC Imports, PMBQ, Karachi	0.36
33	324-CD/K	MCC Imports, PMBQ, Karachi	0.05
Total			**171.85**

Annexure-63

(Para 4.8.16)

Loss of Rs. 138.75 million due to grant of inadmissible exemption of Customs Duty under Fifth Schedule

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1.	7-CD/K	MCC Preventive, Karachi	0.19
2.	8-CD/K	MCC Preventive, Karachi	0.56
3.	9-CD/K	MCC Preventive, Karachi	13.21
4.	13-CD/K	MCC Preventive, Karachi	1.55
5.	15-CD/K	MCC Preventive, Karachi	0.64
6.	16-CD/K	MCC Preventive, Karachi	26.19
7.	18-CD/K	MCC Preventive, Karachi	2.24
8.	21-CD/K	MCC Preventive, Karachi	19.97
9.	23-CD/K	MCC Preventive, Karachi	8.63
10.	24-CD/K	MCC Preventive, Karachi	4.22
11.	25-CD/K	MCC Preventive, Karachi	0.24
12.	26-CD/K	MCC Preventive, Karachi	0.71
13.	27-CD/K	MCC Preventive, Karachi	6.79
14.	29-CD/K	MCC Preventive, Karachi	25.48
15.	31-CD/K	MCC Preventive, Karachi	0.05
16.	32-CD/K	MCC Preventive, Karachi	4.57
17.	37-CD/K	MCC Preventive, Karachi	7.42
18.	49-CD/K	MCC Preventive, Karachi	0.30
19.	70-CD/K	MCC Preventive, Karachi	1.05
20.	162-CD/K	MCC Imports, PMBQ, Karachi	7.01
21.	320-CD/K	MCC Imports, PMBQ, Karachi	6.77
22.	254-CD/K	MCC Appraisement West, Karachi	0.96
Total			**138.75**

Annexure-64
(Para 4.8.18)

Loss of Rs. 101.61 million due to non/short-realization of Federal Excise Duty

(Rs. in millions)

S. No.	DP No.	Name of Office	Amount
1	5597-Cus	MCC (Appraisement) Lahore	0.71
2	5814-Cus	MCC Faisalabad	11.05
3	5875-Cus	MCC Islamabad	76.60
4	5934-Cus	MCC (Appraisement) Lahore	0.56
5	5980-Cus	MCC Peshawar	0.92
6	6129-Cus	MCC Islamabad	0.05
7	152-CD/K	MCC Appraisement East, Karachi	0.67
8	220-CD/K	MCC Appraisement West, Karachi	1.53
9	244-CD/K	MCC Appraisement East, Karachi	9.52
		Total	**101.61**

<u>Annexure-65</u>

(Para 4.8.22)

Loss of Rs. 46.92 million due to application of incorrect rates of Duty& Taxes

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1	5563-Cus	MCC (Appraisement) Lahore	1.15
2	5566-Cus	MCC (Appraisement) Lahore	0.10
3	5610-Cus	MCC (Appraisement) Lahore	0.24
4	5632-Cus	MCC Gilgit	5.35
5	5771-Cus	MCC Multan	2.47
6	5854-Cus	MCC Faisalabad	0.03
7	5901-Cus	MCC, Islamabad	0.09
8	5907-Cus	MCC (Appraisement) Lahore	3.27
9	5927-Cus	MCC (Appraisement) Lahore	16.20
10	5997-Cus	MCC Peshawar	0.42
11	6000-Cus	MCC Peshawar	0.22
12	6064-Cus	MCC Peshawar	5.79
13	6069-Cus	MCC Peshawar	10.78
14	6074-Cus	MCC Peshawar	0.07
15	6077-Cus	MCC Peshawar	0.20
16	6078-Cus	MCC Peshawar	0.03
17	6119-Cus	MCC Islamabad	0.14
18	6122-Cus	MCC Islamabad	0.10
19	6173-Cus	MCC (Appraisement) Lahore	0.27
Total			**46.92**

<u>Annexure-66</u>
(Para 4.8.27)

Loss of Rs. 10.53 million due to inadmissible exemption under Eighth Schedule to the Sales Tax Act, 1990

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1.	28-CD/K	MCC Preventive, Karachi	0.30
2.	63-CD/K	MCC Preventive, Karachi	0.30
3.	133-CD/K	MCC Appraisement East, Karachi	3.90
4.	195-CD/K	MCC Exports, PMBQ, Karachi	0.44
5.	252-CD/K	MCC Appraisement West, Karachi	5.59
Total			**10.53**

Annexure-67
(Para 4.8.31)

Loss of Rs. 5.56 million due to inadmissible benefit of Free Trade Agreement

(Rs. in millions)

S.No.	DP No.	Name of Office	Amount
1.	82-CD/K	MCC Appraisement West, Karachi	0.41
2.	97-CD/K	MCC Appraisement West, Karachi	0.16
3.	112-CD/K	MCC Appraisement West, Karachi	0.60
4.	114-CD/K	MCC Appraisement West, Karachi	1.76
5.	132-CD/K	MCC Appraisement East, Karachi	1.08
6.	140-CD/K	MCC Appraisement East, Karachi	0.57
7.	145-CD/K	MCC Appraisement East, Karachi	0.32
8.	147-CD/K	MCC Appraisement East, Karachi	0.15
9.	212-CD/K	MCC Imports, PMBQ, Karachi	0.30
10.	294-CD/K	MCC Imports, PMBQ, Karachi	0.04
11.	323-CD/K	MCC Imports, PMBQ, Karachi	0.17
Total			**5.56**

Annexure-68
(Para 4.8.32)

Loss of Rs 3.76 million due to non-imposition of fine and penalty

(Rs. in millions)

S. No.	DP No.	Name of Office	Amount
1.	5655-Cus	MCC Gilgit	0.05
2.	5712-Cus	MCC Islamabad	0.11
3.	5849-Cus	MCC Faisalabad	3.22
4.	6045-Cus	MCC Peshawar	0.38
Total			**3.76**

Annexure-69
(Para 4.9.1)

Irregular expenditure of Rs. 109.67 million due to misuse of official vehicles and monetization of transport facility

(Rs. in million)

S. No.	Office	DP No.	Amount
1	RTO Islamabad	17783-Exp	7.59
2	LTU Lahore	17737-Exp	0.49
3	RTO – III Karachi	414-Exp/K	7.31
4	RTO Sukar	420-Exp/K	5.98
5	LTU – II Karachi	426-Exp/K	4.35
6	RTO – II Karachi	435-Exp/K	7.66
7	RTO Hyderabad	440-Exp/K	8.32
		443-Exp/K	8.32
8	Director I&I (IR) Hyderabad	455-Exp/K	2.50
9	Director Internal Audit (IR) Hyderabad	458-Exp/K	0.38
10	RTO Quetta	466-Exp/K	2.40
11	Director I&I (Cus) Lahore	6160-Exp/Cus/K	7.36
12	MCC Imports (PMBQ) Karachi	05-Exp/Cus/K	5.04
13	MCC Appraisement (West) Karachi	24-Exp/Cus/K	5.28
14	MCC Appraisement (East) Karachi	38-Exp/Cus/K	4.83
15	Director I&I (Cus) Karachi	45-Exp/Cus/K	0.61
16	MCC Hyderabad	49-Exp/Cus/K	3.06
17	MCC Exports Karachi	60-Exp/Cus/K	2.35
18	MCC Preventive Karachi	69-Exp/Cus/K	22.87
19	DG Valuation Karachi	76-Exp/Cus/K	2.60
20	Chief Collector (Appraisement) Karachi	82-Exp/Cus/K	0.37
		Total	**109.67**

Annexure-70
(Para 4.9.2)

Irregular expenditure Rs. 86.01 million due to non-observance of PPRA and General Financial Rules

(Rs. in million)

S. No.	Office	PDP No.	No. of cases	Amount
1	FBR (HQ) Islamabad	17818-Exp	25	13.96
		17819-Exp	01	0.45
		17820-Exp	07	23.37
		17821-Exp	02	14.80
		17823-Exp	03	5.25
		17837-Exp	05	0.40
		17838-Exp	08	3.04
2	Revenue Division Islamabad	17840-Exp	03	0.65
		17842-Exp	02	0.38
3	LTU Lahore	17738-Exp	07	0.27
4	RTO Islamabad	17784-Exp	03	0.87
5	RTO Sargodha	17995-Exp	01	1.10
6	RTO Abbottabad	17656-Exp	01	0.18
7	LTU-II Karachi	425-Exp/K	01	7.23
		430-Exp/K	01	1.14
8	RTO Quetta	464-Exp/K	01	7.01
		465-Exp/K	01	3.60
9	Commissioner Appeal (IR) Quetta	467-Exp/K	01	1.15
10	DPU (IR) Quetta	472-Exp/K	01	0.35
11	MCC Appraisement (West) Karachi	26-Exp/Cus/K	01	0.81
		Total	**75**	**86.01**

<u>Annexure-71</u>
(Para 4.9.3)

Irregular payment of Rs. 88.00 million on account of assistance package

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO-III Karachi	413-Exp/K	07	23.00
2	RTO Sukar	419-Exp/K	03	12.00
3	RTO-II Karachi	433-Exp/K	08	34.00
4	RTO Hyderabad	441-Exp/K	07	19.00
		Total	**25**	**88.00**

Annexure-72
(Para 4.9.4)

Un-justified payment of Rs. 43.90 million on account of cash reward

(Rs. in million)

S. No.	Office	DP No.	No. of Cases	Amount
1	RTO Bahawalpur	17673-Exp	01	6.76
2	DG DOT (IR) Lahore	17533-Exp	135	3.44
3	LTU Islamabad	17880-Exp	01	0.88
4	LTU–II Karachi	423-Exp/K	01	18.11
5	RTO–II Karachi	434-Exp/K	01	13.69
6	MCC (Appraisement) Lahore	6196-Exp/Cus	01	1.02
		Total	**140**	**43.90**

<u>Annexure-73</u>
(Para 4.9.5)

Non-recovery of Rs. 42.91 million on account of loans / advances and interest from the officers/ officials

(Rs. in million)

S. No.	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered/ Not due	Balance amount
1	FBR (HQ) Islamabad	17830-Exp	01	0.15	0	0.15
		17839-Exp	28	0	0	0
2	RTO Sargodha	17586-Exp	01	0.40	0	0.40
		17587-Exp	01	0.45	0	0.45
		17588-Exp	23	0.37	0	0.37
		17998-Exp	02	0.26	0	0.26
3	RTO Bahawalpur	17670-Exp	13	4.77	1.14	3.63
4	RTO Multan	17764-Exp	04	3.56	0.04	3.52
		17768-Exp	02	0.38	0.01	0.37
		17769-Exp	02	0.90	0.05	0.85
5	RTO Sialkot	17891-Exp	16	0.39	0	0.39
		17894-Exp	19	13.11	0	13.11
		17896-Exp	01	0.07	0	0.07
6	RTO Peshawar	18257-Exp	06	4.72	0.13	4.59
7	RTO Rawalpindi	18144-Exp	59	3.39	0	3.39
		18142-Exp	07	0.10	0	0.10
8	RTO Faisalabad	17863-Exp	03	1.74	0.03	1.71
9	RTO Abbottabad	17653-Exp	02	0.33	0	0.33
		17733-Exp	01	0.05	0	0.05
10	RTO – II	436-Exp/K	04	5.30	0	5.30

	Karachi					
11	RTO Hyderabad	444-Exp/K	44	0.68	0	0.68
12	MCC Gilgit	5663-Exp/Cus	01	0.50	0	0.50
13	MCC Islamabad	5688-Exp/Cus	02	1.29	0	1.29
		Total	**242**	**42.91**	**1.40**	**41.51**

Annexure-74
(Para 4.9.6)

Excess payment of Rs. 20.60 million on account of Law Charges

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	FBR (HQ) Islamabad	17836-Exp	01	0.01
2	RTO Islamabad	17782-Exp	01	0.05
3	RTO-III Karachi	416-Exp/K	01	1.94
4	RTO Sukar	421-Exp/K	01	0.86
5	RTO-II Karachi	437-Exp/K	01	3.00
6	RTO Hyderabad	442-Exp/K	01	2.50
7	Director I & I (IR) Karachi	494-Exp/K	01	1.90
8	MCC (Appraisement) Lahore	6195-Exp/Cus	08	1.88
9	MCC Appraisement (West) Karachi	27-Exp//Cus/K	01	8.05
10	MCC Export (PMBQ) Karachi	62-Exp/Cus/K	01	0.41
		Total	**17**	**20.60**

Annexure-75
(Para 4.9.7)

Inadmissible payment of Rs. 18.08 million on account of hired residential accommodations

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	FBR (HQ) Islamabad	17824-Exp	12	0.39
		17825-Exp	02	0.20
		17826-Exp	01	0.11
		17827-Exp	01	0.15
2	CRTO Lahore	18390-Exp	01	1.17
3	Dir. I&I (IR) Lahore	17591-Exp	01	0.06
4	LTU-II Karachi	424-Exp/K	204	16.00
		Total	**222**	**18.08**

<u>Annexure-76</u>
(Para 4.9.8)

Loss of Rs. 15.68 million due to excess and inadmissible expenditure

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	LTU Islamabad	17879-Exp	01	0.47
2	RTO Islamabad	17781-Exp	01	0.06
3	DG Internal Audit (IR) Islamabad	17848-Exp	01	0.01
4	Dir. I&I (IR) Lahore	17592-Exp	12	0.05
5	RTO Abbottabad	17657-Exp	01	0.19
		17729-Exp	01	0.27
		17731-Exp	01	0.12
6	RTO Multan	17765-Exp	01	1.05
7	MCC Sialkot	5759-Exp/Cus	13	0.12
8	RTO-III Karachi	415-Exp/K	01	6.32
9	RTO-II Karachi	438-Exp/K	01	2.02
10	RTO Hyderabad	446-Exp/K	01	0.26
		448-Exp/K	01	0.18
11	Director Internal Audit (IR) Hyderabad	459-Exp/K	01	0.01
		460-Exp/K	01	0.06
12	Addl. Dir. Internal Audit (IR) Sukar	462-Exp/K	01	0.10
		463-Exp/K	01	0.08
13	Addl. Dir. Internal Audit (IR) Quetta	469-Exp/K	01	3.50
14	MCC Appraisement (west) Karachi	28-Exp//Cus/K	01	0.69
15	MCC Appraisement (East) Karachi	44-Exp/Cus/K	01	0.05
16	Collector Appeal (Cus) Karachi	79-Exp/Cus/K	01	0.07
		Total	**44**	**15.68**

<u>Annexure-77</u>
(Para 4.9.9)

- Loss of Rs. 14.81 million due to non-deduction of tax on services by Drawing & Disbursing Officer

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount	Amount Recovered	Balance amount
1	RTO Abbottabad	17654-Exp	04	0.07	0	0.07
2	RTO Islamabad	17775-Exp	01	0.17	0	0.17
3	RTO Gujranwala	17881-Exp	47	1.74	0	1.74
4	CRTO Lahore	18400-Exp	217	4.79	0	4.79
5	RTO-III Karachi	417-Exp/K	01	1.70	0	1.70
6	LTU-II Karachi	432-Exp/K	01	0.32	0	0.32
7	RTO-II Karachi	439-Exp/K	01	0.66	0.16	0.50
8	RTO Hyderabad	445-Exp/K	01	0.33	0	0.33
9	LTU Karachi	474-Exp/K	01	3.26	0	3.26
10	CRTO Karachi	485-Exp/K	01	0.56	0	0.56
11	Director Training & Research (IR) Karachi	490-Exp/K	01	0.06	0	0.06
12	MCC Sialkot	5753-Exp/Cus	02	0.70	0	0.70
13	Director I&I (Cus) Karachi	46-Exp/Cus/K	01	0.23	0	0.23
14	MCC Hyderabad	51-Exp/Cus/K	01	0.22	0	0.22
		Total	**280**	**14.81**	**0.16**	**14.65**

<u>Annexure-78</u>
(Para 4.9.11)

Loss of Rs. 11.88 million due to excess and inadmissible expenditure of pay and allowances

(Rs. in million)

S. No.	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered	Balance amount
1	FBR (HQ) Islamabad	17831-Exp	01	0.22	0	0.22
		17832-Exp	01	1.91	0	1.91
		17834-Exp	16	0.95	0	0.95
2	LTU Islamabad	17873-Exp	03	0.02	0	0.02
		17874-Exp	01	0.05	0	0.05
		17876-Exp	01	0.53	0	0.53
3	RTO Islamabad	17774-Exp	01	0.55	0	0.55
		17779-Exp	21	0.09	0	0.09
4	RTO Sialkot	17886-Exp	01	0.13	0	0.13
		17887-Exp	29	0.07	0	0.07
		17888-Exp	93	0.12	0	0.12
		17889-Exp	02	0.38	0	0.38
		17893-Exp	01	0.08	0	0.08
		17897-Exp	01	0.10	0	0.10
		17898-Exp	01	0.31	0	0.31
		17899-Exp	13	1.09	0	1.09
		17900-Exp	02	0.29	0	0.29
5	RTO Sargodha	17996-Exp	02	0.10	0	0.10
		18000-Exp	08	0.07	0	0.07
		18001-Exp	01	0.07	0	0.07
		18002-Exp	02	0.08	0	0.08
6	RTO Rawalpindi	18137-Exp	12	0.03	0	0.03
		18139-Exp	05	0.11	0	0.11
		18140-Exp	04	0.02	0	0.02
		18145-Exp	05	0.26	0	0.26
		18146-Exp	01	0.06	0	0.06

7	RTO Faisalabad	17862-Exp	28	0.15	0	0.15
		17865-Exp	11	0.04	0	0.04
		17866-Exp	01	0.04	0	0.04
8	RTO Peshawar	18255-Exp	01	2.05	0	2.05
9	RTO Abbottabad	17655-Exp	16	0.03	0	0.03
		17732-Exp	25	0.04	0	0.04
10	RTO Hyderabad	449-Exp/K	47	0.16	0	0.16
		451-Exp/K	02	0.15	0	0.15
11	CRTO Karachi	488-Exp/K	07	0.15	0	0.15
12	Commissioner Appeal-I (IR) Karachi	491-Exp/K	01	0.16	0.12	0.04
13	MCC Gilgit	5664-Exp/Cus	04	0.19	0	0.19
14	MCC Sialkot	5760-Exp/Cus	17	0.21	0	0.21
15	MCC (Appraisement) Lahore	6194-Exp/Cus	01	0.08	0	0.08
16	MCC Imports (PMBQ) Karachi	01-Exp/Cus/K	02	0.06	0	0.06
		04-Exp/Cus/K	05	0.02	0	0.02
17	MCC Exports (PMBQ) Karachi	17-Exp/Cus/K	06	0.01	0	0.01
18	MCC Appraisement (East), Karachi	39-Exp/Cus/K	01	0.17	0	0.17
		43-Exp/Cus/K	01	0.32	0	0.32
19	MCC Exports Karachi	65-Exp/Cus/K	08	0.02	0	0.02
20	MCC Preventive Karachi	67-Exp/Cus/K	25	0.11	0	0.11
		70-Exp/Cus/K	01	0.03	0	0.03
		Total	**438**	**11.88**	**0.12**	**11.76**

Annexure-79
(Para 4.9.13)

Loss of Rs. 8.14 million due to non/short-deduction of house rent allowance and 5% house rent charges

(Rs. in million)

S. No.	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered	Balance amount
1	FBR (HQ) Islamabad	17829-Exp	06	0.13	0	0.13
2	RTO Rawalpindi	18141-Exp	79	0.67	0	0.67
3	RTO Faisalabad	17861-Exp	03	0.28	0	0.28
4	Director I&I (IR) Faisalabad	17817-Exp	01	0.06	0	0.06
5	RTO Multan	17770-Exp	01	0.10	0	0.10
6	RTO Sargodha	17999-Exp	41	0.29	0	0.29
7	RTO Peshawar	18253-Exp	11	0.28	0.03	0.25
8	CRTO Karachi	478-Exp/K	18	5.12	0	5.12
9	MCC Islamabad	5692-Exp/Cus	01	0.23	0	0.23
		5697-Exp/Cus	01	0.01	0	0.01
10	MCC Imports (PMBQ) Karachi	02-Exp/Cus/K	01	0.04	0	0.04
		16-Exp/Cus/K	01	0.08	0	0.08
11	MCC Exports (PMBQ) Karachi	13-Exp/Cus/K	01	0.07	0	0.07
		12-Exp/Cus/K	01	0.20	0	0.20
12	MCC, Quetta	54-Exp/Cus/K	02	0.03	0	0.03
13	MCC Appraisement (West) Karachi	30-Exp/Cus/K	02	0.32	0	0.32
14	MCC Appraisement (East) Karachi	35-Exp/Cus/K	02	0.23	0	0.23
		Total	**172**	**8.14**	**0.03**	**8.11**

Annexure-80
(Para 4.9.15)

Excess expenditure of Rs. 3.53 million due to non deposit of tax deducted by DDOs

(Rs. in million)

S. No.	Office	DP No.	No. of Cases	Amount pointed out	Amount recovered	Balance amount
1	RTO Sukar	422-Exp/K	10	0.63	0.01	0.63
2	CRTO Karachi	487-Exp/K	216	2.84	0	2.84
3	MCC Hyderabad	50-Exp/Cus/K	01	0.06	0	0.06
		Total	**227**	**3.53**	**0.01**	**3.53**

Annexure-81
(Para 4.9.16)

Loss of Rs. 2.89 million due to non/short-deduction of tax by DDOs on miscellaneous expenses

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	PRAL Islamabad	18023-Exp	02	0.92
		18024-Exp	18	0.36
2	RTO Rawalpindi	18147-Exp	59	0.18
3	RTO Faisalabad	17867-Exp	01	0.04
4	CIR Appeals-I (IR) Lahore	17596-Exp	04	0.02
5	RTO Hyderabad	447-Exp/K	01	0.18
6	CRTO Karachi	482-Exp/K	01	0.53
		483-Exp/K	248	0.29
		486-Exp/K	216	0.17
7	MCC Imports (PMBQ) Karachi	03-Exp/Cus/K	01	0.03
8	MCC Exports (PMBQ) Karachi	14-Exp/Cus/K	01	0.09
9	MCC Quetta	53-Exp/Cus/K	01	0.08
		Total	**553**	**2.89**

<u>Annexure-82</u>
(Para 4.9.18)

Loss of Rs. 2.00 million due to non/short-recovery of monthly contribution of benevolent fund and group insurance fund

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out
1	RTO Sargodha	17585-Exp	57	0.15
2	RTO Faisalabad	17858-Exp	45	0.26
		17864-Exp	38	0.10
3	RTO Abbottabad	17734-Exp	16	0.05
4	RTO Sialkot	17890-Exp	82	0.60
		17902-Exp	134	0.30
5	RTO Islamabad	17777-Exp	15	0.12
		17780-Exp	08	0.07
6	MCC Appraisement (East) Karachi	34-Exp/Cus/K	09	0.09
7	MCC Preventive Karachi	71-Exp/Cus/K	30	0.26
		Total	**434**	**2.00**

<u>Annexure-83</u>
(Para 4.9.19)

In-admissible/Irregular payment of Medical Reimbursement charges
Rs. 1.74 million

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount
1	LTU Lahore	17736-Exp	12	0.64
2	LTU-II Karachi	431-Exp/K	5	0.95
3	MCC Peshawar	6021/Exp	14	0.15
		Total	**31**	**1.74**

Annexure-84
(Para 5.4.1)

Acceptance of incomplete returns due to non provision of validation checks in web-portal

S. No.	Offices	DP No.	No. of cases
1	RTO Gujranwala	18083-IT	13
		18059-IT	08
2	RTO Rawalpindi	18169-IT	12
3	RTO Islamabad	18129-IT	05
		Total	**38**

Annexure-85

(Para 5.5.3)

Potential loss of Rs. 66.18 million due to non-finalization of adjudication proceedings

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount
1	RTO Faisalabad	17949-ST	01	8.45
		17950-ST	01	4.39
2	RTO Multan	17956-ST	07	10.42
3	LTU Islamabad	18385-ST	01	42.92
		Total	**10**	**66.18**

Annexure-86
(Para 5.5.4)

Non-recovery of Sales Tax of Rs. 959.43 million due to ineffective monitoring of blacklisted/ blocked registered persons

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Rawalpindi	18185-ST	02	1.57
2	CRTO Lahore	17632-ST	02	0.31
3	LTU Karachi	6377-ST/K	02	599.26
		6452-ST/K	01	38.10
4	RTO-III Karachi	6415-ST/K	23	320.19
		Total	**30**	**959.43**

Annexure-87
(Para 5.7.1)

Non-surrendering of unspent balances - Rs. 241.99 million

(Rs in million)

S. No.	Offices	DP No.	No. of cases	Amount
1	FBR HQ	17835-Exp	01	186.57
2	LTU Islamabad	17878-Exp	01	27.19
3	Revenue Division Islamabad	17841-Exp	01	5.97
4	MCC Multan	5790-Exp	01	5.27
5	DG Internal Audit (IR) Islamabad	17845-Exp	01	3.71
6	DG Post Clearance Audit	5681-Exp	01	1.09
7	Directorate Research & Statistics Islamabad	18022-Exp	01	0.10
8	Commissioner Appeal (IR), Hyderabad	454-Exp/K	01	0.121
9	Addl. Director Internal Audit (IR), Quetta	470-Exp/K	01	1.317
10	Director Law (IR), Karachi	492-Exp/K	01	10.647
Total			**10**	**241.99**