AUDIT REPORT
ON
THE ACCOUNTS OF

FEDERAL BOARD OF REVENUE
(INLAND REVENUE & CUSTOMS)

AUDIT YEAR 2023-24

AUDITOR-GENERAL OF PAKISTAN

Preface

Articles 169 and 170 of the Constitution of the Islamic Republic of Pakistan, 1973 read with Sections 8 and 12 of the Auditor-General's (Functions, Powers and Terms and Conditions of Service), Ordinance 2001 require the Auditor-General of Pakistan to conduct the audit of expenditures and receipts of the Government of Pakistan.

This report is based on the audit of receipts of Inland Revenue, Customs and expenditure of the Federal Board of Revenue for the Financial Year 2022-23. The report also includes some observations related to the previous year. Directorates General Audit Inland Revenue and Customs, Lahore and Karachi conducted the audit during the audit year 2023-24 on a test check basis with a view to report significant findings to the stakeholders. The main body of the Audit Report includes systemic issues and material audit findings. Relatively less significant issues are listed in Annexure-1 which shall be pursued with the Principal Accounting Officer separately at the DAC level and in cases where the PAO does not initiate appropriate action, these audit observations will be brought to the notice of the Public Accounts Committee through next year's audit report.

Two special categories of studies have also been included in this report. Firstly, an Impact Audit highlights the effectiveness/outcome of a technological intervention. Secondly, Thematic Audit is an attempt to analyse and report recommendations for informed decision-making on specific issues.

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

Audit observations included in this report have been finalized in the light of departmental replies and discussions in DAC meetings held in July, August, September, December 2023 and January 2024.

There are certain audit observations which were also reported in Audit Reports for the last five financial years. Recurrence of such irregularities is a matter of concern and needs to be addressed.

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

Islamabad
Dated: 23 February 2024

(Muhammad Ajmal Gondal)
Auditor-General of Pakistan

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ABBREVIATIONS & ACRONYMS

AGP	Auditor-General of Pakistan
AGPR	Accountant General Pakistan Revenues
AC	Assistant Commissioner/Collector
AEOI	Automatic Exchange of Information
AFU	Air Freight Unit
AIIA	Allama Iqbal International Airport
AMIS	Audit Management Information System
ANOVA	Analysis of Variance
APPTA	Afghanistan-Pakistan Transit Trade Agreement
ATIR	Appellate Tribunal Inland Revenue
ATTA	Afghan Transit Trade Agreement
BWH	Bonded Warehouse
CCTV	Closed Circuit Television
CGO	Customs General Order
CoC	Collectorate of Customs
COVID-19	Coronavirus Disease-19
CPF	Common Pool Fund
CREST	Computerized Risk-Based Evaluation of Sales Tax
CSD	Container Security Devices
CSTRO	Centralized Sales Tax Refund Office
CTO	Corporate Tax Office
CVT	Capital Value Tax
DAO	District Accounts Office
DAC	Departmental Accounts Committee
DAGP	Department of Auditor-General of Pakistan
DC	Deputy Commissioner/Collector
DDO	Drawing and Disbursing Officer

DFSL	Duty-Free Shops (Pvt.) Limited
DIRBS	Device Identification Registration and Blocking System
DLI	Disbursement Linked Indicator
DP	Draft Para
DR&S	Directorate of Research and Statistics
DTRE	Duty and Tax Remission for Exports
EDS	Exports Development Surcharge
EOU	Export Oriented Units
ERS	Expeditious Refund System
FASTER	Fully Automated Sales Tax Electronic Refund
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FED	Federal Excise Duty
FIR	First Information Report
FTA	Free Trade Agreement
FY	Financial Year
GB	Gilgit Baltistan
GD	Goods Declaration
GDP	Gross Domestic Product
GFR	General Financial Rules
GSP	Generalized System of Preferences
HQ	Head Quarter
HS Codes	Harmonized System Codes
ICT	Islamabad Capital Territory
IDT	Indirect Taxes
I&I	Intelligence and Investigation
IMEI	International Mobile Equipment Identity
IMF	International Monetary Fund
IOCO	Input Output Coefficient Organization

IT	Information Technology
IR	Inland Revenue
IPP	Independent Power Producers
IPR	Intellectual Property Rights
JIAP	Jinnah International Airport
Ltd	Limited
LTO	Large Taxpayers Office
MFDAC	Memorandum for Departmental Accounts Committee
MPR	Monthly Performance Report
MT	Metric Ton
MTO	Medium Taxpayers Office
NOC	No Objection Certificate
NTC	National Tariff Commission
NTN	National Tax Number
NLC	National Logistics Corporation
NPO	Non-Profit Organization
PCA	Post-Clearance Audit
PFM	Public Finance Management
PMBQ	Port Muhammad Bin Qasim
PRA	Post-Refund Audit
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PATA	Provincially Administered Tribal Areas
PCT	Pakistan Customs Tariff
PMD	Prime Mover Device
POL	Petroleum Oil & Lubricants
PPRA	Public Procurement Regulatory Authority
PRAL	Pakistan Revenue Automation Limited
PTA	Preferential Trade Agreement

Pvt	Private
RCPS	Refund Claims Preparatory System
RMS	Risk Management System
RTO	Regional Tax Office
SAPT	South Asia Pacific Terminal
SBP	State Bank of Pakistan
SOPs	Standard Operating Procedures
SRO	Statutory Regulatory Order
STARR	Sales Tax Automated Refund Repository
SWH	State Warehouse
TBML	Trade-Based Money Laundering
TDAP	Trade Development Authority of Pakistan
TPL	Trakker Pakistan Limited
USD	United States Dollar
VAT	Value Addition Tax
WeBOC	Web-based One Customs
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

EXECUTIVE SUMMARY

Directorates General of Audit Inland Revenue and Customs are mandated to conduct Regularity Audit (Financial Attest Audit and Compliance with Authority Audit), Performance/Special Audit and audit of Foreign Aided Projects of the Federal Board of Revenue (FBR). The audit of Federal Receipts collected and expenditure incurred by FBR was carried out. These receipts include Income Tax, Sales Tax, Customs Duties, Federal Excise Duty (FED), Sales Tax on Services under Islamabad Capital Territory (ICT), Workers' Welfare Fund (WWF), and Workers' Profit Participation Fund (WPPF).

The objectives of the Financial Attest Audit/Compliance with Authority Audit were to examine the accuracy of assessment, levy, collection and deposit of government revenue into the government treasury according to prevailing laws. Furthermore, the effectiveness of internal controls/ checks relating to FBR's functions was also examined. On the expenditure side, the objective was to ascertain the consistency of expenditure with the nature of the appropriation and applicable legislation/rules/regulations.

Directorates General of Audit Inland Revenue and Customs, Lahore and Karachi also conducted the following impact and thematic audits which have been included as Chapters 9, 10 and 11 in this report.

Impact Audit of Fully Automated Sales Tax e-Refund System highlights the effectiveness of this technological intervention *viz a viz* its intended outcomes. It was found that the intervention increased transparency, however, its impact on fairness and accountability was doubtful and needs further improvement.

Thematic Audit of Tax Expenditure was conducted to evaluate the efficacy of tax exemptions and concessions to various sectors. The report includes significant findings on monitoring/reporting mechanisms of tax expenditure and its misuse. Thematic Audit of Afghan-Pakistan Transit Trade revealed that due to liberal policy and lack of effective monitoring the transit facility was misused and resulted in evasion of duty & taxes.

a. Scope of Audit

Directorates General of Audit conducted the audit of receipts and expenditure. Total expenditure and receipts of these formations were Rs 33.96 Billion and Rs 7,164 Billion respectively for the FY 2022-23. Audit coverage of expenditure for the current audit year was Rs 29.80 Billion (71 formations) and of receipts was Rs 3,654.92 Billion (148 formations). In terms of the percentage of the auditable amount, the audit coverage for receipts and expenditure was around 08% and 20% respectively.

The audit report also includes audit observations from the previous FY 2021-22 pertaining to the audit of expenditure of Rs 8.51 Billion and revenue of Rs 2,575.31 Billion. Two Thematic Audits and One Impact Audit are also part of this report.

b. Recoveries on the pointation of Audit (Recoveries pointed/actuated by Audit)

As a result of the audit, a recovery of Rs 737,868 million was pointed out in this report. The recovery effected from January to December 2023 was Rs 45,490.25 million. There was a 74% increase in the amount of recovery pointed out and a 108% increase in the amount of recovery actuated compared to the previous FY.

c. Audit Impact

In addition to safeguarding the public exchequer, the Directorates General of Audit reviewed and suggested improvements in the business processes of FBR to address larger questions of efficiency, fairness and effectiveness. The orientation of Audit has evolved over the years and moved away from traditional compliance and regularity audit. A number of special studies whose impact is evident are summarized as follows:

i) Special audit report on Centralized Sales Tax Refund Office was published in 2018. The report pointed out undue delays in refund payment, excess sanction of refunds, and non-conduct of post refund audit. Resultantly, FBR reformed the refund payment system and introduced a fully automated refund payments system known as FASTER in 2019. The impact audit (for details please pursue Chapter 09) found significant improvement in processing time and redressal of issue of excess sanction.

ii) Special Study of Export Oriented Units (EOU) found that there was undue delay in issuance of EOU manufacturing licenses. Only one hundred and seventy five (175) licenses were issued since the inception of the scheme in 1981. The scheme unduly favored limited companies rather than Small and Medium Enterprises (SMEs).

Resultantly, FBR reformed the export oriented schemes by creating Export Facilitation Scheme (EFS) in August 2021. The scheme provided a single window for license issuance. Eight hundred and fifty four (854) licenses had been issued till November 2022.

iii) The Performance Audit of newly created RTOs published on 19th December, 2022 pointed out the need for reorganization of FBR by extending it to the district level. The newly created RTOs were regularly meeting their targets and performing competitively with the older RTOs. Performance audit recommended creation of tax offices at the district level to broaden the tax base and increase revenue collection. Thereafter, FBR notified 145 new district tax offices in November 2023.

iv) The federal government granted facility of export processing zones to exporters, however, no limit of warehousing period for goods admitted in the zone was prescribed. This caused overstay of goods for indefinite period which was not in line with the government policy to boost exports. The issue was raised by the Audit and accordingly FBR fixed warehousing period up to maximum of 02 years vide SRO 831(I)/2018 dated 02.07.2018 which increased economic activity.

v) The Audit repeatedly identified cases worth billions of Rupees wherein duties and taxes are non/short realized by the tax authorities. Accordingly, FBR recovers the short paid duty and taxes.

d. Audit Methodology

Risk-based analytical approach was adopted during the planning phase to identify priority areas in terms of identified risks in receipts and expenditure.

In addition to the above, field audit teams also drew samples from the data available with the field formations. Surveys were also conducted with the Chamber of Commerce and Industries (Lahore & Karachi) while conducting the Impact Audit.

e. Comments on Internal Audit and Internal Controls

The internal audit wing of the FBR detected an amount of Rs 178,537 million in FY 2021-22 which increased substantially as compared to the previous FY. Further, FBR also employed internal controls at various stages of assessment, enforcement and recovery.

The Audit observed that internal controls to monitor tax evasion and collection were weak. The Audit is of the view that there is a continuous need to review the internal control mechanisms to streamline the basic functions of the department i.e. assessment, collection and prevention.

f. Key Audit Findings of the Report

Impact/Thematic Audit

i) Automation of the sales tax refunds through FASTER resulted in reduced processing time, limited interaction of taxpayers with the tax authorities, and contributed positively to exports. The intervention achieved the objective of increased transparency, however, its impact on fairness and accountability was doubtful and needed to be reviewed for sustainability.

ii) There was an abnormal increase of 69% in transit trade cargo in FY 2022-23 as compared to the previous year despite no apparent change in demand in Afghanistan. The abnormal increase is correlated with restrictions imposed by the government of Pakistan on its own import of non-essential/luxuries items. Thus, goods intended for Afghanistan or pilfered en-route were smuggled back to Pakistan due to weak tracking, monitoring and surveillance of transit cargo.

iii) Tax expenditure is prone to misuse because of non-monitoring and lack of a reporting framework based on outcomes necessary for parliamentary oversight.[1]

Regularity Audit

- **Income Tax**

i) 14 field offices of FBR did not recover tax demands amounting to Rs 85,349 million in 3,043 cases.[2]

ii) 17 field offices of FBR short-realized income tax due to claims of inadmissible expenses amounting to Rs 104,667 million in 1,173 cases.[3]

iii) 20 field offices of FBR did not or short-realized minimum tax amounting to Rs 18,978 million in 918 cases.[4]

iv) 16 field offices of FBR did not realize super tax from other than banking companies amounting to Rs 92,984 million in 1,045 cases.[5]

[1]chapter 9,10 & 11, [2]Para 4.1, [3]Para 4.2, [4]Para 4.6, [5]Para 4.8,

v) 12 field offices of FBR did not realize income tax due to concealment of income amounting to Rs 46,753 million in 741 cases.[6]

vi) 10 field offices of FBR did not monitor unlawful claim of tax credits amounting to Rs 5,556 million in 423 cases.[7]

vii) 08 field offices of FBR amended assessment orders irregularly amounting to Rs 5,408 million in 77 cases.[8]

- **Sales Tax/FED**

i) 15 field offices of FBR did not realize sales tax amounting to Rs 26,831 million due to concealment of sales by taxpayers in 610 cases.[9]

ii) 08 field offices of FBR did not monitor inadmissible adjustment of input tax credit on invoices of suspended/blacklisted taxpayers/fake invoices amounting to Rs 27,701 million in 135 cases.[10]

iii) 09 field offices of FBR short-realized sales tax due to non-apportionment of input tax amounting to Rs 7,735 million in 153 cases.[11]

iv) 18 field offices of FBR did not prevent loss of revenue due to in-admissible exemptions/zero-rating of sales tax amounting to Rs 3,666 million in 315 cases.[12]

v) 10 field offices of FBR, did not take prescribed measures for recovery of adjudged dues amounting to Rs 5,474 million in 227 cases.[13]

vi) 18 field offices of FBR, did not impose penalties and default surcharge amounting to Rs 870 million in 2,163 cases.[14]

vii) 08 field offices of FBR did not register 2,038 persons in sales tax having potential tax effect amounting to Rs 4,632 million.[15]

viii) 11 field offices of FBR did not conduct post refund audit in 2,499 cases.[16]

ix) 02 field offices of FBR either did not or short-realized FED amounting to Rs 2,773 million in 08 cases.[17]

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[6]Para 4.18, [7]Para 4.22, [8]Para 4.23, [9]Para 5.1, [10]Para 5.2 & 5.3, [11]Para 5.4, [12]Para 5.7 & 5.15, [13]Para 5.5, [14]Para 5.10, [15]Para 5.19, [16]Para 5.20, [17]Para 6.1,

- **Customs Duty**

i) 31 field offices of FBR, 4767 cases did not dispose-of confiscated goods/cleared over-stayed bonded goods/vehicles amounting to Rs 13,948 million.[18]

ii) 11 field offices of FBR granted inadmissible exemptions and concessions in duties and taxes amounting to Rs 6,454 million in 3127 cases.[19]

iii) In one field office of FBR imported goods were removed from warehouses without payment of duty/taxes amounting to Rs 1,387 million in 01 case.[20]

iv) 18 field offices of FBR cleared imported goods on incorrect classification/assessment of duty and taxes amounting to Rs 1,857 million in 5,174 cases.[21]

v) 17 field offices of FBR under-valued the imported goods amounting to Rs 870 million in 2750 cases.[22]

vi) 06 field offices of FBR retained goods declaration fees amounting to Rs 138 million without justification.[23]

vii) One field office of FBR cleared non-existent mobile phones involving revenue amounting to Rs 360 million in 6 cases.[24]

- **Expenditure**

i) 37 field offices made Irregular payments on account of cash reward amounting to Rs 1,539 million in 3809 cases.[25]

ii) FBR (HQ) and 58 field offices incurred expenditure by non-observing Public Procurement Rules amounting to Rs 827 million.[26]

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[18]Para 7.1 & 7.11, [19]Para 7.2, [20]Para 7.4, [21]Para 7.5 & 7.7, [22]Para 7.6, [23]Para 7.15, [24]Para 7.12, [25]Para 8.1, [26]Para 8.2

g. Audit Recommendations

i) The option of refund processing through FASTER should be made available to other sectors as well. Internal controls like post refund audits should be strengthened and CREST should be reviewed and updated regularly based on findings of these audits. Separation of duties in approval and processing be ensured through a designated treasury officer.

ii) Mechanisms to monitor and regulate imports should be strengthened by Pakistan so that misuse of ATTA is discouraged. Moreover, to counter pilferage during transit, technological interventions may be utilized.

iii) Tax expenditure in respect of IPPs, NPOs, real estate, and fertilizer sectors needs to be monitored. The management needs to ensure effective coordination with the Finance and Commerce divisions for defining outcomes as well as reporting framework for parliamentary oversight.

iv) The department should;

- ensure recovery and monitoring of tax demand created by an authority independent from the assessing authority besides devising timelines for disposal;
- strengthen risk-based desk audit through qualified human resource and improve integration with other databases;
- ensure recovery of minimum tax besides simplify the tax code;
- ensure recovery of super tax from banking companies through strengthening desk audit;
- enhance integration of Federal and Provincial databases to prevent concealment of assets and income. The outcome of cases of misstatement thus uncovered may be reported separately in the annual performance report;
- ensure monitoring of tax credits through risk-based desk audits besides enabling machine readability of audited accounts in the system;
- fix responsibility on assessing officers for inconsistent assessment orders;
- improve integration of sales tax and income tax return filing systems besides periodically reviewing the Risk Management System (RMS) in light of repeated audit observations;

- review its system-based controls and introduce automated checks in the return filing systems to disallow fake invoices and input tax claimed on invoices issued by black-listed/suspended registered persons;
- strengthen IT-based checks in the sales tax return filing system to link and cross-verify the claimed input tax for strict compliance of apportionment to the extent of taxable supplies;
- devise IT-based controls to check the admissibility of exempted/zero-rated supplies;
- ensure prompt recovery and monitoring of recoverable amounts;
- collect the data of unregistered persons and bring them into the tax net through newly created District Tax Offices;
- expedite the finalization of post-refund audits and the number of PRA conducted may be used as a KPI to gauge the performance of formations;
- levy and impose default surcharge and penalty for late payment of tax and ensure consistent enforcement of the law;
- integrate its return filing systems for addressing the issue of non/short realization of FED;
- expedite the disposal of confiscated goods/vehicles and over-stayed warehouse goods and pursue/expedite the cases for early recovery;
- streamline assessment function through simplification, automation and monitoring;
- quarterly review Harmonized System (HS code) and strengthen the role of DG Valuation for standardization besides designating an office for arbitration in cases of disputed classification;
- pursue the case and initiate criminal proceedings against the persons at fault;
- recover the admitted amounts besides fixing of responsibility on the concerned for auctioning goods below the reserve price and failing to forfeit earnest money;

- deposit the collected amount on account of the goods declaration fee in the government treasury;
- pursue the case of criminal proceedings against the involved officials and recover the amount;
- strictly follow the system of payment of cash rewards and monitor the enforcement of defined criterion of meritorious services; and
- follow the laid down rules, regulations and procedures as enunciated in the PPRA Act, 2004.

CHAPTER-1 PUBLIC SECTOR FINANCIAL MANAGEMENT ISSUES

This chapter highlights significant issues related to financial management, accounting, and reporting by the Federal Board of Revenue.

The accounting of receipt vouchers is performed primarily by FBR itself through departmental treasuries. FBR provided the collection record of its receipts (source documents – reconciliations between FBR & AGPR). The audit analysed Civil Accounts received from AGPR Islamabad and figures of tax receipts from the main office of the State Bank of Pakistan, Karachi and the Head office of the National Bank of Pakistan, Karachi. The observations of Directorates General Audit Inland Revenue and Customs, Lahore & Karachi are clubbed into the following paras;

1.1 Variation in figures of tax receipts (Net) between FBR and SBP - Rs 1,188 million

According to Para 3.4.2.12 of the 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 policies and procedures set out in para 5.5.9 and 6.5.2 of the Accounting Policies and Procedures Manual.

Scrutiny of figures of tax receipts of SBP and the figures reported by FBR showed that there was a variation of Rs 1,188 million for the FY 2022-23 in respect of net tax receipts as summarized below: -

(Rs in million)

S #	Head of Account	Collection figures of FBR **	Collection figures of SBP (NET) *	Variation
1	Income Tax	3,220,474.34	3,187,145.85	33,328.49
2	Customs	917,875.00	950,187.03	(32,312.03)
3	Sales Tax	2,591,432.70	2,582,657.06	8,775.64
4	Federal Excise Duty	361,212.60	369,816.95	(8,604.35)
	Total Taxes	**7,090,994.64**	**7,089,806.89**	**1,187.75**

* Source: As per record of SBP provided to Audit for FY 2022-2023
** Source: Reconciliation Statement submitted by FBR in AGPR up to June (Final) 2023.

This may impair true and fair presentation of financial statements because the receipts figure of FBR was on the higher side as compared to the actual cash collected and reported by the State Bank of Pakistan.

The management replied that the collection on account of "Book Adjustment" pertaining to Income Tax & Sales Tax had not been incorporated in the figures of SBP. Further, the automated "Refunds/Duty Drawbacks and Customs Refunds/Rebates adjustment" needed to be incorporated in the figures of SBP. After the inclusion/exclusion of the above amounts, the overall "NET" variation was only Rs 16.30 million. The amount of Refunds/Duty drawbacks of Rs 34,162.10 million paid through the automated system had been communicated by the SBP, however, the proof of payment/mechanism was not provided. The collection on account of Export Development Surcharge (EDS) amounting to Rs 13,852 million which was included in the figures of Customs Duty pertained to the Ministry of Commerce and was also not a part of the revenue collection reported by the FBR. However, there was still a variation of Rs 3,541 million (WWF/WPPF Rs 3,525 million and Rs 16.30 million) after accepting the stance of the department.

The Audit holds that the Directorate of Research and Statistics (DR&S) was entrusted with the responsibility of reconciliation with external sources i.e. AGPR and SBP. DR&S informed that the matter regarding the reconciliation of June final 2022-23 had been taken up with the Finance Division. The department was requested to pursue the matter of developing an integrated interface for real-time monitoring of receipts with SBP and AGPR.

The DAC, in its meeting held in November 2023, directed the DR&S to pursue the matter with the Finance Division, Islamabad for clarification to proceed further in the matter and continue the reconciliation process from March 2023 and report progress to Audit & FBR. No further progress was reported till the finalisation of this report.

The Audit recommends monthly reconciliation of receipts between FBR and SBP to accurately report on Federal Government accounts.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23 vide para numbers 1.1 (of each Audit Report) having a financial impact of Rs 62,159 million. The recurrence of the same irregularity is a matter of serious concern.

1.2 Variation in figures of refund of tax receipts between FBR & SBP - Rs 28,799 million

According to Para 3.4.2.12 of the 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 policies and procedures set out in para 5.5.9 and 6.5.2 of the Accounting Policies and Procedures Manual.

Scrutiny of refund record (figures up to June Final 2023), revealed variations in figures of refunds on account of Income Tax, Customs, Sales Tax and Federal Excise Duty amounting to Rs 28,799.15 million. The SBP's total was lower than FBR's as tabulated below: -

(Rs in million)

Refund	Figures of refund/rebate of FBR*	Figures of refund of tax receipts of SBP **	Variation
Income Tax	17,298.19	17,956.01	(657.82)
Customs	38,150.73	6,678.00	31,472.73
Sales Tax	280,100.20	282,104.50	(2,004.30)
Federal Excise Duty	0	11.46	(11.46)
Total	**335,549.12**	**306,749.97**	**28,799.15**

* Source: Figures provided by FBR
** Source: Figures provided by SBP

This may impair the true and fair presentation of financial statements because the refund figures from external source i.e. SBP were on the lower side.

The management replied that there was no proper mechanism for reconciliation of "Revenue Receipts & Payments" between FBR and SBP at the macro level. The FBR undertook reconciliation with the office of AGPR, Islamabad at the national level on a net basis and generally, there were no substantial variations in the figures of refunds between FBR and AGPR. The huge variation pointed out by the Audit had been examined and it was due to the exclusion of book adjustment which caused variations. Refund adjustments pertaining to income tax had not been incorporated in the figures of SBP. Duty drawbacks pertaining to Customs paid through an automated system had not been incorporated in the figures of SBP. Refunds recalled pertaining to Sales Tax had to be included in the head of FED Refunds Adjustment reported by SBP. After passing all these Adjusting/Transfer entries a variation of Rs 110.3 million was left between FBR /AGPR/SBP.

Audit holds that after passing all the Adjusting/Transfer entries, there is still a variation of Rs 110.3 million between the FBR /AGPR/SBP figures.

The DAC, in its meeting held in November 2023, recommended re-examining the issue to the extent of Rs 110.3 million and reporting to Audit/FBR within four weeks. No further progress was reported till the finalization of this report.

Audit recommends monthly reconciliation of refund/rebate figures between FBR and SBP to accurately report on the Federal Government accounts.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22, and 2022-23 vide para numbers 1.2 (of each Audit Report) having a financial impact of Rs 78,755 million. The recurrence of the same irregularity is a matter of serious concern.

1.3 Variation in figures of Tax Receipts (Net) between FBR and AGPR - Rs 58 million

According to Para 3.4.2.12 of the 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 policies and procedures set out in para 5.5.9 and 6.5.2 of the Accounting Policies and Procedures Manual.

Scrutiny of the data provided by AGPR and data statements provided by FBR up to the month of June (Final) 2023, showed that there was a variation of Rs 58 million in respect of net tax receipts as summarized below: -

(Rs in million)

S #	Head of Account	Collection figures of FBR **	Collection figures of AGPR *	Variation
1	Income Tax	3,220,474.34	3,220,499.46	(25.12)
2	Customs	917,875.00	917,893.77	(18.77)
3	Sales Tax	2,591,432.70	2,591,447.72	(15.02)
4	FED	361,212.60	361,211.70	0.90
	Total Taxes	**7,090,994.64**	**7,091,052.65**	**(58.01)**

* Source: Scrutiny of data for the year 2022-23 prepared by AGPR, Islamabad

** Source: Statement prepared by FBR up to June (Final) 2023

This may impair the true and fair presentation of financial statements of the Federal Government.

The department submitted that the variation of Rs 58 million between the figures of FBR and AGPR as pointed out by the Audit was likely to be settled/ removed after national level final reconciliation for the FY 2022-23 between FBR and AGPR. The reconciliation of revenue receipts between FBR and AGPR at the national level was pending due to non-reconciliation of the collection of Exports Development Surcharge (EDS) by the latter and the matter was being actively pursued by FBR with the Finance Division. The figures of June 2023 (Supplementary) were also required to be finalized and hopefully, there would be no variation between the collection figures of FBR and AGPR (NET) for the FY 2022-23 as and when national level reconciliation between FBR and AGPR would be undertaken/ finalized with the AGPR.

The DAC, in its meeting held in November 2023, discussed the issue in detail and directed the DR&S to take up the matter with the Finance Division regarding reconciliation and report progress to Audit/FBR within six weeks. No further progress was reported until the finalisation of this report.

Audit recommends monthly reconciliation of receipts between FBR and AGPR to accurately report on the Federal Government accounts.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19 and 2019-20 vide para numbers 1.3 and 1.4 having a financial impact of Rs 20,173 million. The recurrence of the same irregularity is a matter of serious concern.

1.4 Non-reconciliation of revenue collection between FBR and AGPR

According to Para 5(d) of the System of Financial Control and Budgeting, each Principal Accounting Officer is required to make sure that the accounts of receipts (shares therefrom assigned to provinces) are maintained properly and reconciled every month. Further, according to GFR-26, "it is the duty of the departmental controlling officers to see that all sums due to the government are regularly and promptly assessed, realized and duly credited in the Public Account". Moreover, according to para 5.5.9.3 of Accounting Policies and Procedures Manual, the Accountant General and the Tax Collecting Agencies will be jointly responsible for reconciliation of tax revenues, in the manner prescribed by the Auditor-General.

During the audit of receipts collected by the FBR, it was observed that FBR was required to reconcile accounts of receipts with AGPR every month, but the accounts had not been reconciled after February 2023. Moreover, the reconciliation of revenue receipts between FBR and AGPR at the national level was pending for the whole FY 2022-23.

The DAC, in its meeting held in November 2023, discussed the issue in detail and DAC directed the department to expedite the matter of reconciliation and report progress to Audit/FBR within six weeks. No further progress was reported until the finalisation of this report.

Audit recommends monthly reconciliation and compilation of revenue receipts between FBR and AGPR to accurately report on the Federal Government accounts.

CHAPTER-2 FEDERAL BOARD OF REVENUE

2.1 Introduction

A. The Federal Board of Revenue Act 2007 governs the Federal Board of Revenue (FBR). The Board comprises of at least seven members, headed by a Chairman appointed by the Federal Government. The powers of FBR to collect taxes are currently embodied in the Income Tax Ordinance 2001, Sales Tax Act 1990, Federal Excise Duty Act 2005, Customs Act 1969 and Islamabad Capital Territory (Tax on Services) Ordinance 2001. These statutory laws are amended through the Finance Act/Ordinance to implement budget proposals of the Federal Government. FBR operates as an attached department of the Revenue Division as per Rules of Business 1973.

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

Significant powers and functions of FBR are as follows:

i. Implementing the provisions of all fiscal laws for the time being in force and taking any action, making policy, issuing rules or guidelines for the purpose;

ii. Honouring international obligations under a treaty, resolution or any global commitment;

iii. Promoting a culture of voluntary tax compliance, making the Board a service-oriented organisation, and transforming the Board into a modern and efficient organisation;

iv. Enabling electronic communication optimally effective in respect of all taxation matters such as e-filing, e-payments, e-notice, e-notification, digital imaging, protocols or agreements as may be prescribed from time to time;

v. Setting up mechanisms and processes that facilitate the removal of grievances and complaints from the taxpayers;

vi. Directing or advising investigations and inquiries into suspected duty tax evasion, tax and commercial fraud, money laundering, and financial crimes and coordinating with the relevant law enforcement agencies;

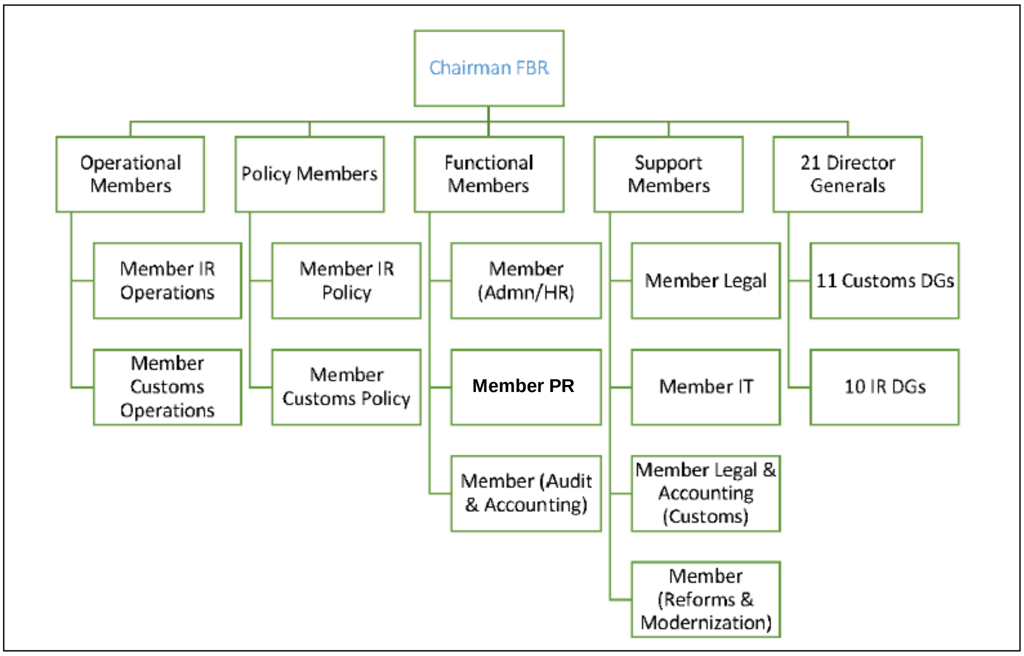
vii. Taking appropriate measures, including devising internal controls to combat corruption within the organisations under the Board and providing checks to ensure the integrity of employees that are verified periodically through an applicable procedure and which should be made one of the criteria for promotions and incentives;

viii. Granting additional allowances or any other incentives and rewards to the employees and members of the Board; and

ix. Preparing an annual report of its activities and present it to the Prime Minister, the National Assembly and the Senate.

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

Figure 1: Organogram of Federal Board of Revenue



B. Comments on Budget and Accounts (Variance Analysis)

The original budget grant for the FY 2022-23 was Rs 34,398 million, later on, an amount of Rs 11,041 million was re-appropriated. The budget was again re-appropriated out of which an amount of Rs 347 million was surrendered. Further, an amount of Rs 93 million was not spent till the close of the FY.

The Audit observed that employee-related expenses were reduced by Rs 3,882 million (from Rs 23,713 million to Rs 19,831 million), whereas operating expenses were enhanced by Rs 4,007 million (from Rs 6,495 million to Rs 10,502 million) out of which an amount of Rs 180.78 million was surrendered and Rs 59.86 million remained unspent.

This depicts weak controls in the planning, allocation, and execution of the budget. Therefore, the Audit recommends that the budget planning should be rationalized to avoid misappropriation and ensure effective utilization of public funds.

C. Sectoral Analysis of the Federal Board of Revenue (FBR)

FBR was assigned certain revenue targets through the Finance Act 2022. The purpose of this analysis was to review FBR's overall collection of taxes during the FY 2022-23 against these targets and to highlight certain areas of concern.

(i) FBR's Performance for FY 2022-23

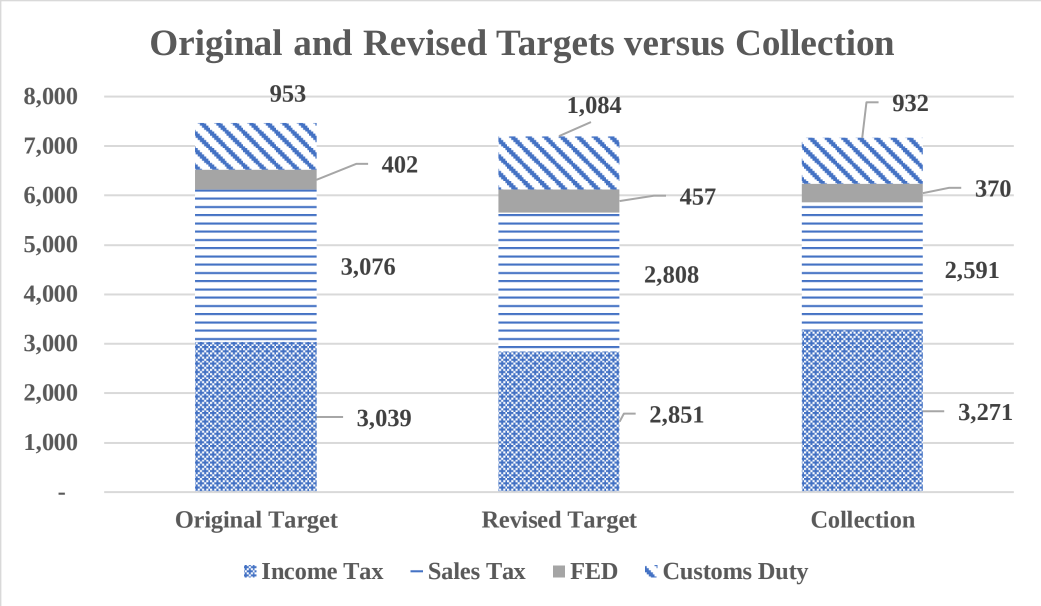
The original target of FBR collection under all heads was Rs 7,470 Billion, revised downwards to Rs 7,200 Billion for the FY 2022-23. However, FBR succeeded in collecting revenue of Rs 7,164 Billion as summarized below:

(Rs in Billion)

Head of account	**Target**		**Collection**	**Achievement (Revised Target)**	
	Original	**Revised**		**Absolute**	**Percentage**
Direct Tax	**3,039**	**2,851**	**3,271**	**420**	**114.7**
Indirect Taxes					
Sales Tax	3,076	2,808	2,591	-217	92.3
FED	402	457	370	-87	81.0
Customs Duty	953	1,084	932	-152	86.0
Total (IDT)	**4,431**	**4,349**	**3,893**	**-456**	**89.5**
All Taxes	**7,470**	**7,200**	**7,164**	**-36**	**99.5**

Source: FBR Year Book 2022-23

(Rs in Billion)



The Audit observed that FBR was not able to meet the budgeted as well as the reduced revenue targets. The collection of direct taxes amounting to Rs 3,271 Billion was more than the original target of Rs 3,039 Billion as well as the revised target of Rs 2,851 Billion. However, the collection of sales tax, federal excise duty and customs duty could not meet the original or the revised target. Resultantly, FBR marginally missed its overall revised target despite increased collection from direct taxes.

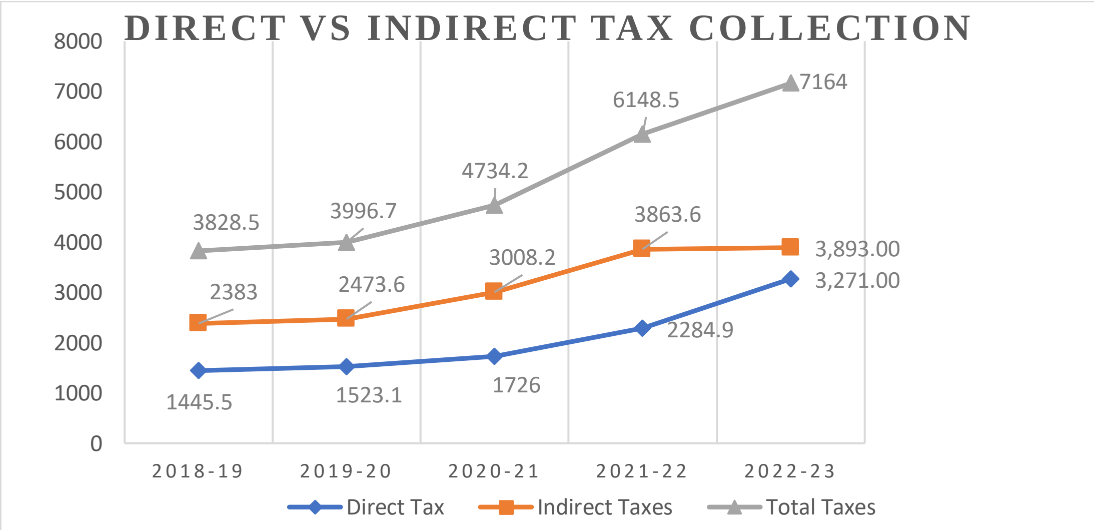
(ii) Direct and Indirect Taxes

Historically indirect taxes have contributed more towards the total collection, however, in the FY 2022-23 direct taxes contributed 45.6% of the total collection as compared to 37% in the previous FY. This increase can be attributed to the collection of advance tax, high interest rates on bank deposits, rise in salaries, increased dollar rate and withholding of tax, which constituted 57% of the total collection in the FY 2022-23. A comparison for the last five years in respect of direct and indirect tax collection is tabulated below:

(Rs in Billion)

	2018-19	2019-20	2020-21	2021-22	2022-23
Direct Tax	1,445	1,523	1,726	2,285	3,271
Indirect Taxes	2,383	2,473	3,008	3,863	3,893
Total Collection	**3,828**	**3,996**	**4,734**	**6,148**	**7,164**

Sources: FBR's Year Books



The increase in direct tax collection was 43% which surpassed the increase of 16.5% in total tax collection.

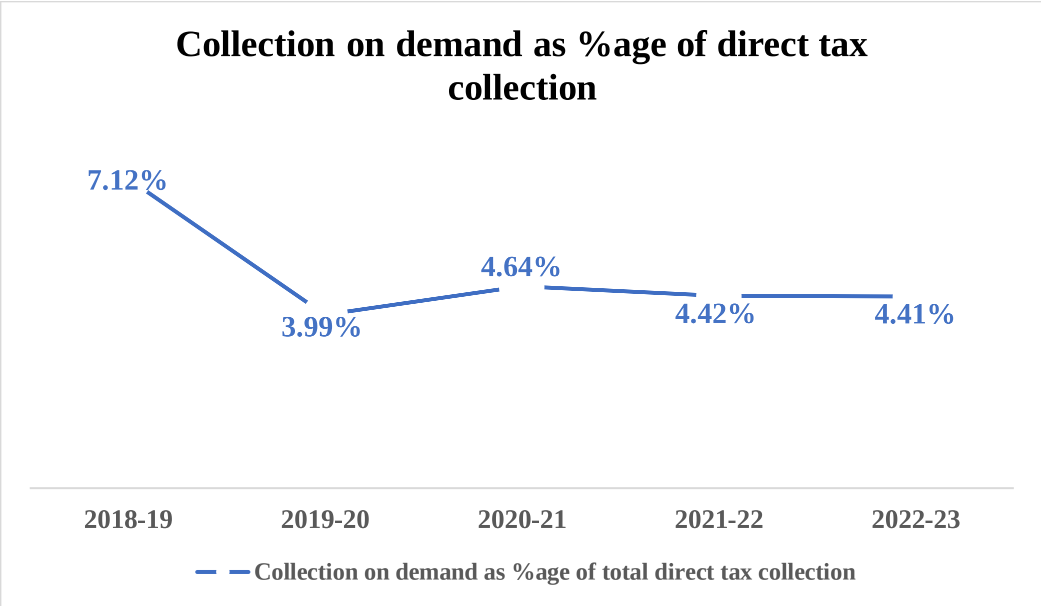
(iii) Tax on Demand - Performance indicator of FBR (Direct Tax)

Tax collection in respect of direct taxes consists of advance payment of income tax, which includes tax deducted and collected under Income Tax Ordinance 2001. Under the self-assessment system introduced in tax year 2003, every return filed by a taxpayer is deemed an assessment order. The department is also responsible for preventing tax avoidance and evasion by amending these deemed assessments and creating tax demand. The indicator of collection on demand depicts the department's actual performance which justifies its budgetary allocation and expenditure. An analysis of collection on demand is as follows:

(Rs in Billion)

	2018-19	2019-20	2020-21	2021-22	2022-23
Total Direct Tax	1,445.50	1,523.10	1,726.00	2,284.90	3,271.00
Collection on demand	102.93	60.81	80.14	101.09	144.30
Collection on Demand as %age of direct tax collection	7.12%	3.99%	4.64%	4.42%	4.41%

Sources: FBR's Year Books



The Audit observed that total direct taxes including withholding taxes collected by FBR amounted to Rs 3,271 Billion for the FY 2022-23. However, collection on demand was Rs 144.30 Billion for FY 2022-23, which constituted only 4.41% of the direct tax collection. Furthermore, the contribution of collection through tax demand in total direct tax collection was stagnant since FY 2018-19.

(iv) Withholding Taxes (Income Tax)

Tax collection under the withholding tax regime relies on the person making the payment by treating him as a withholding agent. Tax collection under this head is easier due to at-source deduction, therefore, withholding taxes form a major part of the total tax collection.

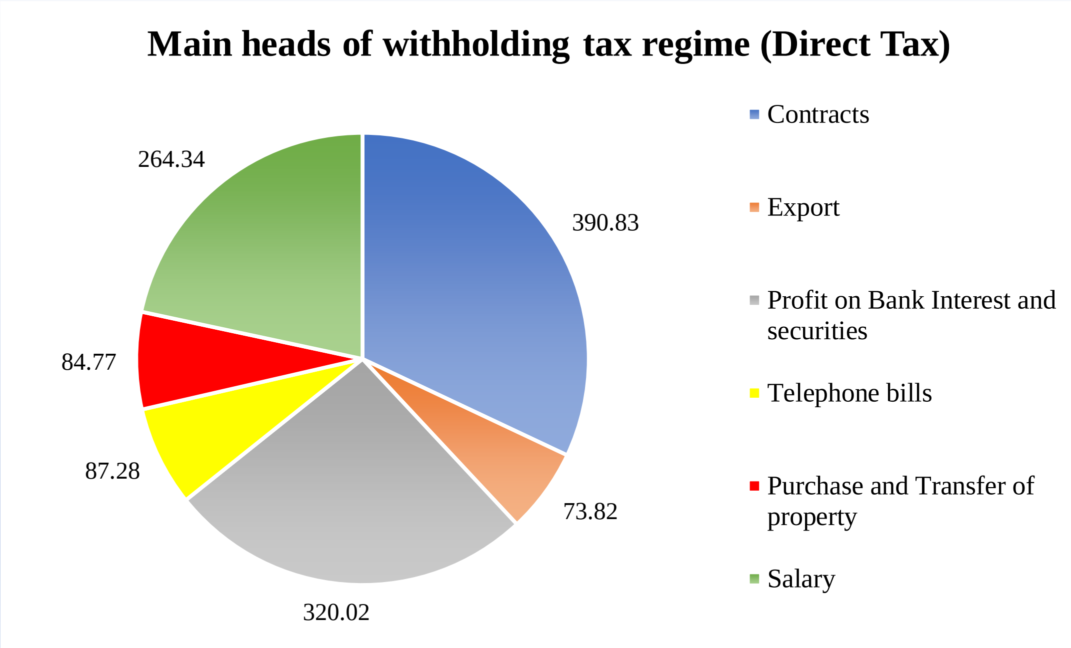
Tax collection on account of withholding taxes was Rs 1,874 Billion against the total direct tax collection of Rs 3,271 Billion for the FY 2022-23. In terms of proportion withholding taxes constituted 57% of the total direct taxes.

Among the ten major components of withholding, withholding taxes on contractual receipts, exports, bank interest and various other items fall under minimum tax or final tax regime. The Audit observed that collections under these heads were indirect in nature, but the same were being collected/reported as direct taxes by FBR. Moreover, the collections under the heads of telephone bills and purchases of properties were adjustable, however, these adjustments were not claimed by non-filers. FBR collected Rs 1,221.06 Billion withholding tax in these heads for the FY 2022-23, which was Rs 366.07 Billion more than the preceding FY. The increase in withholding tax regimes mainly attributed to increase salary rates. The detail is tabulated under:

(Rs in Billion)

Heads	FY 2022-23	FY 2021-22	Difference
Contracts	390.83	316.37	74.46
Export	73.82	62.90	10.92
Profit on Bank Interest and securities	320.02	154.80	165.22
Telephone bills	87.28	68.19	19.09
Purchase and Transfer of property	84.77	63.99	20.78
Salary	264.34	188.74	75.60
Total	**1,221.06**	**854.99**	**366.07**

(Rs in Billion)



2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 737,868 million are raised in this report as a result of the current audit of the Federal Board of Revenue. Summary of the audit observations classified by their nature is as under:

Overview of Audit Observations

(Rs in million)

S. No.	Classification	Amount
1	Non-production of record	-
2	Receipt-related Irregularities	-
	i. Direct Taxes (Income Tax)	616,181
	ii. Indirect Taxes (Sales Tax and FED)	90,334
	iii. Customs Duty	28,186
	iv. Expenditure	3,167
3	Thematic Audits	-
4	Impact Audit	-
5	Stuck up in tribunals/courts	*124,122
Total		**737,868**

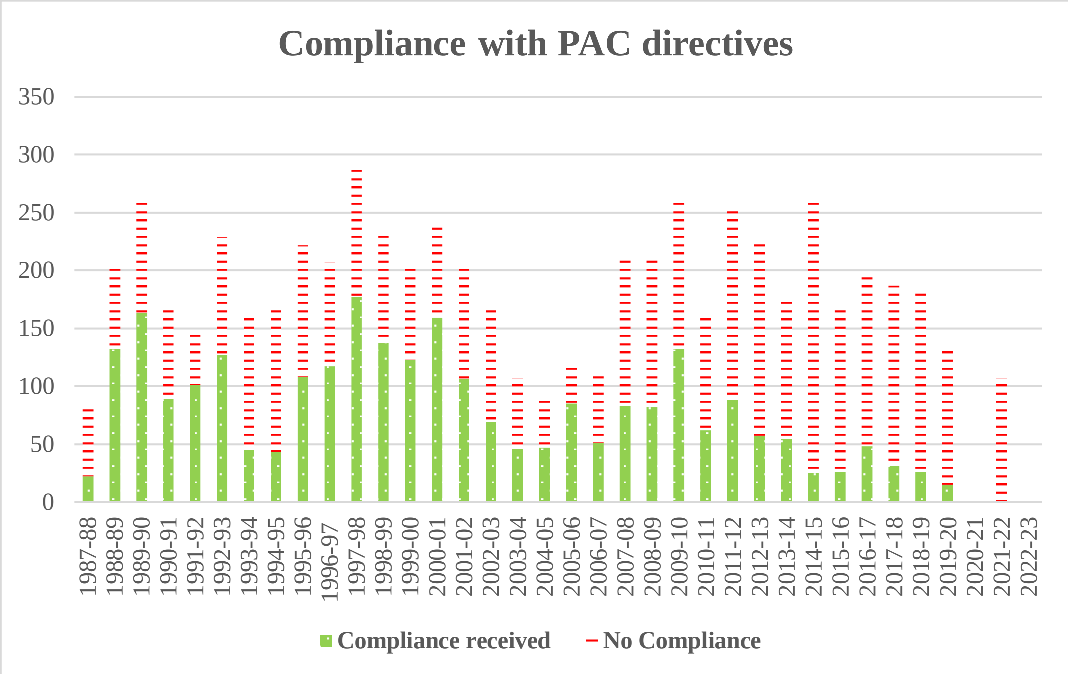
* This amount is not included in the total given above

2.3 Comments on the status of compliance with the PAC directives

The Public Accounts Committee is the primary accountability structure in the governance framework of Pakistan. Audit reports are laid before the esteemed forum for discussion every year for directions. A summary of the total paras discussed in PAC and their compliance is presented in the table and graph below:

Year	Total Paras discussed	Compliance received	No Compliance	%age Compliance
1987-88	83	22	61	27%
1988-89	203	132	71	65%
1989-90	259	163	96	63%
1990-91	171	89	82	52%
1991-92	148	101	47	68%
1992-93	229	127	102	55%
1993-94	160	45	115	28%
1994-95	168	43	125	26%
1995-96	222	108	114	49%
1996-97	207	117	90	57%
1997-98	292	177	115	61%
1998-99	232	137	95	59%
1999-00	204	123	81	60%
2000-01	239	159	80	67%
2001-02	206	106	100	51%
2002-03	169	69	100	41%
2003-04	107	46	61	43%
2004-05	88	47	41	53%
2005-06	121	85	36	70%
2006-07	114	51	63	45%
2007-08	210	83	127	40%
2008-09	210	82	128	39%
2009-10	263	132	131	50%
2010-11	163	62	101	38%
2011-12	253	88	165	35%
2012-13	224	57	167	25%
2013-14	176	54	122	31%
2014-15	259	25	234	10%
2015-16	166	26	140	16%
2016-17	199	48	151	24%

2017-18	187	31	156	17%
2018-19	183	26	157	14%
2019-20	131	15	116	11%
2020-21	42	Not discussed in PAC yet		
2021-22	108	0	107	0%
2022-23	93	Not discussed in PAC yet		



The aggregate mean from the table above shows that only 43% compliance with the PAC directives was made by FBR. Compliance with PAC directives as a percentage of total directives was 30% for direct taxes, 53% for indirect taxes and 44% for customs duties. Moreover, compliance with PAC directives was only 4.7% in the last five years (2015-16 to 2019-20). This reflects a lack of seriousness on the part of the FBR towards PAC directives. Resultantly, audit observations involving substantial revenue have been piling up year after year. This is alarming as chances of recovery of revenue diminish over time.

Compliance with PAC directives is a key performance indicator of FBR, but reporting on this Key Performance Indicator (KPI-10) is limited to timely communication of PAC directives by the Board to field formations and lacks active follow-up. The Audit recommends implementation of this KPI in letter and spirit through active follow-up of PAC directives and linking it with performance-based incentives.

CHAPTER-3 NON-PRODUCTION OF RECORD

3.1 Non-Production of record of Common Pool Fund (CPF)

Article 78 of the Constitution of Pakistan 1973, provides that all revenues received by the federal government or other monies received by or on behalf of Federal Government are either part of Federal Consolidated Fund or Public Account. Further, as per Article 169 ibid, Auditor-General is required to perform such functions as may be determined by the Parliament or the President in relation to accounts of the federation and provinces or any authority or body established by the federation or province. Moreover, section 14(3) of the AGP's Ordinance provides that any person or authority hindering the functions of the Auditor-General regarding inspections of accounts shall be subject to disciplinary action under relevant Efficiency and Discipline rules.

The Audit requisitioned record from seven (07) field offices of FBR (Customs) in respect of Common Pool Fund (CPF) constituted under Unified CPF Rules, 2014 for the FY 2022-23. However, record production was refused to Audit despite reminders as well as meetings with the concerned officers. Since the amount held in the common pool fund constituted of fees and charges levied under the federal law like GD processing fee, sealing and de-sealing fee and reward money sanctioned by the Federal Government etc., therefore, was auditable under the AGP's Ordinance. It is worth mentioning that amounts realized in the fund were kept in private bank accounts. Sanctity of utilization of Public Money according to relevant financial and reward rules could not be verified due to non-provision of auditable record. Moreover, non-production of record of CPF is tantamount to hindering the performance of the constitutional duty of the Auditor-General of Pakistan.

The matter was taken up with the Chairman FBR by the Director General Audit Inland Revenue & Customs, Lahore as well as by the office of Auditor-General of Pakistan as per standard operating procedures. However, the matter of non-production could not be resolved. The matter was also taken up with the Finance Division by the AGP office. Finance Division directed the FBR to provide details of the subject account along with NOC/Approval of the Finance Division.

The DAC in its meeting held in December 2023 directed the department to submit a comprehensive reply. No further progress was reported by the department till finalization of this report.

The Audit recommends that the production of CPF records be ensured and disciplinary proceedings be initiated against the concerned.

[Annexure-2]

CHAPTER-4 INCOME TAX

4.1 Non-recovery of tax demands – Rs 85,349 million

Section 138 of the Income Tax Ordinance 2001, provides the procedure for the recovery of the due tax from taxpayers through attachment and sale of any movable or immovable property, arrest and detention of the taxpayer.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in fourteen (14) field offices of FBR, three thousand and forty-three (3,043) cases, tax was charged against the taxpayers, but recoveries thereof were not made despite a lapse of considerable time. This resulted in non-recovery of tax amounting to Rs 85,629.74 million due to negligence of the tax authorities.

These irregularities were pointed out from February to November 2023. The department replied that Rs 280.30 million had been recovered, Rs 5,025.96 million were subjudice and an amount of Rs 80,323.48 had been charged but recovery was awaited.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends proactive follow up and monitoring of recovery of due tax and strengthening monitoring controls by a dedicated supervisory team independent from the assessment function.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.4.12, 4.4.6, 4.17 and 5.1 respectively having a financial impact of Rs 123,763 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-3]

4.2 Short-realization of income tax due to inadmissible expenses – Rs 104,667 million

Section 21 of the Income Tax Ordinance 2001, provides that certain expenses such as lease financial charges, provisional expenses and expenses which were not subjected to withholding tax shall not be allowed in computing taxable income under the head "Income from Business".

It was observed during the audit of the FYs 2021-22 and 2022-23, that in seventeen (17) field offices of FBR, one thousand one hundred and seventy-three (1173) taxpayers claimed inadmissible expenses such as lease finance charges, provisional expenses and expenses where withholding tax was not deducted while computing taxable income. The department did not take corrective action to disallow such expenses which resulted in a short realization of tax amounting to Rs 104,667 million.

These irregularities were pointed out from February to November 2023. The management replied that proceedings for an amount of Rs 44,108.72 million had been initiated but not finalized, Rs 174.86 million had been charged but recovery was awaited and no reply for Rs 60,383.76 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and submit comprehensive replies besides strengthening internal controls through risk based desk audit.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.4.6, 4.4.13, 4.11 and 5.2 having a financial impact of Rs 104,063 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-4]

4.3 Short-realization of tax due to non-treatment of withholding tax as a minimum tax liability – Rs 10,072 million

Sections 148 and 153(3) of the Income Tax Ordinance 2001, provide that tax deducted at source while making payments and tax collected at import stage shall be treated as a minimum tax liability of the taxpayer for the tax year.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in ten (10) field offices of FBR, sixty (60) taxpayers adjusted tax deducted or collected against normal tax liability contrary to the said provisions of law. The department did not take remedial action under the law to recover the due tax from the taxpayers. This resulted in a short realization of tax amounting to Rs 10,087.33 million.

These lapses were pointed out from February to November 2023. The department replied that Rs 15.31 million had been recovered, Rs 5.58 million had been charged but recovery was awaited, and proceedings for Rs 7,296.83 million were initiated under the law but not finalized. No reply for Rs 2,754.28 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings and furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, submit comprehensive replies besides strengthening risk based desk audit.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.4.22, 4.4.21, 4.1(vi), 4.5 and 5.3 having financial impact of Rs 21,597 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-5]

4.4 Inadmissible claims of tax credit – Rs 515 million

Section 65 of the Income Tax Ordinance 2001, provides for tax credits to corporate industrial undertakings at prescribed rates for investment in existing plant and machinery through equity.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in five (05) field offices of FBR, eleven (11) taxpayers claimed tax credits despite the fact that the taxpayers were not industrial undertakings. These inadmissible tax credits were required to be disallowed to recover the due tax from the taxpayers. However, the department did not initiate the proceedings which resulted in claim of inadmissible tax credit amounting to Rs 514.50 million.

These instances were reported to the department from February to November 2023. The department replied that proceedings for Rs 514.50 million were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings and implementing monitoring controls besides strengthening desk audits. Periodic review of Risk Management System (RMS) should be undertaken in the light of repeated audit observations.

Note: The issue was also reported earlier in the Audit Reports for the Audit Year 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.4.9, 4.1(ii), 4.2 and 5.4 having financial impact of Rs 39,200 million. Recurrence of same irregularity is a matter of serious concern.

[Annexure-6]

4.5 Non-recovery of withholding tax – Rs 41,802 million

Section 153, read with Section 161 of the Income Tax Ordinance 2001, provides that where a withholding agent fails to deduct tax or does not deposit the deducted tax, he is personally liable to pay the amount of tax through legal proceedings initiated by the Commissioner.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in eighteen (18) field offices of FBR, five hundred and nineteen (519) withholding agents did not deduct tax while making payments to suppliers, service providers and contractors. It was a statutory obligation of the department to recover the tax from the withholding agents. However, no action was initiated by the department which resulted in non-recovery of tax amounting to Rs 41,819.52 million.

These irregularities were pointed out from February to November 2023. The department replied that Rs 17.34 million had been recovered, Rs 21.99 million had been charged but recovery was awaited, proceedings for Rs 9,802.19 million were initiated under the law but not finalized, no reply was furnished for Rs 31,934.60 and Rs 43.42 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings and furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursue subjudice cases at appropriate fora, and submit comprehensive replies for under scrutiny cases. Compliance of withholding regime needs to be ensured through Commissioner, IR (Withholding). Moreover, Synchronized Withholding Administration and Payment System (SWAPS) be implemented on priority basis and periodically updated in the light of audit observations.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.7.10, 4.7.2, 4.2, 4.20 and 5.5 having financial impact of Rs 59,220 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-7]

4.6 Non/short-realization of minimum tax – Rs 18,978 million

Section 113 of the Income Tax Ordinance 2001, provides for the realization of minimum tax based on the turnover of a taxpayer. The tax is to be paid if, otherwise, no tax is payable on taxable income due to any reason, or tax payable under the normal tax regime is less than the minimum tax liability in respect of specified categories of taxpayers.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in twenty (20) field offices of FBR, nine hundred and eighteen (918) taxpayers, evaded the minimum tax because either no tax was payable under the normal tax regime or their normal tax liability was less than their minimum tax liability. However, the department did not initiate legal proceedings to recover the tax which resulted in non/short-realization of tax amounting to Rs 20,843.56 million.

These irregularities were pointed out from February to November 2023. The department replied that Rs 1,865.54 million had been recovered, Rs 2,366.74 million had been charged, however, recovery was awaited, proceedings for Rs 10,943.26 million were initiated under the law but not finalized, no reply was furnished for Rs 5,658.32 and amount of Rs 9.70 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursue subjudice cases at appropriate fora and finalize legal proceedings. Further, the Audit recommends strengthening of desk audit and simplification of the tax code regarding withholding tax.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.4.1, 4.4.7, 4.1(vii), 4.6 and 5.7 having financial impact of Rs 28,928 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-8]

4.7 Excess adjustments of withholding tax deductions – Rs 11,791 million

Section 168 of the Income Tax Ordinance 2001, provides that where an amount of tax has been collected or deducted from a payment made to a person by a withholding agent, the person shall be allowed the effect of tax deduction in computing his tax liability under normal tax regime.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in fifteen (15) field offices of FBR, two hundred and sixty-nine (269) taxpayers, claimed tax deductions or tax collection in excess of admissible amount of tax collected or deducted. However, the department neither verified these tax deductions nor recovered due tax from the taxpayers. This resulted in short-realization of tax amounting to Rs 11,790.81 million due to excess adjustments of withheld tax.

These irregularities were pointed out from February to November 2023. The management replied that Rs 15.12 million had been charged but recovery was awaited, proceedings for Rs 3,899.36 million were initiated under the law but not finalized, no reply for Rs 6,687.05 was furnished and an amount of Rs 1,189.28 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursue subjudice cases at appropriate fora and finalize legal proceedings. Moreover, strengthening the monitoring of withholding tax regime along-with introduction of validation checks in IT system for verification of such tax credit.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.4.13, 4.4.5, 4.1(iv), 4.3 and 5.8 having financial impact of Rs 28,993 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-9]

4.8 Non/short-realization of super tax from other than Banking Companies – Rs 92,984 million

Section 4C of the Income Tax Ordinance 2001 provides that super tax shall be imposed for tax year 2022 and onwards at the prescribed rates specified on the income of high earning persons except banking company. Super tax is applicable on the persons whose income is above Rs 150 million.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in sixteen (16) field offices of FBR, super tax was not paid by one thousand and forty-five (1045) taxpayers, belonging to other than banking sector, within the stipulated time. The tax authorities did not initiate legal proceedings to recover the same. This resulted in the non/short-realization of super tax amounting to Rs 105,491.93 million.

This irregularity was pointed out from February to November 2023. The management replied that Rs 12,507.77 million had been recovered, Rs 1,823.03 million had been charged but recovery was awaited, proceedings for Rs 13,974.53 million were initiated under the law but not finalized, no reply was furnished for Rs 38,161.99 and Rs 39,024.61 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursue subjudice cases at appropriate fora, and submit comprehensive replies besides strengthening desk audit for enforcement of super tax.

[Annexure-10]

4.9 Non-taxation of income earned from head of other sources – Rs 26,227 million

According to Section 39 of the Income Tax Ordinance 2001, income of any kind earned by a person in a tax year shall be chargeable to tax in that year under the head “Income from Other Sources”, if the income is not included in any other head of income under the law.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in twelve (12) field offices of FBR, three hundred and eighty-five (385) taxpayers derived taxable income under the head “Income from Other Sources” but did not pay tax on that income. The assessing authorities did not initiate legal action to recover the tax. This resulted in short realization of tax amounting to Rs 26,227.45 million.

The lapse was pointed out from February to November 2023. The management replied that proceedings were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings besides strengthening the desk audit function. Moreover, the performance of the assessing officers should be gauged on the metric of new tax demand created and recoveries thereof.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.4.7, 4.4.15, 4.14 and 5.10 having a financial impact of Rs 5,229 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-11]

4.10 Inadmissible adjustment/claim of refund – Rs 3,437 million

Section 170 of the Income Tax Ordinance 2001, read with Circular No. 05 of 2003 of FBR, provides that a taxpayer who has paid tax in excess of tax liability is eligible for a refund subject to fulfilment of the prescribed conditions.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in twelve (12) field offices of FBR, forty-nine (49) taxpayers claimed excess refunds against tax liability for the tax years. The tax refund adjustments included credits of tax payments without verification of tax payment challans, adjustments of prior year's refunds in the absence of refund orders, or non-accountal of outstanding liabilities. The department did not take corrective action to recover the government dues. This resulted inadmissible issuance and adjustments of refunds amounting to Rs 3,437.09 million.

These irregularities were pointed out from February to November 2023. The management replied that Rs 1.00 million had been recovered, Rs 1,032.80 million had been charged but recovery was awaited, proceedings for Rs 1,135.83 million were initiated under the law but not finalized, no reply was furnished for Rs 201.11 million and amount of Rs 1,066.71 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and finalize legal proceedings besides strengthening post refund audits.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.5.1, 4.5.1, 4.4.1, 4.29 and 5.11 having a financial impact of Rs 13,654 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-12]

4.11 Non-realization of default surcharge on late payment of tax – Rs 11,108 million

According to Section 205 of the Income Tax Ordinance 2001, where a person fails to pay any tax on or before the due date of payment, the person shall be liable to pay default surcharge at the prescribed rate on the unpaid amount of tax.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in fourteen (14) field offices of FBR, two thousand six hundred and four (2604) taxpayers did not pay due tax within the prescribed time under the law. However, tax authorities did not levy and recover default surcharges from the taxpayers. This resulted in the non-realization of default surcharge amounting to Rs 11,114.62 million.

These irregularities were pointed out from February to November 2023. The management replied that Rs 6.74 million had been recovered, Rs 0.85 million had been charged but recovery was awaited, proceedings for Rs 4,465.96 million were initiated under the law but not finalized and no reply for Rs 6,641.07 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and finalize legal proceedings besides fixing of responsibility against the concerned for not enforcing default surcharge. Moreover, consistent enforcement of default surcharge needs to be ensured to prevent misuse of self-assessment regime.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.4.5, 4.4.10, 4.15 and 5.12 having a financial impact of Rs 7,177 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-13]

4.12 Non-recovery of income tax on sales to retailers, wholesalers and distributors - Rs 8,980 million

Sections 236 G & H of the Income Tax Ordinance 2001, provides for the collection of advance tax by manufacturers or commercial importers, distributors, dealers, wholesalers and retailers at prescribed rates while making sales to specified persons. Further, Section 161of the law ibid provides that in case of non-compliance the person responsible for collection will pay the tax.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in fifteen (15) field offices of FBR, one thousand two hundred and fifty-five (1,255) taxpayers did not collect advance tax from retailers, wholesalers and distributors at the time of sale. The department did not initiate legal proceedings which resulted in the non-recovery of tax amounting to Rs 8,991.57 million.

These irregularities were pointed out from February to November 2023. The management replied that Rs 11.50 million had been recovered, proceedings for Rs 1,164.44 million were initiated under the law but not finalized and no reply for Rs 7,815.52 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings and furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and finalize legal proceedings. Enforcement of tax on retailers, distributors and wholesalers should be ensured through risk based desk audit.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.4.7, 4.4.11, 4.23 and 5.14 having a financial impact of Rs 6,195 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-14]

4.13 Non-deduction of tax on income from property – Rs 814 million

Section 155, read with Section 161 of the Income Tax Ordinance 2001, provides that every prescribed person, while making a payment to any person in respect of rent of immovable property is required to deduct tax at the specified rates. In case of non-deduction, the Commissioner enforces the payment of tax by invoking provisions of Section 161 ibid.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in eleven (11) field offices of FBR, three hundred and twelve (312) taxpayers did not deduct the tax while making payments of rent to property owners. This resulted in non-recovery of withholding tax amounting to Rs 814.45 million.

The irregularity was pointed out from February to November 2023. The management replied that Rs 2.21 million had been charged but recovery was awaited, proceedings for Rs 812.24 million were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts besides monitoring of withholding agents for accurate deduction and timely deposit of tax in government's exchequer. Compliance of withholding regime needs to be ensured through Commissioner, IR (Withholding).

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.7.6, 4.7.10, 4.24 and 5.15 having a financial impact of Rs 1,881 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-15]

4.14 Non-deduction of tax on dividend – Rs 5,728 million

Section 150, read with Section 161 of the Income Tax Ordinance 2001, provides that every person paying a dividend shall deduct tax from the gross amount of the dividend at specified rates. In case of non-compliance, the person responsible for the tax deduction is required to pay the tax.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in five (05) field offices of FBR, twenty-nine (29) taxpayers did not deduct tax while making payments of dividend. However, the department did not recover the tax under the law. This resulted in the non-recovery of tax amounting to Rs 5,728.18 million.

These irregularities were pointed out from February to November 2023. The management replied that proceedings were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings and enforcement of monitoring controls over withholding agents. Compliance of withholding regime needs to be ensured through Commissioner, IR (Withholding).

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.7.4, 4.7.4, 4.22 and 5.16 having a financial impact of Rs 3,455 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-16]

4.15 Short-realization of income tax due to inadmissible claims of tax depreciation allowance – Rs 2,044 million

Sections 22 and 23 of the Income Tax Ordinance 2001, provide that a taxpayer is allowed normal and initial depreciation allowance at specified rate in a tax year on the written down value or purchase value of plant and machinery used for the first time in the business.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in six (06) field offices of FBR, thirty-two (32) taxpayers claimed normal and initial depreciation allowance on non-eligible assets (other than Property, Plant and Equipment). The department did not take corrective action of disallowing the depreciation allowance and recover the due tax from the taxpayers. This resulted in a short-realization of income tax amounting to Rs 2,043.97 million.

These lapses were pointed out from February to November 2023. The management replied that Rs 9.63 million had been charged but recovery was awaited, proceedings for Rs 2,034.34 million were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts besides strengthening risk-based desk audit.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21 and 2022-23 vide para numbers 4.4.9, 4.4.17, 4.1(x) and 5.18 having a financial impact of Rs 2,102 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-17]

4.16 Short-realization of tax due to non-apportionment of expenses - Rs 920 million

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

It was observed during the audit of the FYs 2021-22 and 2022-23, that in four (04) field offices of FBR, eighteen (18) taxpayers earned income under normal and final tax regimes. However, the apportionment of expenses in proportion to sales was done incorrectly and higher expenses were allowed under the normal income tax regime. This resulted in less assessments of taxable income under the normal tax regime. The department did not amend assessment orders which resulted in short-realization of tax amounting to Rs 920 million.

The irregularity was pointed out from February to November 2023. The management replied that legal proceedings were initiated but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting legal proceedings and strengthening validation checks in return filing system for apportionment of expenses between final and normal tax regimes. Moreover, risk based desk audit needs to be strengthened besides periodic review and update of the RMS.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.4.4, 4.4.16, 4.1(xi), 4.10 and 5.20 having financial impact of Rs 1,684 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-18]

4.17 Non-recovery of tax on brokerage and commission – Rs 396 million

Section 233 read with Section 161 of the Income Tax Ordinance 2001, provides for tax to be deducted at prescribed rates while making payment to brokerage or commission. Section 161 provides that in case of non-compliance, the person responsible for the tax deduction will pay the tax.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in nine (09) field offices of FBR, one hundred and fourteen (114) taxpayers did not deduct the due amount of tax while making payments of brokerage and commission. However, the department did not take corrective action to recover the due amount of tax. This resulted in non-recovery of tax amounting to Rs 396.24 million.

These lapses were pointed out from February to November 2023. The management replied that Rs 0.99 million had been charged but recovery was awaited, proceedings for Rs 395.25 million were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and finalize the legal proceedings besides strengthening monitoring controls over withholding agents through risk based desk audit and effective utilization of IT based systems

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.7.5, 4.7.9, 4.25 and 5.21 having a financial impact of Rs 516 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-19]

4.18 Non-realization of income tax due to concealment of income – Rs 46,753 million

Section 111 of the Income Tax Ordinance 2001, provides a detailed procedure for taxation of concealed income. According to the provision where a person is the owner of any money or valuable article or has made any investment or credited any amount in his books of accounts, the amount is chargeable to tax if not adequately explained by the taxpayer.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in twelve (12) field offices of FBR, seven hundred and forty-one (741) taxpayers had either shown excess sales and purchases of different items in sales tax returns compared to income tax returns/financial statements or did not explain accretion in assets pertaining to the tax years 2017 to 2022. This implies that the taxpayers concealed their sales, purchases or assets to evade the due tax. The irregularity resulted in the non-realization of income tax of Rs 46,755.19 million.

These irregularities were pointed out from February to November 2023. The management replied that Rs 2 million had been recovered, Rs 16.93 million had been charged but recovery was awaited, proceedings for Rs 6,721.75 million were initiated under the law but not finalized, no reply for Rs 39,980.25 million was furnished and amount of Rs 33.56 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and finalize legal proceedings besides strengthening the integration of Federal and Provincial databases of land records, provincial revenue authorities, excise and taxation etc. Furthermore, cases of mis-statement uncovered due to discrepancies found in Federal and Provincial interfaces may be reported separately in the annual performance report.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21 and 2021-22 vide para numbers 4.4.2, 4.4.1, 4.1(iii) and 4.18 having a financial impact of Rs 55,460 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-20]

4.19 Short-realization of income tax on capital gains – Rs 26 million

According to Section 37(1) read with Section 111 of the Income Tax Ordinance 2001, a gain arising from the disposal of a capital asset by a person in a tax year, other than a gain that is exempt from tax under this Ordinance, shall be chargeable to tax in that year under the head "Capital Gains".

It was observed during the audit of the FYs 2021-22 and 2022-23, that in three (03) field offices of FBR, nine (09) taxpayers derived capital gains from the sale of immovable property during the tax year 2021 and 2022, but failed to pay the tax at prescribed rates. The department did not take any action to retrieve. This resulted in short realization of tax amounting to Rs 25.82 million.

The irregularity was pointed out from February to November 2023. The management replied that proceedings were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings and strengthening desk audit besides strengthening integration with SBP/NBP/SECP.

[Annexure-21]

4.20 Incorrect assessment under respective heads of income – Rs 77,404 million

Section 11 read with the First Schedule to the Income Tax Ordinance, 2001 provides respective head of income for taxation. These heads include income from Salary/Property/Business/Capital Gain and Other Sources. The First Schedule specifies rates for determination of tax liability of taxpayers.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in sixteen (16) field offices of FBR, for two hundred and two (202) cases tax liability was not computed under respective heads of income. The department did not take corrective action to ensure proper assessment of income and levy of tax under each head of income resulting in short levy of tax amounting to Rs 77,403.83 million.

The lapse was pointed out from February to November 2023. The management replied that proceedings for Rs 18,273.14 million were initiated under the law but not finalized, no reply for Rs 5,956.59 million was furnished and amount of Rs 53,174.10 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings, pursue subjudice cases, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends to pursue subjudice cases at appropriate fora, submit comprehensive replies besides strengthening risk-based desk audits.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21 and 2021-22 vide para numbers 4.4.8, 4.4.4, 4.1(i) and 4.1 having a financial impact of Rs 53,745 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-22]

4.21 Incorrect adjustment of brought forward losses – Rs 41,424 million

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

It was observed during the audit of the FYs 2021-22 and 2022-23, that in six (06) field offices of FBR, income of fifteen (15) taxpayers was incorrectly assessed at losses. These losses were either assessed incorrectly or carried forward and set off against business income beyond the prescribed limit of six years. This resulted in short realization of Rs 41,424.19 million for Tax Years 2021 and 2022.

These irregularities were pointed out from February to November 2023. The management replied that proceedings for Rs 18,273.14 million were initiated under the law but not finalized and no reply for Rs 23,158.05 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings and introducing systematic checks in return filing systems to flag cases of abnormal brought forward losses besides strengthening risk-based desk audits.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.4.23, 4.4.2, 4.1(viii), 4.7 and 5.23 having a financial impact of Rs 34,455 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-22]

4.22 Irregular claim of tax credit – Rs 5,556 million

According to Section 100C of the Income Tax Ordinance, 2001 income of non-profit organizations, trusts or welfare institutions are allowed a tax credit equal to one hundred per cent of the tax payable on fulfilling certain conditions, which include that the administrative and management expenditure should not exceed fifteen percent of the total receipts.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in ten (10) field offices of FBR, four hundred and twenty-three (423) taxpayers were not entitled for the tax credits because the taxpayers claimed administrative and management expenditure in excess of the prescribed limit of fifteen percent (15%) of revenue. Therefore, their income was required to be assessed under the law without allowing the tax credit. This resulted in non-levy of tax amounting to Rs 5,556.10 million.

These irregularities were pointed out from February to November 2023. The management replied that proceedings for Rs 856.82 million were initiated under the law but not finalized and no reply for Rs 4,699.28 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings and strengthening of risk-based monitoring of tax credits besides periodically reviewing and updating Risk Management System (RMS) in the light of repeated audit observations.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 vide para numbers 4.4.14, 4.4.14, 4.12 having a financial impact of Rs 1,937 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-24]

4.23 Irregular amendment of assessment orders – Rs 5,408 million

According to section 122(5) read with 177 of the Income Tax Ordinance, 2001 an assessment order in respect of tax year is only amended on the basis of definite information. The detail scrutiny of assessment orders may include; income chargeable to tax has escaped assessment and total income has been under-assessed or assessed at too low a rate.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in four (04) field offices of FBR, for seventy-seven (77) cases the taxation officers charged tax on the lower side than chargeable under normal tax regime in the amended assessment orders. The taxation officers allowed inadmissible expenses while finalizing the assessment orders. Further, the tax authorities while making the assessments adopted lower turnover declared by the taxpayer. This resulted in short levy of tax amounting to Rs 5,407.52 million. Some examples of major taxpayers are given as under:

1. M/s SM Traders (NTN# 5245511), registered with RTO-I, Karachi declared sales of Rs 399 million in sales tax return, while the sales declared in income tax return was Rs 9.9 million in Tax Year 2022. Thus, sales amounting to Rs 389 million were suppressed involving income tax of Rs 135 million. (DP No.2916-IT/K).
2. M/s Fortune Enterprises (NTN# 8289952), registered with RTO-I, Karachi declared sales of Rs 348 million in sales tax return, while the sales declared in income tax return was Rs 3 million in Tax Year 2022. Thus, sales amounting to Rs 345.136 million were suppressed involving income tax amounting to Rs 112 million (DP No.2916-IT/K).
3. M/s Regal Automobile Limited (NTN# 7256902), registered with MTO, Karachi declared sales of Rs 12,610 million in sales tax return, while the sales declared in the income tax return was Rs 12,294 million in Tax Year 2022. Thus, sales amounting to Rs 315 million were suppressed involving income tax of Rs 91 million (DP No.2859-IT/K).

These irregularities were pointed out from August to November 2023. The management replied that proceedings were initiated under the law but not finalized.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings by

12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings besides fixing of responsibility against the concerned.

[Annexure-25]

4.24 Short-realization of tax due to excessive claim of tax credit on donations – Rs 479 million

According to Section 61 of the Income Tax Ordinance, 2001 a person shall be entitled to a tax credit in respect of any sum paid, or any property given by the person in the tax year as a donation, voluntary contribution or subscription. Further, the donation is restricted upto 30% of taxable income in respect of individuals or association of persons and 20% for corporate sector.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in five (05) field offices of FBR, fifty-nine (59) taxpayers while filing their income tax returns claimed tax credits on donations in excess of the prescribed limit. The assessing officers were required to disallow the excess claims of donations and charge the due tax, but the department did not charge the due amount of tax. This resulted in the short realization of tax amounting to Rs 479.17 million.

These irregularities were pointed out from February to November 2023. The management replied that proceedings for Rs 430.67 million were initiated under the law but not finalized and no reply for Rs 48.50 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings besides strengthening internal controls in return filing system for ensuring allowance of tax credit on donations within prescribed limit.

[Annexure-26]

4.25 Non-deduction of tax on salary income – Rs 238 million

According to Section 149 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 the average rate of tax computed at the rates specified in Division-I Part-I to the First Schedule.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in eight (08) field offices of FBR, tax on salary income of one hundred and six (106) taxpayers was not correctly deducted at the time of making payments. The department did not monitor and prevent non-deduction of tax on salary which resulted in the non-realization of tax amounting to Rs 238.46 million.

These irregularities were pointed out from February to November 2023. The management replied that proceedings for Rs 36.46 million were initiated under the law but not finalized and no reply for Rs 202 million was furnished.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings besides strengthening monitoring controls over withholding agents for accurate deduction and timely deposit of tax in government's exchequer.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.7.3, 4.7.8, 4.21 and 5.17 having a financial impact of Rs 1,823 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-27]

4.26 Short-realization of super tax – Rs 12,147 million

According to the provisions of Section 4B of the Income Tax Ordinance 2001, super tax shall be imposed for rehabilitation of temporarily displaced persons on the income of specified taxpayers. The tax shall be imposed at the rate of four percent (4%) in case of banking company.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in two (02) field offices of FBR, twenty-six (26) taxpayers did not pay super tax which resulted in short realization of super tax. The department did not initiate any legal proceedings to levy the super tax due to weak monitoring. This resulted in short-realization of super tax amounting to Rs 17,933.72 million.

These irregularities were reported to the department from February to November 2023. The department replied that Rs 5,786.92 million had been recovered, Rs 1,795.88 million had been charged but recovery was awaited and proceedings for Rs 4,018.60 million had been initiated but not finalized, no reply for Rs 6,022.14 million was furnished and Rs 310.18 million was subjudice.

The DAC, in its meetings held in July, August, December, 2023 and January 2024, directed the department to recover the amounts, finalize legal proceedings, furnish replies by 12th February 2024 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery, finalizing legal proceedings, and strengthening of risk based desk audit and periodic review/update of RMS based on audit observations.

Note: The issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.4.3, 4.4.3, 4.1(v), 4.4 and 5.9 having financial impact of Rs 37,336 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-28]

4.27 Non-realization of Capital Value Tax – Rs 490 million

Section 8 of the Finance Act 2022 provides that Capital Value Tax shall be levied, charged, collected and paid on the value of assets at the rates specified in the First Schedule. The tax shall be charged on the assets like motor vehicles and electric vehicles which are held in Pakistan. Foreign assets of a resident individual where the value of such assets in aggregate exceeds Rupees one hundred million (Rs 100,000,000) shall also be charged CVT at the rate of one percent (1%) of the value of asset.

It was observed during the audit of the FYs 2021-22 and 2022-23, that in three (03) field offices of FBR, fifty-eight (58) taxpayers neither paid Capital Value Tax (CVT) nor did the taxation officers initiate any legal proceedings to recover the due tax. This resulted in non-realization of Capital Value Tax amounting to Rs 490 million.

These irregularities were reported to the department from February to November 2023. The department replied that Rs 36.64 million had been recovered, Rs 190.94 million had been charged but recovery was awaited and proceedings for Rs 299.76 million had been initiated but not finalized.

The DAC in its meeting held on July and December, 2023 directed the field formations to finalize the legal proceedings as per law and report compliance to Audit/FBR within one month. No further progress was reported till finalization of this report.

The Audit recommends expediting recovery and finalizing legal proceedings besides ensuring the compliance of CVT through the office of Commissioner (Automatic Exchange of Information, AEOI).

[Annexure-29]

4.28 Non-realization of tax on deemed income – Rs 16 million

Section 7-E of the Income Tax Ordinance 2001 provides that a resident person shall be treated to have derived income chargeable to tax under this section as "deemed income". This tax is to be charged at an amount equal to five percent (5%) of the fair market value of capital assets situated in Pakistan as per rates specified in the First Schedule. This tax is a final tax and is not to be reduced by any tax credits.

It was observed during the audit of FY 2022-23, that in four (04) field offices of FBR, that eleven (11) taxpayers neither paid tax on deemed income nor did the taxation officers initiate any legal proceedings to recover the due tax. This resulted in non-realization of tax on deemed income amounting to Rs 16 million.

These irregularities were reported to the department from February to November 2023. The department replied that cases were under examination/ scrutiny.

The DAC in its meeting held in July and December 2023, directed the field formations to finalize under process cases as per law and report compliance to Audit/FBR within one month. No further progress was reported till finalization of this report.

The Audit recommends finalize under process cases besides strengthening risk-based desk audits and monitoring of deemed income.

[Annexure-30]

4.29 Non-verification of agricultural income – Rs 428 million

According to Section 111 read with 41 of the Income Tax Ordinance 2001, provides that the taxpayer is eligible for exemption of agricultural income to the extent of such income which calculated on the basis of work back of agriculture income tax paid under the relevant provincial laws.

It was observed during the audit of the FYs 2021-22 and 2022-23, in two (02) field offices of FBR, one hundred and forty-five (145) taxpayers claimed exemption of agricultural income, but the evidence of work back of agricultural income tax and land tax as per provincial law was not ascertained/verified by the department. This resulted in non-verification of exempt agriculture income amounting to Rs 427.64 million.

These irregularities were reported to the department from February to November 2023. The department replied that cases were under examination/ scrutiny.

The DAC in its meetings held in July and December 2023, directed the field formations to finalize under process cases and report compliance to Audit/FBR within one month. No further progress was reported till finalization of the report.

The Audit recommends finalization of under process cases besides enforcement and monitoring of agricultural income through measures including interlinkage with database of Board of Revenue of the respective province. The omission may be justified and evidence for the payment of provincial taxes may be furnished to the Audit.

[Annexure-31]

CHAPTER-5 SALES TAX

5.1 Non-realization of sales tax due to concealment of sales – Rs 26,831 million

According to Section 3(1) read with Section 26 of the Sales Tax Act, 1990 there shall be charged, levied and paid sales tax at the prescribed rates on the value of taxable supplies made by a registered person. Further, every registered person shall furnish a true, complete and correct return in the prescribed form.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in fifteen (15) field offices of FBR, six hundred and ten (610) registered persons declared less sales in sales tax returns as compared with income tax returns. Further, the registered persons either declared less production (compared to electricity bills) or less value addition. The department did not initiate legal proceedings to recover the due tax. This resulted in non-realization of sales tax amounting to Rs 26,831.26 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 1,062.17 million were under recovery, legal proceedings for Rs 11,174.93 million had been initiated, Rs 14,562.80 million were under adjudication, and in cases amounting to Rs 31.36 million no response was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January 2024, directed the department to expedite the recovery, complete the legal/adjudication proceedings and submit comprehensive replies. No further progress was reported till the finalization of this report.

The Audit recommends to ensure expeditious recovery of government revenue and ensure comprehensive integration of sales tax and income tax return filing systems besides strengthening risk-based desk audit.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20 and 2022-23 vide para numbers [4.1.3, 4.1.13, 4.1.18], [4.1.2, 4.1.13] and [5.12, 6.2.3.11] respectively having a financial impact of Rs 26,540.14 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-32]

5.2 Inadmissible adjustment of input tax credit on invoices of suspended/blacklisted taxpayers – Rs 17,723 million

According to Section 21 of the Sales Tax Act 1990, during the period of suspension of registration, the invoices issued by such person shall not be entertained for the purposes of sales tax refund or input tax credit, and once such person is blacklisted, the refund or input tax credit claimed against the invoices issued by him, whether prior or after such blacklisting, shall be rejected through a self-speaking appealable order and after affording an opportunity of being heard to such person.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in seven (07) field offices of FBR, one hundred and thirty-two (132) registered persons adjusted input tax credit against invoices issued by blacklisted/suspended registered persons. The tax authorities did not monitor or initiate legal proceedings to recover the due tax. This resulted in inadmissible adjustment of input tax amounting to Rs 17,722.54 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 318.58 million were under recovery, legal proceedings for Rs 1,5051.16 million had been initiated, Rs 1,991.71 million were under adjudication, Rs 132.72 million were pending in courts and in cases amounting to Rs 228.37 million, no response was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, pursue the subjudice cases and submit comprehensive reply. No further progress was reported till the finalization of this report.

The Audit recommends expediting the legal proceedings. Furthermore, IT-system based controls should be introduced to disallow/defer input adjustments claimed on invoices issued by black-listed/suspected registered persons.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide paras number 5.5.4, 4.1.7, 5.2 & 6.2.3.10 respectively having a financial impact of Rs 11,023.19 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-33]

5.3 Evasion of sales tax due to issuance of fake/flying invoices - Rs 9,978 million

According to Section 8A and 8(1)(d) of the Act ibid, where a registered person receiving a taxable supply of the goods suspects that the goods were supplied without payment of due tax, such person as well as the person making the taxable supply shall be jointly and severally liable for payment of such unpaid amount of tax. Moreover, a registered person shall not be entitled to reclaim or deduct input tax paid on fake invoices.

It was observed during the audit of the FY 2022-23 that in two (02) field offices of FBR, three (03) registered persons declared huge purchases of taxable goods and adjusted input tax against output tax in their sales tax returns. Further probe of these abnormal transactions revealed that the suppliers of the taxpayers in supply chain were not paying any sales tax due to the reason that they had adjusted fake credit notes against output tax. Resultantly, their liability of sales tax was in the negative. The lapse resulted in evasion of sales tax amounting to Rs 9,977.52 million.

These irregularities were reported to the department from August to November, 2023. RTO Peshawar replied that investigation and audit proceedings had already been initiated. Accordingly, taxpayers were blacklisted and show-cause notices were also issued. Further, FIRs were also lodged before Customs Judge, Peshawar. In case of RTO Lahore, it was informed that as per taxpayer’s profile, the declared address of the registered person was Skardu. Therefore, a letter had been issued to the Second Secretary (Jurisdiction), FBR for the transfer of the case to the concerned office i.e. RTO Abbottabad on the point of jurisdiction.

The DAC, in its meeting held in January, 2024 directed the department to share the outcomes of proceedings and submit progress to Audit and FBR. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery of the revenue besides strengthening controls to verify the registered person’s input data and vetting of actual particulars like business address etc. at the time of registration by concerned tax office.

[DP Nos.22409-ST & 22410-ST]

5.4 Short-realization of sales tax due to non-apportionment of input tax – Rs 7,735 million

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

It was observed during the audit of the FYs 2021-22 and 2022-23 that in fourteen (14) field offices of FBR, one hundred and fifty-three (153) registered persons either adjusted input tax on exempt supplies or made sales to unregistered persons in excess of the prescribed threshold. The registered persons were required to apportion the input tax between taxable and exempt supplies and against sales made to unregistered persons to arrive at their liability. However, entire amounts of input tax were adjusted without subject apportionment. The tax authorities did not initiate proceedings to recover the due tax. This resulted in short-realization of sales tax due to non-apportionments of input tax amounting to Rs 7,735.10 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 524.45 million were under recovery, legal proceedings for Rs 1,748.58 million had been initiated, Rs 4,970.83 million were under adjudication, and in cases amounting to Rs 491.24 million, no response was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery and legal proceedings and strengthen risk-based desk audits besides introducing systematic checks in the sales tax return filing system to link and cross-verify the claimed input for apportionment between taxable and exempt supplies.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide paras number 4.1.7, 4.1.8, 5.2(i), 5.1 & 6.6 respectively having a financial impact of

Rs 13,164.78 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-34]

5.5 Non-recovery of adjudged dues – Rs 5,474 million

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 prescribed procedure.

It was observed during the audit of the FYs 2021-22 and 2022-23 that ten (10) field offices of FBR, in two hundred and twenty-seven (227) cases, did not take prescribed measures for recovery of adjudged dues, like freezing of bank accounts, attachment and sale of moveable/immoveable property even after the lapse of considerable time period. This resulted in non-recovery of Rs 5,473.53 million.

These lapses were reported to the department from February to November 2023. The management replied that cases amounting to Rs 2,097.94 million were under recovery, Rs 2,883.00 million were under re-adjudication, and cases amounting to Rs 492.59 million, were pending in courts.

The DAC, in its meetings held in held in July, August, December 2023 and January, 2024, directed the department to expedite the recovery and pursue the subjudice cases. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery and legal proceedings, regular follow up by higher authorities in cases of adjudged dues, and devising performance indicators for average timelines during assessment proceedings.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide paras number 4.1.5, 4.1.3, 5.13 & 6.1 respectively having a financial impact of Rs 68,727.68 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-35]

5.6 Inadmissible adjustments of input tax credits against sales tax deducted by withholding agents – Rs 3,754 million

According to Section 8A of the Sales Tax Act, 1990, where a registered person receiving a taxable supply of the goods suspects that the goods were supplied without payment of due tax, such person as well as the person making the taxable supply shall be jointly and severally liable for payment of such unpaid amount of tax.

It was observed during the audit of the FY 2021-22 that in three (03) field offices of FBR, six hundred and eighty-seven (687) registered persons reduced their sales tax liability by the amount of withholding tax credit deducted by their buyers. The buyers either filed nil or did not file sales tax returns at all. This resulted inadmissible adjustments of input tax credits amounting to Rs 3,754.14 million.

These irregularities were reported to the department from February to November 2023. The department replied that cases of Rs 2.72 million were under recovery, Rs 7.91 million were under adjudication, and legal proceedings for Rs 3,743.51 million had been initiated.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery and adjudication/ legal proceedings. No further progress was reported till the finalization of this report.

The Audit recommends expediting legal/adjudication proceedings besides enforcement of monitoring controls provided in the law. Compliance of withholding regime needs to be ensured through Commissioner, IR (Withholding).

[Annexure-36]

5.7 In-admissible exemption of sales tax – Rs 3,458 million

According to Section 3(1)(a) of the Sales Tax Act 1990, sales tax is chargeable at prescribed rates of the value of taxable supplies. Further, as per Section-13 ibid, goods specified in Sixth Schedule of the Act ibid, shall be exempt from sales tax.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in fifteen (15) field offices of FBR, three hundred and seven (307) registered persons made supplies of taxable goods (i.e. waste, scrap, fixed assets, free electricity, rice husk and oil by cotton ginner etc.), however, the sales tax was not levied or paid against such supplies. The registered persons claimed inadmissible exemption on supply of taxable goods which resulted in non-realization of sales tax amounting to Rs 3,458.16 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 232.42 million were under recovery, legal proceedings of Rs 1,795.33 million had been initiated, Rs 668.81 million were under adjudication, and in cases amounting to Rs 761.60 million, no response was furnished by the department.

The DAC, in its meetings held in held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends prompt action in cases not finalized and fixing of responsibility for inordinate delay/lapse against the person(s) at fault besides ensuring 100% desk audit of claimed exemptions.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers [4.1.11, 4.1.14, 4.1.15, 4.1.29], [4.1.5, 4.1.15, 4.1.16, 4.1.21], 5.1(i), 5.5, and [6.7, 6.11] respectively having a financial impact of Rs 14,162.97 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-37]

5.8 Short-realization of sales tax due to inadmissible adjustments of input tax credits – Rs 3,149 million

According to Section 8(1) of the Sales Tax Act 1990, input tax adjustment is not admissible on goods or services where sales tax has not been deposited in the government treasury by the respective supplier and where goods have not been used in taxable supplies.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in fourteen (14) field offices of FBR, two hundred and thirty-two (232) registered persons adjusted input tax against purchase invoices of goods where either input tax was not deposited by the suppliers or the goods were not used in manufacturing/taxable supplies. The department failed to monitor and initiate legal proceedings to recover the due tax in these cases. These inadmissible input tax adjustments resulted in short-realization of sales tax amounting to Rs 3,148.85 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 19.86 million were under recovery, legal proceedings for Rs 2,783.02 million had been initiated, Rs 298.98 million were under adjudication, and in cases amounting to Rs 46.99 million, no response was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery and finalization of legal proceedings besides fixing of responsibility against the person(s) at fault. Further, systematic checks in the sales tax return filing system be introduced to link and cross-verify claimed credit.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide paras number 4.1.2, 4.1.4, 5.2(ii), 5.3 and 6.2 respectively having a financial impact of Rs 32,431.27 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-38]

5.9 Unlawful retention of public money in private bank account - Rs 1,155 million

Article 78 of the Constitution of Islamic Republic of Pakistan 1973, provides that all moneys received by the federal government or other moneys received by or on behalf of Federal Government are either part of Federal Consolidated Fund or Public Account. Further, according to Cash Management & Treasury Single Account Policy 2019-2029, all amounts of Public money shall be reverted to the TSA, within the frame work of different authorized accounts of Government in the State Bank of Pakistan. Moreover, if any account is opened in a scheduled bank without a specific authorization by the Federal Government, disciplinary proceedings shall be initiated against the head of the organization and Principal Accounting Officer concerned under the relevant laws/rules.

It was observed during the audit of the FY 2022-23 of FBR (HQ), Islamabad, that service charges at the rate of Rs 1 per invoice had been collected and deposited by retailers integrated with the Board’s Point of Sales (POS) system. The proceeds were deposited in a private bank account of Allied Bank Limited, Blue Area, Islamabad. The Commissioner retained the money in a private bank account without the authorization of Finance Division and in violation of provisions of Pubic Finance Management Act 2019 and Treasury Single Account Policy. This resulted in unlawful retention of public money in private bank amounting to Rs 1,155.13 million.

The lapse was pointed out to the department during September, 2023 with the request that the reason for non-deposit of public money into federal treasury may be explained and transfer the money into government exchequer under intimation to Audit. FBR (HQ) replied that money collected is a non-tax revenue and deposited in the Common Pool Fund Account maintained after the approval of the competent authority.

The Audit holds that Point of Sale (POS) fee has been levied through SRO No.1279(I)/2021 dated 30.09.2021 issued under Sales Tax Act 1990, therefore, is part of Consolidated Fund. Thus, the amount was required to be deposited in Treasury Single Account (TSA) instead of a private bank account.

The DAC, in its meeting held in January, 2024 directed the department to deposit the money into national exchequer. No further progress was reported till the finalization of this report.

The Audit recommends to deposit the money along with interest in the public exchequer.

[DP No.22340-ST]

5.10 Non-imposition of penalties and default surcharge – Rs 870 million

According to Section 33, read with Section 34 of the Sales Tax Act 1990, if a person fails to furnish a return within the due date, such person shall pay a penalty of ten thousand rupees (Rs 10,000). Further, if any person who knowingly or fraudulently makes a false statement, such person shall pay a penalty of twenty-five thousand rupees (Rs 25,000) or one hundred per cent (100%) of the amount of tax involved, whichever is higher. Moreover, a registered person who does not pay the due tax or any part thereof in time is liable to pay a default surcharge in addition to the due tax.

It was observed during the audit of the FYs 2021-22 and 2022-23 that eighteen (18) field offices of FBR, in cases of two thousand one hundred and sixty-three (2163) taxpayers, did not impose penalty and default surcharge. The registered persons either did not submit sales tax returns or submitted the returns late or deposited the sales tax after due dates. The department did not initiate legal proceedings against these registered persons. This resulted in non-imposition of penalties and default surcharge amounting to Rs 869.95 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 19.24 million were under recovery, legal proceedings for Rs 645.26 million had been initiated, Rs 43.46 million were under adjudication, and in cases amounting to Rs 161.99 million, no response was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery/adjudication/legal proceedings and submitting updated replies besides enforcement of leviable penalties and default surcharge.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide paras number 4.1.46, 4.1.18, 5.14 & 6.10 respectively having a financial impact of Rs 2,274.47 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-39]

5.11 Short payment of sales tax due to mis-declaration in tax return/record - Rs 708 million

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

It was observed during the audit of the FYs 2021-22 and 2022-23 that in four (04) field offices of FBR, twenty-six (26) registered persons paid less sales tax than the liability depicted in their annual financial statements. The tax authorities did not take action to recover the amount from the taxpayers despite the fact that both set of data i.e. sales tax returns and financial statements were available with the department. The lapse resulted in short payment of sales tax amounting to Rs 708.10 million.

These irregularities were reported to the department during February to November 2023. The management replied that legal proceedings for Rs 673.31 million had been initiated and cases amounting to Rs 34.79 million were under adjudication.

The DAC, in its meetings held in July, August, December 2023 and January 2024, directed the department to expedite legal/adjudication proceedings.

The Audit recommends to finalize adjudication proceedings, besides implementing risk-based desk audit and monitoring of financial statements.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2021-22 and 2022-23 vide paras number 5.10 and 6.14 respectively having a financial impact of Rs 280.26 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-40]

5.12 Inadmissible payment of sales tax refunds – Rs 513 million

Section 10 of the Sales Tax Act 1990 read with Rule-33 of the Sales Tax Refund Rules 2006, provides that refund shall be paid to the extent of the input tax paid on purchases/imports that are actually consumed in the production. Moreover, according to Section 73 of the Act ibid, transactions exceeding the value of fifty thousand rupees shall be made through banking channels. Furthermore, as per Rule 39B of Chapter V-A of the Rules ibid, FASTER Module for sales tax refund apply to refund claims for the tax period July, 2019, and onwards, as filed by the exporters of five export-oriented sectors namely textile, carpets, leather, sports goods and surgical instruments on account of export of goods.

It was observed during the audit of the FYs 2021-22 and 2022-23 that six (06) field offices of FBR, in sixty-nine (69) cases, sanctioned and paid refunds in excess of the input tax consumed in zero-rated/exported goods or without verifying the proof of payments through banking channels or variation of stocks. Moreover, in sixty-two (62) cases sales tax refund was sanctioned to the claimants who did not fall in the category of five export oriented sectors. This resulted in inadmissible payment of sales tax refunds of Rs 513.13 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 9.64 million were under recovery, legal proceedings for Rs 499.29 million had been initiated and Rs 4.20 million were under adjudication.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery and complete the legal/adjudication proceedings. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery and to finalize the legal proceedings besides initiating disciplinary proceedings against the person(s) at fault.

<u>Note:</u> This issue was also reported earlier in the Audit Reports for the Audit Years 2019-20, 2020-21, 2021-22 and 2022-23 vide paras number [4.2.1, 4.2.2], [4.2.1, 4.2.2], 5.6, [5.19, 5.20] and 6.4 respectively having a financial impact of Rs 7,119.22 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-41]

5.13 Non-withholding of sales tax – Rs 501 million

According to Section 3(7) read with S.No.4 & 5 of the Eleventh Schedule of the Sales Tax Act 1990, a tax is to be withheld at prescribed rates by any person or class of persons being (purchaser of goods or services) as withholding agent for depositing the same. Corporate sector is responsible for withholding sales tax @5% on purchases from persons other than active taxpayers. In case of advertisement services, the registered persons shall withhold the whole of the applicable sales tax.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in ten (10) field offices of FBR, one hundred and four (104) registered persons did not withhold sales tax on payment of goods purchased from unregistered persons or on account of advertisement services. The tax authorities did not initiate legal proceedings to recover the due tax. This resulted in non-withholding of sales tax amounting to Rs 500.97 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 56.46 million were under recovery, legal proceedings for Rs 267.87 million had been initiated, Rs 149.63 million were under adjudication, and in cases amounting to Rs 27.01 million no response was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery and to finalize adjudication and initiating legal proceedings where action is awaited besides fixing of responsibility against the person(s) at fault. Moreover, effective monitoring of withholding taxes through automated system be ensured.

<u>Note:</u> This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide paras number 4.7.1, 4.7.1, 5.17 and 6.3 respectively having a financial impact of Rs 13,270.31 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-42]

5.14 Excess adjustments of input tax – Rs 229 million

According to Section 8B of the Sales Tax Act 1990, a registered person shall not be allowed to adjust input tax in excess of ninety per cent (90%) of the output tax for the tax period for which the return was filed.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in three (03) field offices of FBR, thirty-one (31) registered persons adjusted the whole amount of input tax against output tax instead of the permissible limit of ninety percent (90%) of output tax. The department did not initiate legal action to recover the revenue. This resulted in excess adjustment of input tax amounting to Rs 228.74 million.

These irregularities were reported to the department from February to November 2023. The department replied that cases amounting to Rs 15.42 million were under adjudication and legal proceedings for Rs 213.32 million had been initiated.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to complete the legal/adjudication proceedings. No further progress was reported till the finalization of this report.

The Audit recommends to finalize adjudication/legal proceedings besides instituting risk based desk audits and implementing validation checks in the return filing system to automatically disallow adjustments beyond the prescribed limit.

<u>Note:</u> This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide paras number 4.1.33, 4.1.14, 5.6 & 6.12 respectively having a financial impact of Rs 1,671.97 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-43]

5.15 Non-realization of sales tax due to in-admissible claim of zero rating of tax – Rs 208 million

According to Section 4 read with the Fifth Schedule of the Sales Tax Act 1990, goods specified therein shall be charged to tax at the rate of zero per cent. Further, as per Section 3(1)(a) of the Act ibid, sales tax is chargeable at prescribed rate of the value of taxable supplies.

It was observed during the audit of the FY 2022-23 that in three (03) field offices of FBR, seven (07) registered persons, claiming zero rated supplies, made supplies of taxable goods (i.e. molasses, cotton and pharmaceutical goods etc.). Resultantly, the sales tax was not paid against such supplies. The registered persons claimed inadmissible zero rating on supply of taxable goods and the department did not monitor these cases which resulted in non-realization of sales tax amounting to Rs 208.01 million.

These irregularities were reported to the department from September to November 2023. The management replied that cases amounting to Rs 51.12 million were under adjudication and no reply was furnished for Rs 156.89 million.

The DAC, in its meeting held in January, 2024 directed the department to complete the adjudication proceedings and submit comprehensive replies. No further progress was reported till the finalization of this report.

The Audit recommends prompt action in finalization of the cases and fixing of responsibility against the person(s) at fault besides strengthening risk based desk audits and periodic review/update of RMS based on audit observations.

[Annexure-44]

5.16 Non-realization of further tax – Rs 163 million

According to Section 3(1A) of the Sales Tax Act 1990, in case of a supply of taxable goods to unregistered persons, further tax at the rate of three per cent (3%) shall be charged on the value in addition to the rate specified in Section 3 and 4 of the Act.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in ten (10) field offices of FBR, forty-two (42) registered persons made taxable supplies to unregistered persons, however, the applicable further tax was not realized under the law. The tax authorities did not initiate legal proceedings to recover the due tax. This resulted in the non-realization of further tax amounting to Rs 163.29 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 1.78 million were under recovery, legal proceedings for Rs 103.53 million had been initiated, Rs 42.86 million were under adjudication, and in cases amounting to Rs 15.12 million, no response was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery and to finalize adjudication/ legal proceedings besides strengthening IT based controls to apply further tax in cases where sales are made to unregistered buyers.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.1.17, 4.1.11, 5.3, 5.7 & 6.8 respectively having a financial impact of Rs 3,974.47 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-45]

5.17 Short-realization of sales tax due to application of incorrect tax rates – Rs 100 million

According to section 3 of the Sales Tax Act, 1990, there shall be charged levied and paid sales tax at the rate of eighteen percent (18%) of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. Furthermore, according to SRO 297(I)/2023 dated 8th March, 2023, the rate of sales tax has been prescribed at twenty-five per cent (25%) on supply of certain goods.

It was observed during the audit of the FY 2022-23 that in three (03) field offices of FBR, twenty (20) registered persons made supplies of taxable goods and charged sales tax at lower than the applicable rate against such supplies. The department did not initiate legal proceedings to recover the government dues. This resulted in short-realization of sales tax amounting to Rs 99.91 million.

These irregularities were reported to the department from September to November, 2023. The management replied that cases amounting to Rs 1.41 million were under recovery and Rs 98.50 million were under adjudication.

The DAC, in its meetings held in January, 2024 directed the department to expedite the recovery and complete the adjudication proceedings. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery/legal proceedings and prompt re-assessment of correct sales tax liability besides strengthening risk based desk audits.

[Annexure-46]

5.18 Non-realization of minimum sales tax liability – Rs 31 million

According to Rule 157 of Sales Tax Rules 2006, if a registered person fails to file a return by the due date, his minimum liability would be determined in the prescribed manner. Moreover, Rule 158 (1) of the law ibid provides that the minimum tax liability of the registered person for a tax period shall not be less than the highest amount of tax paid by the registered person in any of the tax periods during the previous twelve months.

It was observed during the audit of the FYs 2021-22 and 2022-23 that in three (03) field offices of FBR, fifteen (15) registered persons did not file sales tax returns for certain tax periods. The tax authorities were required to recover minimum tax liability, however, no efforts were made to recover the government revenue. This resulted in non-realization of minimum tax liabilities of Rs 31.13 million.

These irregularities were reported to the department in February to November 2023. The department replied that cases of Rs 2.56 million were under recovery, legal proceedings for Rs 8.40 million had been initiated, Rs 4.70 million were under adjudication, and in cases of Rs 15.47 million, no response was furnished by the department.

The DAC, in its meetings held in August, 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends to expedite the legal/adjudication proceedings, incentivize early submission of sales tax returns and consistent enforcement of minimum tax and penalties where returns are not submitted timely.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2020-21, 2021-22 and 2022-23 vide paras number 4.1.28, 5.1(ii), 5.11 and 6.15 respectively having a financial impact of Rs 575.76 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-47]

5.19 Non-registration of potential taxpayers liable for registration - Rs 4,632 million

According to Section 2(5AB), 2(25) & 14 of the Sales Tax Act, 1990, every person engaged in making taxable supplies in Pakistan, including zero-rated supplies, any manufacturer having turnover of taxable supplies of more than eight million rupees (Rs 8,000,000) or having an industrial gas or electricity connection, if not already registered, is required to be registered under this Act. Further, Section 3, read with Section 26 of the Act, provides that any person making taxable supplies shall pay sales tax at the prescribed rate and furnish true and correct information while filing his sales tax return.

It was observed during the audit of the FYs 2021-22 and 2022-23 that eight (08) field offices of FBR did not register two thousand thirty-eight (2038) persons even though they are manufacturer, retailer, distributor, wholesaler, dealer, and having large volume of business as evident from income tax record and met the prescribed conditions for compulsory sales tax registration. Non-registration of taxpayers resulted in potential tax effect amounting to Rs 4,632.24 million.

These irregularities were reported to the department from February to November 2023. The department replied that legal proceedings for Rs 4,073.61 million had been initiated, Rs 219.02 million were under adjudication, and in cases amounting to Rs 339.61 million, no reply was furnished by the department.

The DAC, in its meetings held in July, August, December 2023 and January 2024, directed the department to expedite the recovery, complete the legal/adjudication proceedings, and submit comprehensive reply where no response was furnished. No further progress was reported till the finalization of this report.

The Audit recommends to finalize adjudication/legal proceedings besides introduction of systematic checks in the return filing systems to flag such cases. In addition to above, monitoring mechanisms for high value transactions may be evolved and reviewed periodically.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.1.16, 4.1.23, 5.5, 6.2.3.3 & 6.2.3.12 respectively having a financial impact of

Rs 2,814.26 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-48]

5.20 Non-conduct of post-refund audit

According to Rule 36(1) of the Sales Tax Refund Rules 2006, after disposing of the refund claims, the officer-in-charge shall forward the relevant file to the Post Refund Audit Division for post-refund audit, which shall include verification of input tax payment by respective suppliers along with compliance of Section 73 of the Sales Tax Act 1990.

It was observed during the audit of the FYs 2021-22 and 2022-23 that eleven (11) field offices of FBR, in two thousand four hundred and ninety-nine (2499) cases, paid sales tax refund amounting to Rs 61,217.06 million. However, post refund audit (PRA) was not conducted to verify input tax consumption in zero-rated/exported goods. The authenticity of refund could not be established without conducting post refund audit.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 22.79 million were under recovery, legal proceedings for Rs 20,752.43 million had been initiated, Rs 172.38 million were under adjudication, and in cases amounting to Rs 40,269.46 million, no response was furnished by the department. The Audit requires the department to disclose number of post refund audits conducted and share the findings with the Audit.

The DAC, in its meetings held in July, August, December 2023 and January, 2024 directed the department to expedite the recovery, complete the legal/adjudication proceedings and submit updated reply in non-responded cases. No further progress was reported till the finalization of this report.

The Audit recommends expediting the recovery and finalization of post-refund audit and legal proceedings in the cases pointed out by the audit, improving the post-refund audit system, and sharing the post refund audit reports with the external Audit for effective feedback.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2020-21, 2021-22 and 2022-23 vide paras number 5.5.1, 5.17, 5.21 & 6.17 respectively having a financial impact of Rs 27,614.78 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-49]

CHAPTER-6 FEDERAL EXCISE DUTY

6.1 Non/short-realization of Federal Excise Duty – Rs 2,773 million

According to section 3 of the Federal Excise Act, 2005, there shall be levied and collected federal excise duty on excisable goods at prescribed rates.

It was observed during the audit of the FYs 2020-21 and 2021-22 that two (02) field offices of FBR, in eight (08) cases did not levy and collect federal excise duty amounting to Rs 2,772.78 million on dutiable goods (franchise fee, cement, natural gas & motor vehicles). This resulted in non/short realization of federal excise duty amounting to Rs 2,772.78 million.

These irregularities were reported to the department from February to November 2023. The management replied that cases amounting to Rs 37.72 million were under adjudication, Rs 2,712.19 million were under process and in cases amounting to Rs 22.87 million, no response was furnished by the department.

The DAC in its meetings held in July, August, December 2023 and January, 2024 directed the department to finalize the under process cases, adjudication proceedings and showed its serious concern in non-responded cases. No further progress was reported till the finalization of this report.

The Audit recommends to finalize the under process cases/adjudication proceedings and reinforcing integration of return filing systems besides strengthening risk based desk audits.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2019-20, 2021-22 and 2022-23 vide para number 4.3.1, 6.3 & 6.4 and 7.1 respectively having a financial impact of Rs 3,076.06 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-50]

6.2 Non-realization of default surcharge – Rs 194 million

According to Section 8 of the Federal Excise Act, 2005, if a person does not pay the duty due or any part thereof within the prescribed time or receives a refund of duty or drawback or makes an adjustment which is not admissible to him, he shall, in addition to the duty due, pay default surcharge at the rate of twelve per cent (12%) per annum of the duty due, refund of duty or drawback.

It was observed during the audit of the FY 2021-22 that in Large Taxpayer Office Karachi, five (05) registered persons deposited amount of federal excise duty after the due dates which attracted levy of default surcharge. The same was not imposed by the department which resulted in non-realization of default surcharge amounting to Rs 193.62 million.

These irregularities were reported to the department from March to June 2023. The management replied that Rs 193.62 million were under process.

The DAC in its meetings held in July and December 2023 directed the department to finalize the under process cases. No further progress was reported till the finalization of this report.

The Audit recommends to expedite under process cases, incentivize early submission of returns, and consistent enforcement of penalties.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2019-20, 2021-22 and 2022-23 vide para number 4.3.2, 6.6 and 7.2 respectively having a financial impact of Rs 1,441.10 million. The recurrence of the same irregularity is a matter of serious concern.

[DP No.7126-FED]

6.3 Non/short deposit of federal excise duty on air tickets – Rs 155 million

According to Rule 41A (14) of the Federal Excise Rules, 2005, the airlines shall deposit in the treasury of Government of Pakistan, the entire amount of excise duty collected on international air travel without making any input tax adjustments.

It was observed during the audit of the FY 2020-21 that in Medium Taxpayers Office (MTO), Karachi, M/s Air Arabia (NTN 7190459) did not deposit due amount of federal excise duty during the tax period February and March 2021. Moreover, the department did not initiate any proceedings/action to recover the duty. The omission resulted in non/short payment of FED amounting to Rs 154.80 million.

The irregularity was reported to the department in March 2023. The management replied that Rs 154.80 million were under process.

The DAC in its meeting held in July and December 2023 directed the department to finalize the under process cases. No further progress was reported till the finalization of this report.

The Audit recommends to finalize under process cases besides strengthening risk-based desk audits.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19 and 2021-22 vide para number 4.3.1 and 6.1 respectively having a financial impact of Rs 7,114.51 million. The recurrence of the same irregularity is a matter of serious concern.

[DP No. 7129-FED]

CHAPTER-7 CUSTOMS DUTY

7.1 Blockage of revenue due to non-disposal of confiscated goods/vehicles - Rs 13,556 million

According to section 182 of the Customs Act 1969, read with sections 82, 89, 169 and 201 ibid, Customs General Order 12 dated 15.06.2002, and Rule 58(1) of the Customs Rules 2001, confiscated goods are required to be disposed of after observing codal formalities within the shortest possible time.

It was observed during the audit of the FYs 2021-22 and 2022-23 that twenty-four (24) field offices of FBR, in four thousand seven hundred and eleven (4,711) cases did not dispose-of confiscated goods, including vehicles and valuables, i.e. gold, silver and foreign currency, as per law. Goods/vehicles were lying in warehouses since 2017 which may result in declining value/quality/fitness for human consumption. This resulted in a blockage of revenue of Rs 13,556.30 million.

These instances were pointed out from February to November 2023. The management replied that cases amounting to Rs 128.32 million were under recovery, Rs 13,095.69 million under process, Rs 151.02 million were pending in adjudication, and Rs 123.48 million were pending in court. The management contested an amount of Rs 57.79 million on the plea that the goods were auctioned under auction rules by accepting highest bids. Audit holds that fetching of bids below reserved price is due to delayed auction of goods.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication or pending in courts and submit comprehensive replies in cases under scrutiny, and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursuance of cases under adjudication, and submission of comprehensive replies besides fixing of responsibility on the person(s) at fault.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.8.5, 4.8.1, 7.3, 7.16 and 8.2 respectively having financial impact of Rs 24,498.51 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-51]

7.2 Loss of revenue due to inadmissible exemptions/concessions in duties and taxes – Rs 6,454 million

According to section 19 of the Customs Act 1969, various imported goods have been granted exemptions/concessions in duties and taxes subject to the fulfilment of conditions specified in the law.

It was observed during the audit of the FYs 2021-22 and 2022-23 that eleven (11) field offices of FBR, in three thousand one hundred and twenty-seven (3127) cases granted inadmissible exemptions and concessions in duties and taxes on goods (like television parts, plant and machinery, auto parts, vehicles, chemicals etc.) to importers/exporters who did not qualify for such exemptions. This resulted in loss of revenue amounting to Rs 6,454.11 million due to inadmissible exemptions.

These lapses were pointed out from February to November 2023. The management replied that cases amounting to Rs 96.67 million were under recovery, Rs 52.22 million were under scrutiny, Rs 0.63 million were pending in adjudication, and Rs 6,126.49 million were pending in court of law. The management contested an amount of Rs 178.10 million on the plea that benefit of concerned Schedule/SROs was granted as per law. However, the Audit holds that exemption amounting to Rs 66.31 million under Part-V(A) of the Fifth Schedule to the Customs Act 1969 was not admissible to old and used electric vehicles imported under the baggage scheme. Further, concessionary rates of customs duty were availed amounting to Rs 33.37 million under benefit of SRO 655(I)/2006 in absence of consumption certificates issued by Engineering Development Board (EDB). Moreover, the benefit is available to modems, whereas the goods were not modems and thus incorrectly granted benefit of customs duty amounting to Rs 26.31 million.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication or pending in courts, submit comprehensive replies in cases under scrutiny and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursue cases under adjudication/court of law, submit comprehensive replies in under scrutiny cases, and fixing of responsibility against the concerned besides streamlining/simplifying tariffs.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.8.3,14,16, 4.8.3,11,12, 7.1(ii), 7.3 and 8.4 respectively having a financial impact of Rs 20,906.50 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure- 52]

7.3 Non-reconciliation of import and export of precious metals, jewellery & gemstones

According to SRO 760(I)/2013 dated 02.09.2013, the quantity of gold shall be capped at 25 Kg on revolving basis under entrustment scheme. Further, Precious metals imported under entrustment/self-consignment scheme shall neither be sold in the domestic market nor used for any other purpose except to make and export jewellery within 120 days from the date of import. Failure to export jewellery within stipulated time period shall be penalized under the relevant laws.

It was observed during the audit of the FY 2021-22 that the Collectorate of Customs, JIAP, Karachi cleared precious metals, jewellery & gem stones worth Rs 3,421 million, however, the Audit observed the following irregularities:

(a) In some cases, excess quantity of gold was imported by the importers than the capped quantity of 25 kg.

(b) 1% cash margin/bank guarantees were released without making any reconciliation process.

(c) Records pertaining to import and export of gold were maintained manually and no automation has been adopted by the Collectorate for its reconciliation.

(d) The Collectorate allowed the importers to file Goods Declarations (GDs) through One-Customs instead of WeBOC system.

These irregularities were pointed out in May 2023. The management replied that the gold was cleared by the customs authorities on production of Jewellery Passbook issued to them by the Trade Development Authority Pakistan (TDAP), which is the concerned regulatory authority. The role of customs authorities was limited only to the extent of facilitation to the importers/exporters of gold/gold jewellery and to verify the description and quantity etc. of the gold on the basis of advance information submitted by the importers and to make relevant entries in the Passbook issued by the TDAP. Furthermore, Change Request Form for development of module in WeBOC system had already been sent to the Directorate of Reforms and Automation, Custom House, Karachi. The Audit holds that due to non-reconciliation re-export of the imported goods and realization of the due amount of foreign exchange is not verifiable. Furthermore, the Collectorate could not provide evidence of observing prescribed ceiling of 25 kg in all the cases. Moreover, no justification was provided by the department on non-utilization of WeBOC in the instant cases.

The DAC, in its meetings held in September 2023 and January 2024, directed the department to take up the matter with the concerned regulatory authorities for reconciliation of quantity of imported and exported gold. The DAC further directed to develop module in the WeBOC system and in present audit para Collectorate may submit reconciliation and take action in cases of excess imported quantity of gold.

The Audit recommends proper justification of non-reconciliation of import export of gold, non-automation of the scheme, besides fixing of responsibility on the person(s) at fault.

[PDPs No. 2669 & 2670-CD/K]

7.4 Illegal removal of imported goods from bonded warehouse evading duties / taxes – Rs 1,387 million

According to section 86 and 117(2) of the Customs Act, 1969, every private warehouse shall be under lock and key of both the licensee and appropriate officer of customs. The owner of the goods to which it relates shall furnish an indemnity bond and post-dated cheque equivalent to the duty assessed under Section 80 or section 81 or assessed under section 109 on such goods.

It was observed during the audit of the FY 2022-23, that in the Collectorate of Customs, Hyderabad, a licensee M/s HSJ Metal (Pvt) Limited, illegally removed imported goods i.e. iron and steel scrap and silico-manganese without payment of duty/taxes amounting to Rs 1,387.10 million. The department did not implement above provisions of law regarding annual audit and stock-taking etc.

These irregularities were reported to the department in November 2023. The management reported that the Collectorate had time and again directed the importer to ex-bond overstayed goods and get stocks verified. The Collectorate had also requested Collectors Appraisement (East), (West) and Port Qasim to encash securities submitted at the time of import besides auctioning imported goods lying at the ports. The Collectorate informed that post-dated cheques had expired and the Collectorates of Appraisement i.e. (East), (West), (PMBQ), Karachi did not revalidate post-dated cheques submitted at the time of import and were expired/time-barred. The Collectorate further informed that the FIR was also lodged against the bonder and matter is also pending in Sindh High Court.

The DAC, in its meeting held in January 2024 expressed serious concerns on unsatisfactory performance and directed that action may also be taken against the clearing Collectorates since they did not initiate timely action for either encashing the securities which ultimately expired. The DAC further directed to pursue the cases at appropriate legal fora besides fixing of responsibility on the person(s) at fault. No further progress was reported till the finalization of this report.

The Audit recommends implementation of DAC directives besides effective monitoring of bonded warehouses and recovery of duty/taxes involved and fixing of responsibility on the person(s) at fault.

[DP No. 3140-CD/K]

7.5 Incorrect assessment of duties and taxes – Rs 1,002 million

According to Section 18 of the Customs Act 1969, duty and taxes are assessed as per the Pakistan Customs Tariff and duties levied vide various SROs issued by the Board from time to time.

It was observed during the audit of the FYs 2021-22 and 2022-23 that ten (10) field offices of FBR, in three hundred seventy-six (376) cases had cleared imported goods (namely motor spirit, bags, wallets, boxes, semi-automatic pistols, etc.) upon payment of duty and taxes at less than leviable rates thereon due to incorrect assessments by the customs authorities. This indicated weak monitoring of assessments by the customs authorities. This resulted in short realization of duties and taxes amounting to Rs 1,002.12 million.

These irregularities were pointed out from February to November 2023. The management replied that cases amounting to Rs 18.00 million were under recovery, Rs 306.78 million were under scrutiny, Rs 7.85 million were pending in adjudication, and Rs 669.49 million were pending in court of law.

The DAC, in its meetings held in September and December 2023, directed the department to expedite recovery, pursue the cases under adjudication or pending in courts and submit comprehensive replies in cases under scrutiny, and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursue cases under adjudication/court of law, and submit comprehensive replies in under scrutiny cases. Moreover, the department should strengthen faceless assessments besides instituting risk-based desk audits.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21 and 2021-22 vide para numbers 4.8.6,22, 4.8.4, 7.1 (v) and 7.9 respectively having a financial impact of Rs 2,772.15 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-53]

7.6 Short-realization of duties and taxes due to under-valuation of imported goods – Rs 870 million

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

It was observed during the audit of the FYs 2021-22 and 2022-23 that seventeen (17) field offices of FBR, in two thousand seven hundred and fifty (2750) cases, either assessed the imported goods (namely porcelain tiles, semi-automatic pistols, CCTV cameras, stainless steel flexible hosepipe, mobile phones, used auto parts, and chandeliers etc.) at lower values as compared to identical/similar goods or did not comply with the valuation rulings issued by the Directorate General of Valuation, Karachi. This resulted in short realization of duties and taxes amounting to Rs 869.84 million.

These instances were pointed out from February to November 2023. The management replied that cases amounting to Rs 108.46 million were under recovery, Rs 237.57 million were under scrutiny, Rs 29.00 million were pending in adjudication and Rs 2.35 million were pending in courts. The management contested an amount of Rs 492.46 million on the plea that goods had been assessed keeping in view the available data and valuation rulings where applicable. Audit holds that the goods were required to be assessed according to specific valuation rulings and dominant data of the same goods.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication or pending in courts, submit comprehensive replies in cases under scrutiny, and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursuance of cases under adjudication, and submission of comprehensive replies in under scrutiny cases. Audit further recommends fixing of responsibility in cases where specific valuation rulings were available but not applied.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.8.10, 4.8.8, 7.1(iii), 7.1 and 8.13 respectively having a financial impact of Rs 4,543.77 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-54]

7.7 Short-realization of duties and taxes due to misclassification of imported goods – Rs 855 million

Goods imported into Pakistan are classified according to PCT headings given in the First Schedule to the Customs Act 1969, for the realization of customs duties and allied taxes.

It was observed during the audit of the FYs 2021-22 and 2022-23 that eight (08) field offices of FBR, in four thousand seven hundred and ninety-eight (4798) cases, cleared various imported goods (like mobile pouches, wooden beads, LED modules, adhesive glue, hacksaw blades etc.) by misclassifying them under incorrect PCT headings, attracting lower rates of duties and taxes instead of correct headings with higher rates. This resulted in short realization of duties and taxes amounting to Rs 855.15 million.

These instances were pointed out from February to November 2023. The management replied that cases amounting to Rs 252.43 million were under recovery, Rs 415.15 million were under scrutiny and Rs 0.24 million were pending in adjudication. The management contested an amount of Rs 187.34 million on the plea that the goods were correctly classified. Audit holds that the goods were misclassified and need to be assessed as per the First Schedule to the Customs Act 1969.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication, submit comprehensive replies in cases under scrutiny, and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursuance of cases under adjudication, and submission of comprehensive replies in under scrutiny cases. Audit further recommends to institute faceless assessments besides strengthening risk-based desk audits.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.8.8, 4.8.5, 7.4 and 8.9 respectively having a financial impact of Rs 2,212.99 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure- 55]

7.8 Non/short-realization of sales tax and value addition tax – Rs 776 million

According to Section 3, 7 and 13 read with Third, Sixth and Eighth Schedules of the Sales Tax Act 1990, there shall be charged, levied, exempted and paid sales tax at prescribed rates on goods imported into Pakistan, irrespective of their final destination inside territories of Pakistan. Further, according to the Twelfth Schedule of Sales Tax Act 1990, value addition tax shall be levied and collected at the rate of three percent (3%) on all imported goods subject to exclusions provided in law.

It was observed during the audit of the FYs 2021-22 and 2022-23 that eighteen (18) field offices of FBR, in six thousand three hundred and sixty-two (6362) cases either did not realize the sales/value addition tax or realized the same at lower than applicable rates on goods (school bags, shoes, cosmetics, mobile phone accessories, auto parts etc.). Non-adherence to relevant laws and weak monitoring controls caused non/short realization of sales tax and value addition tax amounting to Rs 776.28 million.

These irregularities were pointed out from February to November 2023. The management replied that cases amounting to Rs 238.52 million were under recovery, Rs 124.46 million were under scrutiny, Rs 1.28 million were pending in adjudication and Rs 147.18 million were pending in court of law. The management contested an amount of Rs 264.84 million on the plea that the goods were meant for in-house consumption of the importers-cum-manufacturers/ service providers. Audit holds that the goods were finished in nature and not used in manufacturing or furtherance of taxable activity.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication or pending in courts, submit comprehensive replies in cases under scrutiny, and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursuance of cases under adjudication, and submission of comprehensive replies in under scrutiny cases.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.8.13,15,27, 4.8.2,15,22, 7.1(i), 7.2 and 8.8 respectively having a financial impact of Rs 7,388.73 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-56]

7.9 Non-finalization of cases under adjudication – Rs 601 million

According to Section 179(3) of the Customs Act 1969, the cases shall be decided within ninety (90) days of the issuance of show cause notice or within such period extended by the Collector for which reasons shall be recorded in writing, but such extended period shall in no case exceed sixty days.

It was observed during the audit of the FYs 2021-22 and 2022-23 that seven (07) field offices of FBR, in seven hundred and six (706) cases did not finalize adjudication proceedings within stipulated or extended period. This resulted in non-finalization of cases involving revenue amounting to Rs 600.83 million.

These irregularities were pointed out from March to November 2023. The management replied that cases amounting to Rs 513.40 million were finalized/adjudicated, Rs 10.54 million were under recovery, Rs 46.93 million were under adjudication and cases involving Rs 29.96 million were subjudice in the High Court.

The DAC, in its meetings held in September 2023 and January 2024, directed the department to refer the finalized cases to the respective Collectorates for further necessary action as per law, expedite recovery and pursue subjudice cases.

The Audit recommends implementation of DAC directives.

[Annexure-57]

7.10 Non/short-collection of income tax – Rs 594 million

Section 148 of the Income Tax Ordinance 2001, provides income tax collection at the import stage as per rates specified in Part-II of the First Schedule in respect of goods classified in Part I to III of the Twelfth Schedule to the Ordinance.

It was observed during the audit of the FYs 2021-22 and 2022-23 that twelve (12) field offices of FBR, in four thousand two hundred and fifty-one (4251) cases either did not collect tax at the time of clearance of imported goods or collected at lower than specified rates. This resulted in non/short realization of income tax amounting to Rs 593.79 million.

These instances were pointed out from February to November 2023. The management replied that cases amounting to Rs 399.75 million were under recovery, Rs 12.24 million were under scrutiny, and Rs 181.80 million were pending in court of law.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases pending in courts, submit comprehensive replies in cases under scrutiny, and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts besides fixing of responsibility against the concerned.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.8.12, 4.8.28,31, 7.8 and 8.11 respectively having a financial impact of Rs 985.84 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-58]

7.11 Blockage of revenue due to non-clearance of overstayed bonded goods – Rs 392 million

According to Rule 350(2) of the Customs Rules 2001, the goods imported by diplomatic bonded warehouses and duty-free shops for sale to entitled persons can be kept in the bonded warehouse for a period of two years from the date of in-bonding thereof without payment of penal surcharge. Further, Rule 350(4) provides that input goods imported or procured locally by a manufacturing bond licensee shall be consumed within a period which shall run from the date on which the imported goods are placed under the manufacturing bond procedure.

It was observed during the audit of the FYs 2021-22 and 2022-23 that six (06) field offices of FBR, in fifty-five (55) cases did not initiate action for clearance of warehoused goods along with levy of surcharge from the importers who either failed to clear/utilize the warehoused goods within the stipulated or extended period. This resulted in a blockage of revenue amounting to Rs 391.54 million.

These instances were pointed out from February to November 2023. The management replied that cases amounting to Rs 250.44 million were under recovery and Rs 146.20 million were under scrutiny.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, submit comprehensive replies in cases under scrutiny and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and submission of comprehensive replies in under scrutiny cases besides fixing of responsibility against the concerned.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.8.23, 4.8.19, 7.10 and 8.7 respectively having a financial impact of Rs 384.61 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-59]

7.12 Loss of revenue due to fraudulent clearance of non-existent mobile phones at nominal values – Rs 360 million

Section 80 of the Customs Act 1969 provides that on the receipt of Goods Declaration (GD), an officer of Customs shall satisfy himself regarding the correctness of the particulars of the imports, including declaration, assessment, payment of duty, taxes and other charges thereon. Further, section 80 (3) of the Act ibid provides that if during the checking of GD, it is found that any statement in such declaration or document or any information so furnished is not correct, the goods shall be re-assessed and duty, taxes and other charges levied thereon.

It was observed during the audit of the FY 2022-23 that the Collectorate of Customs Islamabad, in six (6) cases cleared 5,576 mobile phones which were not found during the examination and assessed at nominal value of USD 01. An intimation was also sent to Pakistan Telecommunication Authority (PTA) that duty and taxes for all of the declared mobiles along with International Mobile Equipment Identity (IMEI) Nos had been collected. All of these mobiles got registered with PTA and were activated in Pakistan. Later on, the Collector Adjudication (Customs) adjudicated to recover the short-paid amount of duty/taxes after re-assessment of the mobiles as per data of 'used mobiles' rather than 'Device Identification, Registration and Blocking Systems' (DIRBS) value. The concerned customs staff was requested to provide information about the re-assessment of cases during the audit but nothing was provided despite several requests. The Audit observed that the lapse led to fraudulent clearance by examination and appraisement officers/officials. It is worth mentioning that the importers/clearing agents involved in this incident were still active and the department did not take legal action to black-list them. This resulted in a loss of government revenue amounting to Rs 360.31 million.

These instances were pointed out from August to November 2023. The management replied that cases amounting to Rs 360.31 million were pending in Islamabad High Court and in trial court in respect of criminal proceedings.

The DAC, in its meeting held in December 2023, directed the department to pursue the cases pending in courts. No further progress was reported till the finalization of this report.

The Audit recommends to pursue the cases pending in Islamabad High Court, blacklist the involved importers/clearing agents, and initiate criminal proceedings against the concerned officers/officials.

[DP No.8675-Cus]

7.13 Non-follow up of cases initiated by the Directorate of Post Clearance Audit – Rs 338 million

Post Clearance Audit (PCA) is governed under SROs 500 & 501(I)/2009 dated 13.06.2009 and CGO No.13/2008 dated 18.10.2008 read with Pakistan Customs Post Clearance Audit Manual. Functions of the Post-Clearance Audit include developing a comprehensive monitoring mechanism to verify the correctness of trade related declarations and to detect, investigate and propose measures to prevent commercial and trade related frauds.

It was observed during the audit of the FY 2022-23 that Directorate of Post Clearance Audit, Karachi, raised observations in eighty-eight (88) cases regarding misclassification, mis-declarations, inadmissible exemptions, non-application of valuation rulings, non-realization of anti-dumping duty etc. amounting to Rs 337.69 million. However, no compliance status was provided to the Audit which depicted lack of follow-up of the cases by the Directorate of PCA.

These irregularities were pointed out in November, 2023. The management did not submit a reply, therefore, the para was not discussed in the DAC meeting.

The Audit requires that the pointed out irregularities be actively followed up for timely recovery of government revenue. Furthermore, number of PCAs conducted and recoveries actuated thereof may be made part of KPIs and separately reported in the MPRs.

[DPs No. 3281, 3282, 3283, 3284 & 3285-CD/K]

7.14 Non-recovery of adjudged revenue – Rs 286 million

Section 202 of the Customs Act 1969, read with the Chapter-XI, of Customs Rules, 2001, provides detailed procedure for recovery of government dues by requiring any other officer of Customs to deduct federal excise and sales tax from any money owing to such person by attachment and sale of any movable or immovable property of the defaulter and arrest/detention of defaulter.

It was observed during the audit of the FY 2021-22 that eight (08) field offices of FBR, in one hundred and thirty-six (136) cases did not initiate further legal proceedings for recovery of adjudged revenue despite the lapse of considerable time (12 months). The adjudged dues amounting to Rs 285.68 million remained unrecovered due to inaction of the department.

These irregularities were reported to the department from February to November, 2023. The management replied that cases amounting to Rs 17.62 million were under recovery, Rs 173.14 million were under scrutiny, Rs 3.63 million were pending in adjudication and Rs 91.29 million were pending in court of law.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication or pending in courts and submit comprehensive replies in cases under scrutiny for verification to the Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts, pursue cases under adjudication/court of law and submit comprehensive replies in cases under scrutiny.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.8.7, 4.8.6, 7.15 and 8.1 respectively having a financial impact of Rs 5,671.26 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-60]

7.15 Illegal retention of goods declaration processing fee – Rs 138 million

According to Rules 4 to 8 of General Financial Rules, all money recovered as due to the Government, is required to be deposited/credited into public account without any delay. Further, according to clause 21 of the Public Finance Management Act, 2019, all Ministries and Divisions, attached departments and subordinate offices and all public entities are required to remit all revenues to the Federal Consolidated Fund.

It was observed during the audit of the FYs 2021-22 and 2022-23, that six (06) field offices of FBR collected good declaration processing fees for the period from 1st July 2021 to 30th June 2023 amounting to Rs 137.55 million but the same was neither reported to the Treasury Offices concerned nor remitted to the State Bank of Pakistan. The money was retained in the Collector's account maintained in a commercial bank, in violation of PFM Act as the same was required to be deposited immediately in government treasury. The audit required disclosure of the reasons behind the non-deposit of fees into the government treasury and date-wise credit/debit history from the account maintained by Collector for deposit of GD processing fee for the period referred above. However, no such record was produced to the Audit.

The irregularity was pointed out from February to November 2023. The management replied that cases amounting to Rs 137.55 million were under scrutiny.

The DAC, in its meetings held in September and December 2023, directed the department to submit comprehensive replies in cases under scrutiny. No further progress was reported till the finalization of this report.

The Audit recommends that amount collected on account of goods declaration fee be deposited in the government treasury besides initiating disciplinary action against the concerned for the non-deposit of public money in government treasuries and retaining it in their private accounts.

[Annexure-61]

7.16 Irregularities in auction of vehicles/goods – Rs 109 million

According to Rule 58 (2) of Customs Rules 2001, the Collector shall cause the reserved price of the auction-able goods to be determined in accordance with the provisions of Section 25 of the Customs Act 1969. Moreover, any duties or taxes which would have been payable under clause (c) of sub-Section (2), on the date of fixation of the reserve price of such goods, shall be added to this value.

Furthermore, Rule 73 of Customs Rules 2001, states that the highest bid given at an auction may be accepted after satisfying that the reserve price and the quantity/condition of goods are appropriate.

It was observed during the audit for the FY 2022-23, that in five (05) field offices of FBR, forty-two (42) cases committed the following irregularities during auction process amounting to Rs 108.74 million;

- (i) Incorrect/lesser determination of reserve price;
- (ii) Earnest money not forfeited despite the fact that remaining bid amount was not paid within seven days after final approval from the competent authority;
- (iii) Unjustified rejection of highest bid & acceptance of lower bid;
- (iv) Unjustified auction of goods at lower than the reserve price;
- (v) Non-auction of perishable goods turned unfit for human consumption and destroyed later on;
- (vi) Incomplete/non-maintenance of auction record; and
- (vii) Non-reconciliation of auction proceeds and non-verifications of vouchers with bank.

These irregularities were pointed out during July to November 2023. The management replied that cases amounting to Rs 1.00 million were under recovery, Rs 71.86 million were under examination and Rs 35.89 million were contested on the plea that goods were assessed according to the conditions of the products. Audit holds that reserve price was required to be determined as per notified/ market price.

The DAC in its meeting held in January 2024, directed the department to expedite recovery, submit comprehensive replies in cases under examination/contested to the Audit and to enquire the matter and fixing of responsibility on persons at fault. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery of admitted amounts and expedite examination/scrutiny in remaining cases, besides fixing of responsibility on the person(s) at fault.

[Annexure-62]

7.17 Inadmissible benefit of DTRE regime – Rs 92 million

According to Rule 297 (b) of Customs Rules, 2001, the DTRE facility shall be available to persons who make value-addition in the manufacture and export of goods in accordance with the prevalent value-addition of the relevant industry. This value addition shall not be less than 15% fifteen percent. Further, Section 2(16) (c) of the Sales Tax Act, 1990 provides that manufacture or produce includes process and operations of assembling, mixing, cutting, diluting, bottling, packaging, repacking or preparation of goods in any other manner;

It was observed during the audit of the FYs 2021-22 and 2022-23 that the Collectorate of Customs (Appraisement), Lahore, in two (2) cases did not initiate any action against DTRE users who exported the goods without observing the 15% threshold of minimum value addition. Less value addition indicates misuse of DTRE which is against the spirit of the scheme. In addition to this, monitoring and post exportation audit by the management were also unsatisfactory. This resulted in undue benefit of DTRE regime amounting to Rs 92.15 million.

These irregularities were reported to the department from February to May, 2023. The management replied that cases amounting to Rs 70.91 million were under scrutiny. The management contested an amount of Rs 21.25 million on the plea that importer was commercial importer which requires 5% value addition. However, the Audit holds that goods were repacked, therefore, fall in manufacturing category. Thus, departmental contention is not tenable.

The DAC, in its meetings held in September and December 2023, directed the department to submit comprehensive replies in cases under scrutiny, and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery and to provide comprehensive reply where action is awaited, besides fixing of responsibility against the concerned.

[DP No. 8409 & 8413-Cus]

7.18 Non-payment of duty and taxes on wastage – Rs 78 million

According to Section 95(2)(a) of the Customs Act, 1969, the owner of any warehoused goods may carry on any manufacturing process or other operations in the warehouse in relation to such goods. Where in the course of any such operation or process there is any waste or refuse, duty shall be paid on such waste or refuse.

It was observed during the audit of the FYs 2021-22 and 2022-23 that three (03) field offices of FBR, in seven (7) cases, importers-cum-exporters imported raw materials for manufacturing of textile articles. However, the importers did not pay duty and taxes on the amount of wastage as leviable under aforesaid rules.

This is an indication of weak monitoring of licensee of manufacturing bonds. The lapses resulted in the non-realization of revenue amounting to Rs 78.25 million.

These irregularities were pointed out from February to November 2023. The management replied that cases amounting to Rs 21.66 million were under recovery, Rs 48.41 million were pending in adjudication and Rs 8.18 million were pending in court of law.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery and pursue the cases under adjudication or pending in courts. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts and to pursue cases pending in courts. Moreover, enforcement of taxation on wastage needs to be ensured through monitoring of manufacturing bond scheme besides fixing of responsibility on the relevant Inspectors.

[DP No. 8389, 8393 & 8453-Cus& 3145-CD/K]

7.19 Inordinate delay in auction of confiscated goods – Rs 60 million

According to Rule 58 (2) of Customs Rules 2001, the Collector shall cause the reserved price of the auction-able goods, to be determined in accordance with the provisions of Section 25 of the Customs Act 1969, and any duties or taxes which would have been payable under clause (c) of sub-Section (2) on the date of fixation of the reserve price of such goods shall be added to this value. Furthermore, Rule 73 of Customs Rules 2001, states that the highest bid given at an auction may be accepted after satisfying that the reserve price and the quantity/condition of goods are appropriate.

It was observed during audit for the FY 2022-23 that two (02) field offices of FBR, in seven (07) cases scheduled goods for auction after the lapse of 04 to 05 years. Such unjustified delay in scheduling of the goods for auction caused deterioration of goods and blockage of revenue amounting to Rs 59.52 million.

These irregularities were pointed out during July to November 2023. The management reported that in four (04) cases goods of Rs 30.23 million were under auction and in three (03) cases goods of Rs 29.29 million were awaiting action.

The DAC in its meeting held in January 2024, directed the department to expedite auction and recovery and submit comprehensive replies in cases under examination/contested for verification by the Audit. The DAC further directed to enquire the matter and fixing of responsibility on the persons at fault. No further progress was reported till the finalization of this report.

The Audit recommends expeditious auction of goods/vehicles and examination/scrutiny in remaining cases.

[Annexure-63]

7.20 Non-realization of revenue on unconsumed quantity – Rs 38 million

According to Rule 307 A (1) of the Customs Rules 2001, if a DTRE user fails to consume the duty and tax-free input goods, he shall be liable to pay duties and taxes including additional duties or additional tax and penalties leviable on such goods as per prescribed law.

It was observed during the audit of the FYs 2021-22 and 2022-23 that two (02) field offices of FBR, in twelve (12) cases did not recover duty and taxes from the DTRE users who failed to export the goods manufactured from duty-free input imported under the DTRE scheme. This resulted in the non-realization of revenue amounting to Rs 38.08 million.

These irregularities were pointed out from August to November 2023. The management replied that cases amounting to Rs 38.08 million were under recovery.

The DAC, in its meeting held in December 2023, directed the department to expedite recovery. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery of admitted amounts besides strengthening post-exportation audits.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.8.20, 4.8.14, 7.4, 7.12 and 8.6 respectively having a financial impact of Rs 801.76 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-64]

7.21 Non-realization of anti-dumping duty – Rs 35 million

According to the Notification of National Tariff Commission (NTC) issued under section 50 of Anti-Dumping Duty Act 2015, NTC imposed definitive anti-dumping duty on import of certain items at the rates specified therein.

It was observed during the audit of the FY 2022-23 that four (04) field offices of FBR, in fifty-eight (58) cases cleared imported goods without realization of anti-dumping duty, whereas the goods (like PVC resin, hydrogen peroxide, CR coils etc.) were liable to anti-dumping duty under the NTC Notifications. It indicates weak internal controls in assessment and monitoring. The omission resulted in non-realization of revenue amounting to Rs 34.71 million.

These lapses were pointed out from August to November 2023. The management replied that cases amounting to Rs 6.73 million were under recovery and Rs 11.14 million were under scrutiny. The management contested an amount of Rs 16.84 million on the plea that goods were meant for export scheme hence anti-dumping duty was not recoverable. Audit holds that no documentary evidence has been provided by the Collectorate that goods were imported for re-export after value addition.

The DAC, in its meeting held in December 2023 and January 2024, directed the department to expedite recovery and submit comprehensive replies in cases under scrutiny and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends early recovery and submission of comprehensive replies in under scrutiny cases, besides enforcement of anti-dumping duty and monitoring by the DC concerned.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.8.34, 4.8.17, 7.6 and 8.14 respectively having a financial impact of Rs 473.91 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-65]

7.22 Non/short-realization of federal excise duty – Rs 30 million

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

It was observed during the audit of the FYs 2021-22 and 2022-23 that three (03) field offices of FBR, in three hundred and thirty-four (334) cases either did not realize federal excise duty on imported goods (E-liquids, cement, clinker etc.) or realized the same at lesser rates as compared to the rates specified in the First Schedule of the Act. This resulted in non/short realization of federal excise duty amounting to Rs 30.13 million.

These instances were pointed out from February to November 2023. The management replied that cases amounting to Rs 25.71 million were under recovery and Rs 4.42 million were contested.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery and get their stated position verified from Audit. No further progress was reported till the finalization of this report.

The Audit recommends expediting recovery of admitted amount besides levy of FED on weight basis.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.8.18, 4.8.20, 7.1(vi), 7.7 and 8.10 respectively having a financial impact of Rs 714.36 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-66]

7.23 Loss of revenue due to misuse of DTRE regime – Rs 30 million

According to Rule 307A of Customs Rules, 2001 if a DTRE user fails to account for the duty and tax-free input goods, finished goods manufactured therefrom, un-exported same-state-goods, or consumes the duty and tax-free acquired input goods in exports in full, then he shall be liable to pay duties and taxes including additional duties or additional tax and penalties leviable on such goods.

It was observed during the audit of the FY 2022-23 that the Collectorate of Customs, Islamabad allowed one DTRE user to import 750 MT pine-nuts without payment of duty and taxes on the pretext of subsequent export to China. The DTRE user did not export the processed goods or the raw material, as evident from the stock-taking report available on record. Further, due to weak monitoring and financial controls, the DTRE user evaded duty and taxes by misusing the DTRE facility. This resulted in the loss of government revenue amounting to Rs 30 million due to misuse of the DTRE facility.

The lapse was pointed out from August to November 2023. The management replied that case amounting to Rs 30 million were under recovery.

The DAC, in its meeting held in December 2023, directed the department to expedite recovery. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery of admitted amounts.

[DP No. 8783-Cus]

7.24 Loss of revenue due to non-recovery of surcharge – Rs 23 million

Ministry of Commerce vide SRO No.598 dated 19.05.2022 disallowed import of fruits and dry fruits falling under Chapter 08 except classified 0802.1910. Later on, vide OM dated 19th August 2022, allowed import of these goods which landed after 30th June 2022 and on or before 31st July 2022, subject to payment of 25% surcharge. Those consignments, which arrived after 31st July 2022 to 18th August 2022, are subject to payment of surcharge @35% of assessed value.

It was observed during the audit of the FY 2022-23 that two (02) field offices of FBR, in one hundred and sixty-one (161) cases cleared dry fruits after due dates without imposing surcharge in violation of SRO ibid. This resulted in non-recovery of surcharge amounting to Rs 22.67 million.

These lapses were pointed out from August to November 2023. The management replied that cases amounting to Rs 16.99 million were under recovery and Rs 5.68 million were under scrutiny.

The DAC, in its meeting held in December 2023, directed the department to expedite recovery and submit comprehensive replies in cases under scrutiny for verification from the Audit. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery and submission of comprehensive replies in cases under scrutiny, besides fixing of responsibility on person(s) at fault.

[DP No. 8683, 8695& 8724-Cus]

7.25 Non-realization of capital value tax – Rs 21 million

Section 8 of the Finance Act 2022 provides that capital value tax shall be charged on the motor vehicle held in Pakistan where (i) the engine capacity exceeds 1300 cc; or (ii) in case of electric vehicles, the battery power capacity exceeds 50kwh.

It was observed during the audit of FY 2022-23 that three (03) field offices of FBR, in one hundred and thirty-six (136) cases cleared vehicles i.e. BMW, Toyota land cruiser, Mercedes etc. without charging Capital Value Tax (CVT). It is a clear indication of weak monitoring of assessment process by the customs authorities. This resulted in loss of revenue amounting to Rs 20.71 million.

These instances were pointed out from July to November 2023. The management replied that cases amounting to Rs 20.71 million were under recovery.

The DAC, in its meeting held in January 2024, directed the department to expedite recovery of pointed out amount. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery of admitted amounts, besides fixing of responsibility on person(s) at fault.

[Annexure-67]

7.26 Non-realization of late payment surcharge – Rs 11 million

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 has been assessed, he shall be liable to pay surcharge at the rate of Karachi Interbank Offer Rate (KIBOR) plus three per cent (3%) on import duty and other charges payable on such goods.

It was observed during the audit of the FY 2021-22 that Collectorate of Customs Appraisement (East) Lahore, in thirty (30) cases cleared imported goods without realization of late payment surcharge where the importer failed to deposit the assessed dues within ten (10) days of assessment. This happened due to lack of supervisory review at higher level at the office of Assistant Collector Customs (BWH). This resulted in short-realization of revenue amounting to Rs 10.60 million.

These lapses were reported to the department from February to May, 2023. The management replied that entire amount of Rs 10.60 million were under recovery.

The DAC, in its meetings held in September and December 2023, directed the department to expedite recovery of the admitted amount. No further progress was reported till the finalization of this report.

The Audit recommends early recovery of the late payment surcharge.

[DP No. 8368-Cus]

7.27 Non/short-realization of redemption fine and penalty – Rs 8 million

According to SRO 499(I)/2009 dated 13.06.2009, the Federal Board of Revenue imposed a redemption fine in place of confiscation of goods imported which contravened the Customs Act 1969 keeping in view the severity of the violation.

It was observed during the audit of the FY 2022-23 that four (04) field offices of FBR, in thirty-two (32) cases cleared the imported/smuggled goods contravening Customs Act 1969 either upon short assessment or without assessing redemption fine leviable. This resulted in a non/short realization of redemption fine amounting to Rs 8.36 million.

These irregularities were pointed out from August to November 2023. The management replied that cases amounting to Rs 1.29 million were under recovery, Rs 3.27 million were pending in adjudication and Rs 3.80 million were pending in court of law.

The DAC, in its meetings held in December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication or pending in courts and to get their stated position verified by Audit. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery and submission of comprehensive replies in contested/non-responded cases.

[Annexure-68]

7.28 Short-realization of duties and taxes due to incorrect application of exchange rate – Rs 8 million

Section 30 and 31(a) of the Customs Act, 1969 provides that in case of exercising the option for the redemption fine instead of confiscation of the goods seized during anti-smuggling operations, the rate of duty shall be the rate prevalent either on the date of seizure or date of payment of duty and taxes, whichever is higher. Moreover, the rate of exchange at which any foreign currency is to be converted into local currency shall be the rate of exchange in force on the date immediately preceding the relevant date.

It was observed during the audit of the FY 2022-23 that four (04) field offices of FBR, in twenty-one (21) cases released smuggled goods on payment of duty and taxes without imposition of redemption fine and applied lower rate of exchange. The goods were required to be released by applying the rate of exchange one day before the date of payment under the law. This resulted in short realization of government revenue amounting to Rs 7.75 million.

These lapses were pointed out from August to November 2023. The management replied that cases amounting to Rs 2.14 million were under scrutiny, Rs 5.61 million were contested on the plea that provisions of Section 30 and 31A were applicable on imported/exported and not on confiscated goods. Audit holds that goods were required to be assessed under the proviso of Section 30 i.e. the rate of duty and rate of exchange are applicable on the date of seizure or date of payment of duty and taxes whichever is higher.

The DAC, in its meeting held in December 2023, after detailed deliberations referred the matter to Federal Board of Revenue for clarification. No further progress was reported till the finalization of this report.

The Audit recommends pursuance of clarification from the Board and recover the amount accordingly.

[Annexure-69]

7.29 Blockage of revenue due to non-encashment of financial instruments

According to Section 81 of the Customs Act 1969, imported goods may be assessed provisionally. Furthermore, imported goods are cleared without payment of duty and taxes on submission of bank guarantees or post-dated cheques. These instruments were required to be encashed to recover government dues upon non-fulfilment of prescribed conditions.

It was observed during the audit of the FYs 2021-22 and 2022-23 that eleven (11) field offices of FBR, in two thousand one hundred and three (2103) cases did not encash financial instruments where the importers/exporters failed in fulfilling the requisite conditions of law within the stipulated time period. Moreover, the expired financial instruments were not re-validated by the customs authorities due to weak monitoring and financial controls. This resulted in blockage of revenue amounting to Rs 2,513.87 million.

These irregularities were pointed out from February to November 2023. The management replied that cases amounting to Rs 71.27 million were under recovery, Rs 2,329.63 million were under scrutiny and Rs 112.97 million were pending in courts.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases pending in courts and submit comprehensive replies in cases under scrutiny for verification to the Audit. No further progress was reported till the finalization of this report.

The Audit recommends encashment of financial instruments for realization of government revenue without further delay besides fixing of responsibility against the person (s) at fault in cases where financial instruments have expired.

Note: This issue was also reported earlier in the Audit Reports for the Audit Years 2018-19, 2019-20, 2020-21, 2021-22 and 2022-23 vide para numbers 4.8.4, 4.8.9, 7.1(iv), 7.5,17 and 8.3 respectively having a financial impact of Rs 13,662.14 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-70]

7.30 Non-conduct of post-exportation audit of DTRE users

According to Rule 307-E (1) of Sub-Chapter-7 of the Customs Rules, 2001 post-exportation audit is to be carried out and completed satisfactorily within a period of three months. Further, Rule 14 of the Export Oriented Unit Rules issued vide SRO 327(1)/2008 dated 29.03.2008, the liability of a licensee to pay duty and taxes under a security instrument furnished by him is not discharged unless post-exportation audit is carried out and completed to the satisfaction of the Collector at the end of every financial year.

It was observed during the audit of the FYs 2021-22 and 2022-23 that six (06) field offices of FBR, in one hundred and fifty-six (156) cases did not conduct post-exportation audits of licensees of Export Oriented Units and DTRE users. This resulted in irregular remission of duty and taxes amounting to Rs 2,119.26 million.

These irregularities were pointed out from February to November 2023. The management replied that cases amounting to Rs 9.34 million were under recovery, Rs 2,030.26 million were under process and Rs 79.66 million were pending in adjudication.

The DAC, in its meetings held in September, December 2023 and January 2024, directed the department to expedite recovery, pursue the cases under adjudication and expedite the process of post exportation audit. No further progress was reported till the finalization of this report.

The Audit recommends to finalize the post exportation audits and recover the amounts.

[Annexure -71]

7.31 Inconsistent valuation of imported goods

The imported goods are assessed under section 25 of the Customs Act 1969. Furthermore, the Directorate General Valuation issues valuation rulings for items which are commercially traded, whose import values show wide variations, and where under-invoicing is suspected. These include fabrics, footwear, tiles, and articles of iron/steel/plastics etc.

It was observed during the audit of the FY 2021-22 that the Collectorate of Customs Appraisement, East, Lahore assessed imported goods at lower value. Statistical impact on revenue of undervalued finished plastic goods and coconut was to the tune of Rs 1,564 million and Rs 19.97 million respectively. Furthermore, Directorate of Valuation is required to consider both ends of measurement i.e. weight and units of the imported goods like sweaters, while undertaking determination of valuation rulings to foil any attempt at concealment of value or weight. In cases of sweaters, value was determined per piece, but weight had not been mentioned. In addition to loss of revenue this discourages the local manufacturing market through lower valuation of imported finished goods. Moreover, these valuation surveys were carried out at discretion without a specific time frame. Flawed surveys, assessments, and valuation rulings by Directorate of Valuation are causing recurring losses to the national exchequer.

These irregularities were reported to the department from February to May, 2023. The management contested the para on the plea that the goods were assessed in line with Section 25 of the Customs Act 1969.

The DAC, in its meetings held in September and December 2023, directed the department to submit comprehensive reply in support of its contention. No further progress was reported till the finalization of this report.

The Audit recommends to develop a transparent mechanism for determination of valuation of imported goods according to size, nature, weight, origin etc. Moreover, the valuation may be reviewed quarterly to reflect actual market conditions besides consistent enforcement of these valuations.

[DP No. 8360-Cus]

7.32 Non-compliance of prescribed procedures for State Warehouses

CGO 12 of 2002 dated 15th June, 2002, prescribes procedures for State Warehouses i.e. the seized goods should be dispatched under proper escort to the State Warehouse and detailed inventory of the seized goods should be prepared. The Custodian of warehouse will maintain stock register. The stock in the state-warehouse will be physically checked twice a year.

It was observed during the audit of the FY 2022-23, that nine (09) field offices of FBR, in two hundred and thirty-eight (238) cases have committed the following irregularities in operations/maintenance of State Warehouses;

(i) Release of goods/vehicles valuing Rs 917.07 million without entry into state warehouse;

(ii) 6,117 Metric Tons of sugar valuing Rs 775.94 million was kept in open space instead of state warehouse out of which 117 MT of seized sugar valuing Rs 11.28 million were damaged/expired due to rain and improper handling;

(iii) Non deposit of betel nuts and cigarettes in “A Class” State Warehouse;

(iv) Incomplete/non-maintenance of seizure / warehouse registers/ record;

(v) Non-compliance of opening & closing procedure for State-Warehouses;

(vi) Non tracing of whereabouts of the owner of the smuggled goods/vehicles;

(vii) Non-conducting of stock taking of warehoused goods.

These instances were pointed out during July to November 2023. The management reported that there was shortage of space in the warehouses and non-provision of sufficient funds. The matter had been taken up with the Board to provide sufficient funds for warehouse. The management also stated that state warehouse record was being properly maintained and stock taking process had been initiated.

The DAC, in its meeting held in January 2024, directed the department to ensure strict observance of law, enquire the matter, expedite stock taking exercise, take corrective measures and report progress within 60 days. No further progress was reported till the finalization of this report.

The Audit recommends that non-compliance of the prescribed procedures be ensured / justified.

[Annexure-72]

7.33 Burden on public exchequer due to ineffective Internal Audit functions – Rs 34 million

Rule 10 (i) and (iv) of General Financial Rules, Volume-I, states that every public officer is expected to exercise the same vigilance in respect of expenditure incurred from public money as a person of ordinary prudence would exercise in respect of expenditure of his own money. Public moneys should not be utilized for the benefit of a particular person or section of the community.

It was observed during the audit of the FY 2022-23 that the Directorate of Internal Audit Customs, Karachi conducted 13 audits out of planned 27 audits.

Moreover, neither any meeting with auditee was conducted nor any recovery was made. The Directorate failed in fulfilling its primary responsibility, while incurring an expenditure amounting to Rs 33.85 million which is not justified.

This instance of poor performance was pointed out during August 2023. The management sought time for submission of reply to Audit.

The DAC, in its meeting held in January 2024 expressed concerns on unsatisfactory performance and directed the formation to re-examine the issue and submit a comprehensive report indicating overall performance of the Directorate along with documentary evidence. No further progress was reported till the finalization of this report.

The Audit recommends that justification for utilization of budget including payment of special performance/fixed FBR incentive allowance may be provided besides conducting effective audit.

[DP No. 3276-CD-PE/K]

CHAPTER-8 EXPENDITURE

8.1 Inadmissible payment on account of cash reward – Rs 1,539 million

According to Customs Reward Rules 2012 and Inland Revenue Reward Rules 2021, the calculation of reward in cases involving evasion of duty and taxes and confiscation of goods shall be sanctioned after the realization of the duty and other taxes involved. Furthermore, cash reward to the employees would be allowed on the basis of meritorious/extra-ordinary services performed. "Meritorious services" includes exceptional performance like exceeding budgetary targets through extra-ordinary planning and efforts, displaying exceptional results in the recovery of arrears, enlarging the base of tax-payers, exceptional performance in defending cases before the ATIR, and displaying extraordinary devotion to duty and acumen towards making some original contribution.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its thirty-seven (37) field offices, in three thousand, eight hundred & nine (3809) cases paid cash reward to officers/officials in violation of reward rules. Cash reward was paid without determination of merit in accordance with aforesaid rules. This rendered payment of cash reward of Rs 1,539 million as inadmissible.

These irregularities were pointed out during February to November 2023. The department informed that reward was granted to employees based on meritorious services rendered by the officers/officials duly approved by the Board.

The DAC in its meetings held in August, September, December 2023 and January 2024 directed the department to provide detailed justification in line with criteria / circular issued by the Board for processing and sanction of reward. No further progress was reported till finalization of this report.

The Audit recommends strict compliance of criteria laid down for disbursement of cash reward for meritorious services besides expediting recovery from the concerned officer/officials.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.4, 4.9.1, 8.4 and 9.2 respectively having a financial impact of Rs 349.96 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-73]

8.2 Irregular expenditure due to non-observance of Public Procurement Rules – Rs 827 million

According to the Rule 8 read with Rule 9 and 16-A of Public Procurement Rules 2004 all procuring agencies shall devise a mechanism, for planning of proposed procurements with the object of realistically determining the requirements of the procuring agency. Further, 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. Furthermore, as per Rule 12(1), procurements over five hundred thousand Pakistani Rupees and up to the limit of three million Pakistani Rupees shall be advertised on the Authority's website in the manner and format specified by the Authority from time to time.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its fifty-eight (58) field offices, in four hundred and twenty-two (422) cases expenditure was incurred on purchase of office stationery, payment of service rendered, uniform and liveries, cost of other stores and repair & maintenance in violation of provision of the rules. These violations pertained to lack of planning, splitting, repeated purchases without any specific justification, demand requisition, satisfactory work completion certificate, acknowledgement receipts etc. Poor internal controls lead to mis-procurement which resulted in irregular expenditure on procurement amounting to Rs 826.70 million.

These irregularities were pointed out during February to November 2023. The management contested the para on the grounds that the expenditure was made after fulfilling all codal formalities. Furthermore, the procurement of different items was made from time to time based on requirements. Audit holds that the record provided by the department to Audit did not support their stance.

The DAC in its meetings held in August, September, December 2023 and January 2024 showed serious concern over no reply and improper working papers and directed the head of the department to look into the matter and take action against the responsible officers/officials besides taking corrective action. Furthermore, the department was directed to either provide relevant documentary evidence or get the matter regularized. No further progress was reported till the finalization of this report.

The Audit recommends fixing responsibility against the persons at fault and regularization of subject mis-procurement besides preparing and uploading annual procurement plans on PPRA website.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.2, 4.9.7, 8.7 and 9.1 having financial impact amounting to Rs 24.35 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-74]

8.3 Inadmissible expenditure on account of pay and allowances – Rs 249 million

According to the Revised Leave Rules, 1980 and Rule 7-A of Supplementary Rules, any employee proceeding on leave is not entitled to draw conveyance allowance. In case of extraordinary leave, no pay and allowance are admissible to government servants. Further, FBR's Circular No.01 of 2015 dated 6th March, 2015, provides that the Performance Allowance shall not be admissible in case of leave beyond 48 days.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its forty-seven (47) field offices, in one thousand and seventy-two (1072) cases paid inadmissible pay and allowances during leave period. This depicts ineffectiveness of HR and DDO functions. This resulted in inadmissible payment of pay and allowances amounting to Rs 248.76 million.

These irregularities were pointed out during February to November 2023. The management replied that the recovery of amount pointed out was underway.

The DAC in its meetings held in August, September, December 2023 and January 2024 directed the department to recover the amount pointed out and submit comprehensive reply. No further progress was reported till the finalization of the report.

The Audit recommends expeditious recovery from the officers/officials involved. Moreover, sanctioning and authorizing function needs to be segregated and pre-audit role should be performed by a designated treasury officer at FBR HQs.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.11, 4.9.5, 8.1 and 9.5 respectively having a financial impact of Rs 258.56 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-75]

8.4 Irregular expenditure on POL and unauthorized use of official vehicles – Rs 212 million

According to Cabinet Division's notification No.6/7/2011-CPC, Islamabad, dated 12.12.2011, departments needing operational vehicles were required to get authorization for such vehicles from the vehicle committee constituted for the purpose. Furthermore, Rules 9, 15 & 18 of Staff Car Rules 1980, provide that proper records in the shape of log books, movement registers, and requisition slips shall be maintained in respect of all government vehicles to effectively control the expenditures of POL and repair/maintenance.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its fifty-four (54) field offices, in two hundred fifty-eight cases (258), incurred expenditure on POL, repair/maintenance without maintaining log-books, movement registers and requisition slips. Further, the vehicles were used without authorization of the concerned quarter. Thus, expenditure on account of POL aggregating to Rs 212.45 million was irregular and unauthorised.

These irregularities were pointed out during February to November 2023. The management replied authorization of vehicles were obtained from the committee of the Cabinet Division and the requisite record duly signed by the concerned quarter was available.

The DAC in its meetings held in August, September, December 2023 and January 2024, showed serious concern over poor progress and submission of improper working papers. The DAC further directed the department to look into the matter besides fixing responsibility on person (s) at fault. No further progress was reported till the finalization of this report

Audit recommends to enforce Staff Car Rules, 1980 in letter and spirit besides implementation of DAC directives.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.1, 4.9.3, 8.15 and 9.3 respectively having a financial impact of Rs 370.72 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-76]

8.5 Excess/inadmissible expenditure – Rs 80 million

According to Rule 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 provides that the head of the department and subordinate disbursing officers are responsible for enforcing financial order and strict economy at every step.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its fifteen (15) field offices, in twenty-seven (27) cases incurred expenditure on purchase and repairs of various items in violation of above stated rules. This depicted poor internal controls on the part of the department. This resulted in excess and inadmissible expenditure amounting to Rs 80.09 million due to lack of vigilance and internal control lapses.

These irregularities were pointed out during February to November 2023. The management replied that the expenditure was incurred after fulfilling all codal formalities.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to provide relevant documentary evidence besides fixing responsibility on the person (s) at fault for sanctioning expenditure without necessary documents. No further progress was reported till the finalization of this report.

The Audit recommends recovery of excess and inadmissible expenditure fixing of responsibility against the persons at fault.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19 and 2019-20 vide para numbers 4.9.8 and 4.9.10 respectively having a financial impact of Rs 17.34 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-77]

8.6 Unauthorized disbursement of funds in cash – Rs 77 million

According to Para 2.3.2.8 of the Accounting Policies and Procedures Manual, the accounting system shall include controls to minimize the risk of fraud and corruption. To achieve this objective, the payments are to be made through direct bank transfer or through cheques to the vendors/payees.

It was observed during audit for the FYs 2021-22 and 2022-23 that FBR (HQ) and its four (04) field offices, in six hundred seventy eight (678) cases made payments in non-transparent manner by drawing funds through cash in the name of DDOs instead of payments through cheques to the vendors/payee. Non-observance of codal formalities showed weak monitoring by the department in financial matters. The lapse resulted in unauthorized withdrawal of funds amounting to Rs 77.49 million.

The irregularity was pointed out during February to November 2023. The management informed that budget was received at the end of June; therefore, cheques were drawn in the name of DDO and cash paid to concerned vendors / officers & officials in urgency.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to justify the unauthorized expenditure with documentary evidence. No further progress was reported till the finalization of this report.

The Audit recommends strict compliance of codal formalities in letter and spirit to avoid unauthorized withdrawal of government money besides conducting inquiry and fixing of responsibility on the concerned person(s).

Note: The issue was reported earlier also in the Audit Reports for the Audit Years 2019-20 and 2022-23 vide para numbers 4.9.23 and 9.6 having financial impact of Rs 44.63 million. Recurrence of same irregularity is matter of serious concern.

[Annexure-78]

8.7 Non-deduction of tax on payment of goods and services – Rs 56 million

According to section 149 & 153 of the Income Tax Ordinance, 2001 provides that every person responsible for paying salary to an employee shall, at the time of payment, deduct tax from the amount paid at the employee's average rate of tax computed at the rates specified on the estimated income of the employee chargeable under the head "Salary" for the tax year. Every prescribed person making a payment in full or part including a payment by way of advance to a resident person for the sale of goods, rendering or providing of services and on the execution of a contract is liable to deduct tax from the recipients.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its ten (10) field offices, in ninety-nine (99) cases made payments for goods & services, salaries and cash reward but income tax was not withheld/deducted at the time of making payments. This resulted in non-deduction of tax amounting to Rs 56.14 million.

These irregularities were pointed out during February to November 2023. The management replied that necessary changes had been sent to AGPR/DAO for recovery from concerned vendors. Further LTO Lahore reported that work related to installation of electrical/networking falls under manufacturing category. However, the Audit holds that the vendor was a manufacturer of furniture instead of electrical networking.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to expedite recovery of amount pointed out by audit from the concerned and get the departmental contention verified in contested cases. No further progress was reported till the finalization of this report.

The Audit recommends expeditious recovery at the earliest besides fixing of responsibility against the concerned.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20 and 2021-22 vide para numbers 4.9.16, 4.9.18 and 8.11 respectively having financial impact of Rs 9.45 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-79]

8.8 Un-authorized payment to contingent paid/daily wages staff – Rs 44 million

Federal Government enforced complete ban on appointment of contingent paid / daily wagers staff as per Finance Division's O.M No. F-7(1)Exp-VI/2016-340 dated 07.07.2022, in pursuance of the decision taken by the Federal Cabinet in case No.147/15/2022, dated 07.06.2022.

It was observed during audit of the FYs 2021-22 and 2022-23 that in FBR (HQ) and its seven (07) field offices, one hundred thirty-nine (139) workers were appointed/hired as contingent/daily wages staff during different spells. Audit is of the view that appointment of daily contingent/wagers staff is contrary to the decision taken by the Federal Cabinet. This resulted in unauthorized expenditure amounting to Rs 44.09 million.

The irregularity was pointed out during February to November 2023. Management replied that Contingent Paid Staff had been working in the department since 01.12.2020. Their contracts of appointment were renewed from time to time. However, the Audit holds that above mentioned rules were also applicable to all contingent paid staff.

The DAC in its meeting held in January, 2024 directed the department to enforce the recovery. No further progress was reported till finalization of this report.

The Audit recommends adherence to the directives of Federal Cabinet and recovery of the amount pointed out.

[Annexure-80]

8.9 Inadmissible payment of hired residential accommodations – Rs 17 million

According to Ministry of Housing and Works letter No.F.2(3)/2003-Policy dated 31.07.2004, scale-wise rental ceiling and covered area has been specified for assessment of rent. Further, as per paras 8(10) of Accommodation Allocation Rules 2002, a hired or requisitioned house is to be allotted at the station of posting at specified stations.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its fourteen (14) field offices, in seventy-five (75) cases incurred expenditure on account of rent of residential accommodations which did not comprise prescribed covered area. Further, payments were also made on account of rent of accommodation at specified station whereas posting was at non-specified station. This resulted in inadmissible payment of hired residential accommodation amounting to Rs 16.63 million due to weak monitoring by the department on financial matters.

These irregularities were pointed out during February to November 2023. The management informed that the recovery of over-payment was under process.

The DAC in its meetings held in August, September, December 2023 and January 2024 directed the department to enforce recovery and get the contention verified from Audit. No further progress was reported till finalization of this report.

The Audit recommends expeditious recovery of excess payment of rent from the concerned quarter besides strict compliance of relevant rules and observance of all necessary codal formalities in hiring cases.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.7, 4.9.9, 8.3 and 9.8 respectively having a financial impact of Rs 88.68 million. The recurrence of the same irregularity is a matter serious of concern.

[Annexure- 81]

8.10 Unjustified expenditure on account of rent of office building – Rs 15 million

According to FBR Letter No.1(42) SO-CH/FBR/2009 dated 15.10.2009, the Federal Board of Revenue handed over the residential cum office building owned by Customs in Gilgit to the GB Government for establishing a permanent Governor house. However, it was decided in the meeting held in Aiwan-e-Saddar dated 08.10.2009 that Gilgit Baltistan (GB) Government will provide a suitable building for the office cum residence of the then Additional Collector so that the existing premises can be vacated besides providing land to develop a custom house later.

During audit of Collectorate of Customs, Gilgat Baltistan for the FY 2022-23, the Audit observed that an agreement dated 08.10.2009 was made between FBR and Government of GB that Custom House (Tufail Shaheed House) at Gilgit was handed over to the Government of GB on 15.02.2010. As per agreement, Government of GB was required to pay rent of Office-Cum-Residential building of the Collectorate of Customs till construction of its own building. However, Audit further observed that payment of rent was made by the Collectorate of Customs out of annual budget grant. Therefore, rent paid amounting to Rs 15.36 million by FBR on this account since May, 2013 was unnecessary/unjustified.

The irregularity was pointed out in October 2023. The management informed that reply would be furnished after scrutiny of the observation and relevant record. No further progress was reported till finalization of the report.

The DAC in its meeting held January 2024 directed the Collectorate of Customs, Gilgit Baltistan to take up the matter with the office of the Governor Gilgit Baltistan for acquiring land and recovery of rent paid as per agreement. FBR to assist and facilitate the Collectorate to get this matter resolved.

The Audit recommends to comply with the DAC directives.

[DP No.8737-Exp]

8.11 Non-recovery of loans/advances and interest – Rs 13 million

According to Rules 243 to 258 of GFR Vol-I, recovery of loans and advances is to be made in specified instalments and the first instalment is to commence after the advance is drawn and the recovery of interest will commence from the month following the month in which the principal amount has been repaid.

It was observed during the audit for the FYs 2021-22 and 2022-23 that FBR (HQ) and its twelve (12) field offices, in ninety-six (96) cases paid different kinds of loans and advances to their employees, however, recovery of principal/interest amount was not initiated. The omission resulted in non-recovery of loans/advances and interest amounting to Rs 13.47 million.

These irregularities were pointed out from February to November 2023. The management informed that recovery from the concerned employees was underway through AGPR and concerned district accounts offices.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to expedite the recovery from concerned employees. Further, progress was not reported till finalization of the report.

The Audit recommends expeditious recovery of advances along with interest.

<u>Note:</u> The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2021-22 and 2022-23 vide para numbers 4.9.5, 8.2 and 9.10 respectively having a financial impact of Rs 90.50 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-82]

8.12 Irregular expenditure due to mis-classification of head of account – Rs 14 million

According to Para 5(d) of the System of Financial Control and Budgeting 2006, Accounting Officer is responsible for ensuring that the expenditure is not incurred in excess of the budget allocation. He shall ensure that payments are correctly classified under the appropriate heads of accounts and that departmental accounts are regularly reconciled every month with the figures communicated by the Controller General of Accounts (CGA)/Accountant General of Pakistan Revenues (AGPR). He shall, in addition, keep himself well informed not only of the actual expenditure but also of the liabilities, which have been incurred and must ultimately be met.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its fifteen (15) field offices, in eighteen (18) cases incurred expenditure in violation of stated rule. Furthermore, due to misclassification certain heads were disbursed more than the actual grant. This resulted in irregular expenditure of Rs 14.18 million.

These irregularities were pointed out during February to November 2023. The management contested the para in eight cases that the expenditures were incurred under the correct head of account. The departmental contention is not tenable as expenditure on repair/maintenance of buildings and purchase of furniture was incurred from the head 'Cost of Other Stores'. In remaining cases, no reply was furnished by the department, therefore, the matter may be regularized and contention of the department be verified.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to provide detailed justification of mis-classification of expenditure to Audit for verification and furnish the reply with relevant evidences and get the position verified from Audit within 15 days. No further progress was reported till the finalization of this report.

The Audit recommends compliance of DAC's directives at the earliest.

Note: The issue was reported earlier also in the Audit Report for Audit Year 2019-20, vide para numbers 4.9.21 having financial impact of Rs 1.23 million. Recurrence of same irregularity is matter of serious of concern.

[Annexure-83]

8.13 Non-disposal of condemned vehicles and un-serviceable store items – Rs 4 million

According to Rules 167 and 168 of the General Financial Rules Vol-I, stores which are reported to be obsolete, surplus or unserviceable may be disposed of by sale or auction or otherwise under orders of the competent authority. Furthermore, according to Rule 26 of Staff Car Rules 1980, all vehicles except accidental cars shall be disposed of through public auction.

It was observed during audit of the FYs 2021-22 and 2022-23 that seven (07) field offices of FBR, in forty-eight (48) cases did not dispose of condemned vehicles and unserviceable store items. The delay in disposal caused blockage of potential revenue amounting to Rs 4.25 million.

The irregularity was pointed out during February to November 2023. The management replied that disposal of condemned vehicles and unserviceable store items was under process.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to expedite disposal of condemned vehicles and unserviceable store items under the prescribed rules. No further progress was reported till the finalization of this report.

The Audit recommends expeditious disposal of condemned vehicles and unserviceable store items.

Note: The issue was reported earlier also in the Audit Report(s) for Audit Year(s) 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.14, 4.9.11, 8.16 and 9.14 having financial impact of Rs 127.19 million. Recurrence of same irregularity is matter of serious of concern.

[Annexure-84]

8.14 Irregular reimbursement of medical charges – Rs 5 million

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.

It was observed during audit of the FYs 2021-22 and 2022-23 that nine (09) field offices of FBR, in forty- two (42) cases made re-imbursement of medical charges 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 or without an emergency or without referral by the authorized medical attendant for medical treatment of non-chronic disease. This resulted in irregular payment of medical re-imbursement charges amounting to Rs 4.99 million due to internal control lapses.

These irregularities were pointed out during February to November 2023. The management replied that the re-imbursement of Medical Charges was duly verified and sanctioned by the competent authority after compliance of codal requirements. However, the Audit holds that basic requirements i.e. emergency certificates and distance certificates were not attached with the bills.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department either to provide relevant documentary evidence or recover the amount pointed out by Audit. No further progress was reported till the finalization of this report.

Audit recommends recovery of inadmissible expenses on medical charges besides strengthening of internal controls to avoid recurrence of such lapses in future.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20 and 2021-22 vide para numbers 4.9.19, 4.9.12 and 8.5 respectively having a financial impact of Rs 14.83 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-85]

8.15 Irregular expenditure on account of publication and printing – Rs 4 million

According to Serial No. 9(13) of System of Financial Control and Budgeting 2006, the printing of certain items was required to be carried out from Government Printing Press. However, printing at a press other than press of Printing Corporation of Pakistan, should be undertaken if the Principal Accounting Officer is satisfied that it is in public interest to do so and record a certificate to this effect. Moreover, NOC from Printing Corporation of Pakistan is also required to get the printing done from a private printer.

It was observed during audit for the FYs 2021-22 and 2022-23 that seven (07) offices of FBR, in ten (10) cases made payment under the head "Printing and Publication - A03902" without observing the government instructions. This resulted in irregular expenditure of Rs 4.33 million.

The irregularity was pointed out during February to November 2023. The department replied that printing of files was made from authorized vendor and was sanctioned by the Controlling Authority. The Audit holds that it is a clear violation of government instructions, therefore, departmental reply is not tenable.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to justify their stance with documentary evidence and get it verified from Audit.

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

Note: The issue was also reported earlier in the Audit Reports for Audit years 2019-20 and 2021-22 vide para numbers 4.9.20 and 8.13 respectively having a financial impact of Rs 2.45 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-86]

8.16 Non-deduction of sales tax on goods – Rs 4 million

According to Section 3(7) read with the Eleventh Schedule of the Sales Tax Act 1990 and Sales Tax on Services (Withholding) Rules 2015, a withholding agent shall deduct sales tax at prescribed rates of sales tax shown in the sales tax invoice issued by a registered person/service provider.

It was observed during audit for the FYs 2021-22 and 2022-23 that five (05) field offices of FBR, in twenty-nine (29) cases made payments on purchase of goods but the department, being a withholding agent did not collect sales tax while making payments to the vendors. This resulted in non-deduction/payment of sales tax amounting to Rs 4.07 million.

These irregularities were pointed out during February to November 2023. The management informed that the matter was under scrutiny and progress would be submitted in due course of time.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to expedite the recovery from the concerned. No further progress was reported till the finalization of this report.

The Audit recommends to expedite recovery from the concerned vendors besides fixing of responsibility against the person(s) at fault.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.915, 4.9.13, 8.10 and 9.11 respectively having a financial impact of Rs 23.86 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-87]

8.17 Non-deduction of house rent allowance/charges – Rs 3 million

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.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its five (05) field offices, in forty-four (44) cases neither deducted 5% house rent charges nor discontinued the house rent allowance of the officers/officials who were allotted Government accommodation or availed hired accommodation. The omission resulted in non-deduction of house rent allowance/charges amounting Rs 3.16 million due to internal controls lapses.

These irregularities were pointed out during February to November 2023. The management replied that the action regarding recovery had been initiated from the employees.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to recover the excess payment and get the stance verified from Audit. No further progress was reported till finalization of this report.

The Audit recommends expediting the recovery from the concerned officers/officials.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19 and 2019-20 vide para numbers 4.9.13 and 4.9.15 respectively having a financial impact of Rs 11.56 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-88]

8.18 Non-collection of sales tax on services – Rs 2 million

According to Section 8 of the Sales Tax on Services Acts (Punjab/Sindh), a withholding agent, other than a recipient of advertisement services, shall withhold the whole amount of sales tax shown in the tax invoice issued by a registered person as service provider and make payment of the balance amount of the invoice to the registered person.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR (HQ) and its fourteen (14) field offices, made payments in twenty-eight (28) cases on acquiring taxable services without collection of sales tax. This resulted in non-withholding of sales tax amounting to Rs 2.02 million.

These irregularities were pointed out during February to November 2023. The management replied that the amount pointed out was under-recovery.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to expedite recovery. No further progress was reported till finalization of this report.

The Audit recommends to expedite recovery of amount pointed out.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.9, 4.9.13, 8.10 and 9.9 respectively having a financial impact of Rs 57.84 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-89]

8.19 Non/short-deduction of group insurance and benevolent fund – Rs 1 million

Rule 6A of Federal Employees Benevolent Fund & Group Insurance Fund Rules 1972, provides that contribution/subscription to group insurance and benevolent fund is mandatory at the specified rates.

It was observed during audit of the FYs 2021-22 and 2022-23 that FBR HQ and its six (06) field offices, in two hundred ten (210) did not deduct amounts in respect of group insurance and benevolent fund at prescribed rates. The lapse resulted in non/short-deduction of group insurance and benevolent fund amounting to Rs 1.22 million.

These irregularities were pointed out during February to November 2023. The management replied that recovery from the concerned employees was underway through the AGPR and concerned district accounts offices.

The DAC in its meetings held in August, September, December 2023 and January 2024, directed the department to get the stance verified from audit. No further progress was reported till finalization of this report.

The Audit recommends to expeditious recovery of the government dues and ensuring compliance of deductions through concerned DDOs.

Note: The issue was also reported earlier in the Audit Reports for Audit years 2018-19, 2019-20 and 2021-22 vide para numbers 4.9.19, 4.9.12 and 8.5 respectively having a financial impact of Rs 5.27 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-90]

8.20 Irregular expenditure on account of courier service – Rs 1 million

According to the Government of Pakistan Cabinet Division's U.O. No.7-1/2018 dated 20.03.2018, all government offices shall use services of Pakistan Post for mailing their domestic and international correspondence.

It was observed during audit for the FY 2022-23 that six (06) field offices of FBR made payment to private courier service providers under the head (A03205-Courrier & Pilot Services) without observing the government instructions. This resulted in irregular expenditure of Rs 1.12 million.

The irregularity was pointed out during February to November 2023. The management replied that private courier service providers were engaged due to wide territorial jurisdiction in which they have to carry out judicial exercises for levy/recovery of taxes including urgent requirement of courier & pilot services. Audit holds that it is clear violation of government instructions which needs a proper justification with documentary evidence.

The DAC in its meetings held in December 2023 and January 2024, directed the department to justify their stance with documentary evidence and get it verified from Audit.

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

Note: The issue was also reported earlier in the Audit Reports for Audit years 2019-20, 2021-22 and 2022-23 vide para numbers 4.9.14, 8.12 and 9.13 respectively having a financial impact of Rs 14.9 million. The recurrence of the same irregularity is a matter of serious concern.

[Annexure-91]

CHAPTER-9 IMPACT AUDIT OF FULLY AUTOMATED SALES TAX E-REFUND (FASTER) SYSTEM

1. Introduction

a. Background

Impact audit is aimed at determining impact of an initiative or program with a special focus on determining the outcome/results attributable to an initiative/new program while eliminating other contributing factors or variables. It is a conceptual evolution of performance audit and reports solely on the effectiveness aspect of an initiative. The decision making in public sector is increasingly becoming data-driven. Impact audit reports would help the stakeholders and decision-makers in the public sector to formulate, review and adjust these initiatives/programs besides serving as a template for future planning.

Taxpayers can claim input tax refunds under the Value Additional Tax (VAT) regime as per Section-10 and 66 of the Sales Tax Act, 1990. These refunds are claimed against taxes already paid on raw materials and purchases which are consumed during the manufacturing process. Therefore, proper functioning of VAT regime relies heavily on efficient and justified disbursement of refunds.

b. Role of technological intervention in refund payment of sales tax (FASTER)

The advent of information technology in the public as well as private sectors has fundamentally altered the outlook as well as operations of these organizations. Similarly, FBR adopted various technological interventions for facilitation of taxpayers over the years. These palpable and impalpable interventions were aimed at creating a stakeholder friendly environment and strengthening FBR in collection of revenue and disbursement of refunds.

FBR's automation of Sales Tax refund started in 2002 through the introduction of STARR (Sales Tax Automated Refunds Repository) which is a semi-automated system that allows taxpayers to file refund claims online through Refund Claims Preparatory System (RCPS). The latest intervention for payment of refunds is Fully Automated Sales Tax e-Refund (FASTER) system. It was introduced for the disbursement of sales tax refunds to five specific export oriented sectors in 2019.

Previously, inputs of five export-oriented sectors were zero-rated (textiles, leather, carpets, sports and surgical goods). The subject zero-rating was abolished vide SRO 694(I)/2019 dated 29.06.2019. In order to address liquidity issues of exporters of these sectors, a new IT module known as Fully Automated Sales Tax e-Refund (FASTER) was developed and operationalized in 2019. The stated objectives of FASTER were to fully automate the refund process, decrease processing time, alleviate the credit crunch of exporters, decrease interaction of taxpayers with tax officials, and increase taxpayers' confidence in tax administration.

Both systems have been working in parallel for processing refund payment. The main difference between the two systems is that cases through FASTER are processed centrally for all stages i.e. from verification of claims up to authorization of payment at FBR HQ. On the other hand, processing and sanctioning of refund through STARR is dealt by the respective field formation. An overall view of workload of refund processing through FASTER vs STARR is given in the following table:

(Rs in million)

Financial Year	System	No. of claims	Amount
2019-20	FASTER	10,350	89,126
	STARR	10,660	49,248
2020-21	FASTER	3,413	35,663
	STARR	8,697	35,797
2021-22	FASTER	3,539	59,210
	STARR	4,003	31,063
2022-23	FASTER	32,397	50,277
	STARR	515	9,360

It can be seen from the above table that refunds through FASTER have increased in comparison to refunds through STARR, both in terms of number of claims as well as total claimed amount.

2. Overview

High-income countries pay VAT refunds equivalent to 30% of gross VAT collection as compared to an average ratio of only 11% for low income and lower middle-income countries. Delayed refund issuance distorts the production and manufacturing sectors by decreasing their liquidity and increasing the indebtedness of governments. Poorly functioning VAT refund mechanisms may have profound fiscal policy implications—from adverse effects on VAT design to broader macro fiscal challenges. These may include misrepresenting the fiscal deficit's size, less prudent spending, impairing treasury operations, accumulating expenditure arrears, and, at times, creating financing shocks[1]. This impact audit has been conducted to measure the impact of FASTER against the intended objectives of FBR beneath governance objectives of transparency, fairness and accountability.

Transparency

Transparency of an intervention is ensured through clear and measurable objectives, openness of decision-making, and continuous reform. To measure the impact on transparency; reduction in processing times, easing of credit crunch, increase in exports, trust of taxpayers and decreased interaction with tax officials were analysed.

Fairness

Fairness of an intervention is ensured through equitable allocation of resources and removal of systematic barriers to access. Impact of FASTER in terms of fairness is analysed in terms of proportion of refunds paid to large vs small taxpayers.

Accountability

Public sector interventions have to strike a balance between accountability and efficiency. Increasing efficiency through automation of processes also poses a challenge to compliance and regulatory regimes in the absence of strong monitoring mechanisms. The impact on accountability has been examined through overall health of internal controls.

3. Scope and methodology

3.1. Scope

The stakeholders of this impact audit are the Federal Board of Revenue, taxpayers, and public at large. Cases processed through FASTER were treated as the "treatment group" and cases processed through STARR as the "control group". Both of these systems have been working in parallel since 2019. STARR processes all export-oriented sectors including some exports refund cases of five sectors assigned exclusively to FASTER. Since the audit was planned retrospectively and that too without any control assessment designed into the intervention by the

[1] IMF Note 21/04 How to Manage Value-Added Tax Refunds, 2021

management, therefore, discretion was used in selection of control and treatment groups.

3.2. Methodology

Prospective impact audit and evaluations thereafter, are likely to produce credible results. However, FASTER started functioning in 2019; therefore, the impact Audit was planned retrospectively. The audit relied on primary data (all refund cases paid through FASTER and STARR) provided by FBR. The audit selected STARR as a control group due to identical functions and technological nature of operations. Resultantly, the validity of impact assessment is limited by following factors:

i) The threshold data provided by project management of FASTER is used. This includes data of refund payments before and after the intervention of FASTER.

ii) Measures of success and deliverables identified by FBR were used. These included processing time, time taken for credit in taxpayers' bank accounts, and effect on volume of exports.

A Sample was selected based on materiality of refund claims for the analysis of exports. A survey was conducted with Chambers of Commerce and Industries (CCI) Lahore and Karachi as well as individual taxpayers to gauge trust level. Data of exports reported by State Bank of Pakistan was used as a secondary source. Formal and informal discussions with the management were also conducted.

4. Findings

4.1. Impact on Transparency

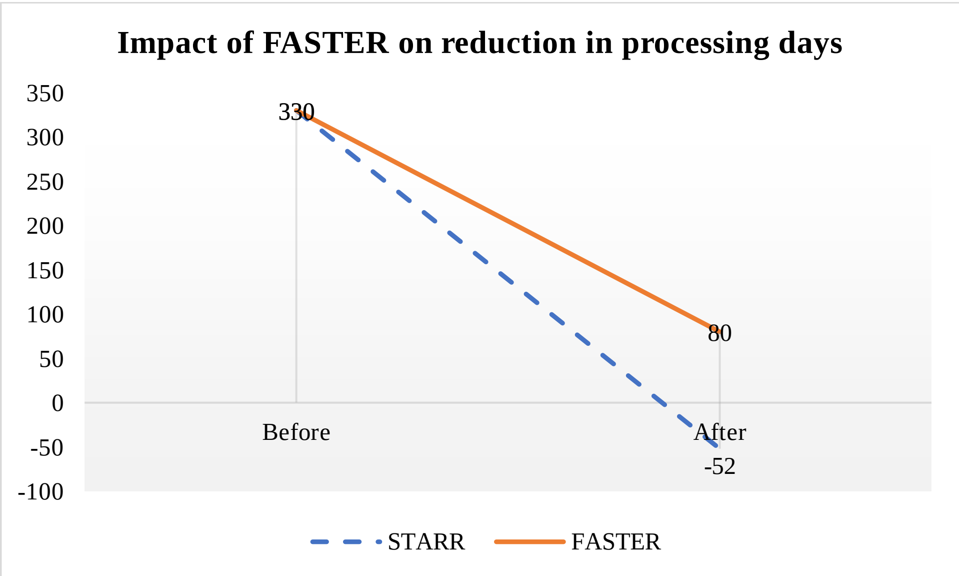
4.1.1. Decreased processing time

One of the deliverables of FASTER was reducing processing time of refund claims. The average processing days of FASTER versus STARR are tabulated as follows:

Year	Average payment days per case		%age improvement	
	FASTER	STARR	FASTER	STARR
2019-20	19	286	-	-
2020-21	16	753	16%	-163%
2021-22	8	724	50%	4%
2022-23	10	539	-25%	26%

As evident from the above table, FASTER took 8 to 19 days on average for processing while processing through STARR varied between 286 to 753 days for the period under consideration. Moreover, percentage improvement through FASTER was better as compared to STARR for all time periods except 2022-23. In 2019-20, the baseline average for STARR was 286 days which increased to 753 days in the successive year. Shift of focus of management to FASTER from STARR compounded with scarcity of financial resources due to Disbursement Linked Indicator (DLI) of revenue collection targets agreed with IMF may explain this increase.

Impact of FASTER in terms of reduction in number of processing days (using Difference in Differences Approach) is presented in the following graph:



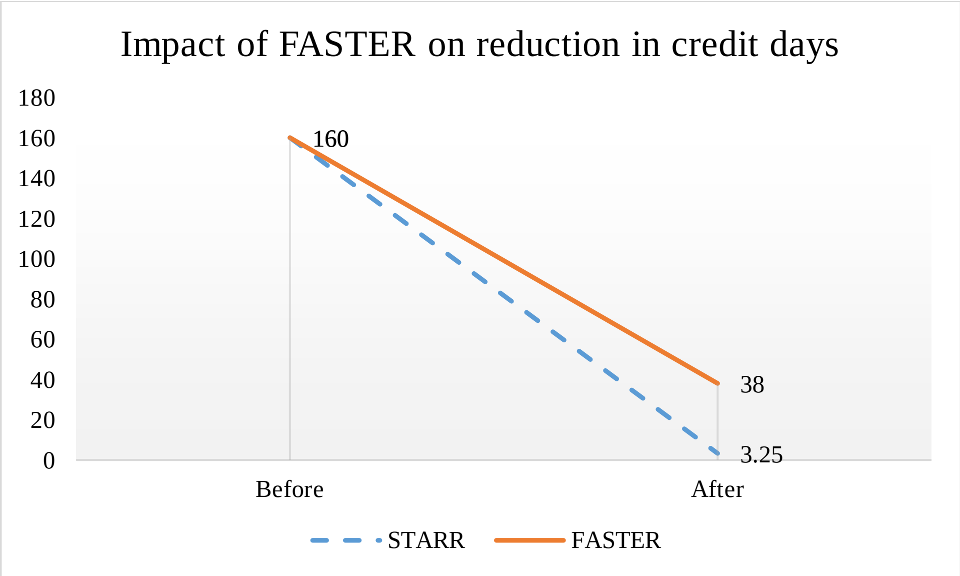
It is evident from above that there was a significant impact of 132 days on reduction in processing days in the treatment group (FASTER) as compared to the the control group (STARR).

4.1.2. Decreased credit days through FASTER

Post-processing delays are another hurdle faced by taxpayers while claiming input tax refunds. An analysis of time consumed by the system to credit refunds is as follows:

Year	Average credit days per case		%age improvement	
	FASTER	STARR	FASTER	STARR
2019-20	19	153	-	-
2020-21	14	169	26%	-10%
2021-22	9	164	36%	3%
2022-23	29	173	-222%	-5%

Average credit days ranged from 153 to 173 days in STARR, while cases processed through FASTER took 9-29 days. This shows a comparative improvement in time taken for credit through FASTER. Impact of FASTER on reduction in credit days (using Difference in Differences Approach) is presented below:



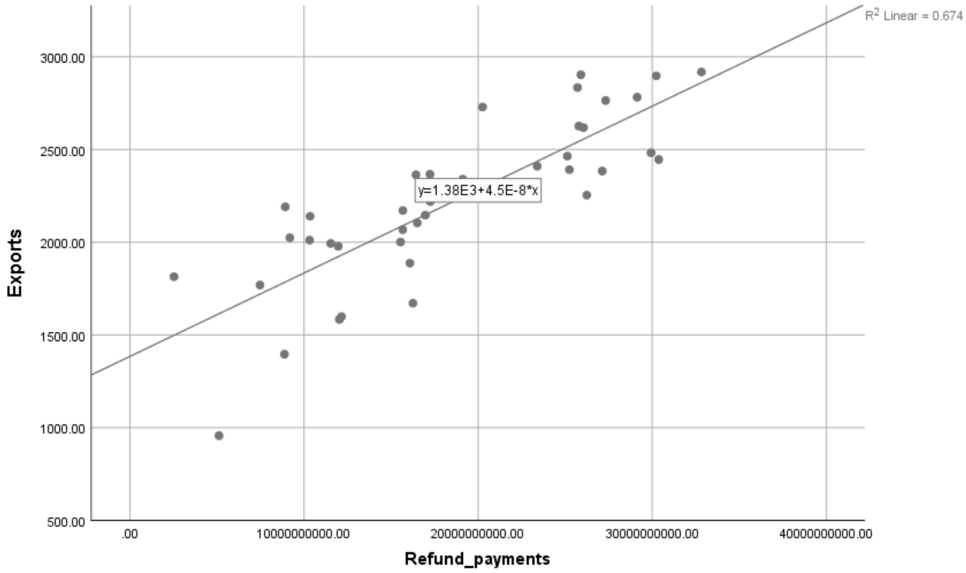
It is evident from above that there was a significant impact of 35 days in the treatment group (FASTER) as compared to the control group (STARR).

The management vide its letter dated 17th January 2024, replied that the credit days had been reduced to 48 hours and the same could be verified from SBP.

The Audit holds that calculation of average credit days is based on the difference in sanction date and cheque date as per data provided by the management. Afterwards, reliance has been made on statistical technique of Difference in Differences which calculates outcomes (reduction in processing days) instead of outputs (processing days). The method takes into account the effect of improvement in outcomes over a period of time due to the intervention as compared to the counterfactual which postulates absence of the intervention.

4.1.3. Regression analysis of refunds versus exports

One of the stated objectives of FASTER was to alleviate the credit crunch of exporters thereby increasing exports. Monthly data of refund payments processed through FASTER and monthly exports (reported by SBP) were used to construct the following scatterplot through Statistical Package for Social Sciences (SPSS) software:



Since there appeared to be a linearity as depicted in the above scatterplot a linear regression model was constructed to analyse the significance of correlation of refund payments with exports. The results of regression analysis are as follows:

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.821a	0.674	0.666	246.60993
a. Predictors: (Constant), Refund payments				

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5024557.441	1	5024557.441	82.618	0.000b
	Residual	2432658.393	40	60816.460		
	Total	7457215.833	41			
a. Dependent Variable: Exports						
b. Predictors: (Constant), Refund payments						

Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1384.227	100.140		13.823	.000
	Refund payments	4.497	0.000	0.821	9.089	.000
a. Dependent Variable: Exports						

The above calculation shows that, with a confidence interval of 95%, there is a statistically significant correlation between refund payments and overall exports. Moreover, 67.4% of the variation in exports can be explained through the variation in refund payments. The constant has a t-value of 13.823, and the associated p-value is very low (0.000). This implies that the intercept term is statistically significant, therefore, the estimated value of the dependent variable when all predictor variables are zero (the intercept) is significantly different from zero.

In spite of the above, other variables which might have had a significant bearing on the increase in exports (which have been excluded from the model) are overall economic growth, inflation, currency devaluation, award of GSP plus status to Pakistan by European Union, and diversion of trade routes during COVID-19 pandemic. Moreover, lag effect of refund has not been accounted for in correlating the exports over the entire data set, however, since the analysis covered 04 years therefore impact of the lag was reasonably captured.

To further investigate the effect of improved liquidity on exports sample based analysis of 10 companies (highest materiality) paid through FASTER is as follows:

Limited Companies	% increase in refunds (refund in last year/refund in first year)	% increase in exports (Last year exports/First year exports)
Nishat	570%	195%
Gul Ahmed	125%	213%
Feroze 1888	366%	169%
Liberty Textiles	338%	207%
Getz Pharma	1540%	189%
Artistic Milliners	195%	n/a
US Apparel	426%	n/a
Interloop	707%	329%
Yunus Textiles	216%	187%
Sadaqat Textiles	260%	184%

It is evident from the above table that although there was an increase in exports, however, percentage increase in refund payments didn’t commensurate with percentage increase in exports for any of the companies with only one exception.

The management vide its letter dated 17th January 2024, replied that there was 31% increase in exports of ex-zero rated sectors in 2022 compared to the previous FY. The increase in refunds for the same period stood at 27%. However, the management questioned the reliability of sample data on the grounds that the data pertained mainly to textile sector.

The Audit is of the view that subject export data includes textile sector because of high materiality of refund amounts. Moreover, the management is only considering the increase in exports in two (02) consecutive years whereas the instant study covers a span of four (04) years. The management may share month-wise data of exports of ex-zero rated sectors from 2019 onwards for further analysis.

4.1.4. Decreased visits to the tax office

FASTER also intended to decrease the number of visits of taxpayers to tax offices. This objective was indirectly linked with increasing taxpayer's confidence and trust.

According to the survey conducted by these offices with Chambers of Commerce and Industries Lahore and Karachi, responses are summarized as follows:

Number of visits to tax office	
Before	8
After	3

As depicted in the table above the number of visits to tax office reduced by 5 visits per taxpayer on an average.

4.1.5. Increased trustworthiness of FBR

Another objective of this intervention was to decrease the interaction of taxpayers with the tax officials and increase trustworthiness of FBR. The results of the survey are summarized as follows:

Trust Rating after introduction of FASTER	
Highly trustworthy	4%
Trustworthy	48%
Somewhat distrustful	35%
Highly distrustful	0%
No Comments	13%

The results tabulated above show that majority of the taxpayers (48%) showed trust in FBR after introduction of FASTER for processing of refunds. However, 35% respondents viewed FBR authorities with distrust and 13% respondents reserved their comments.

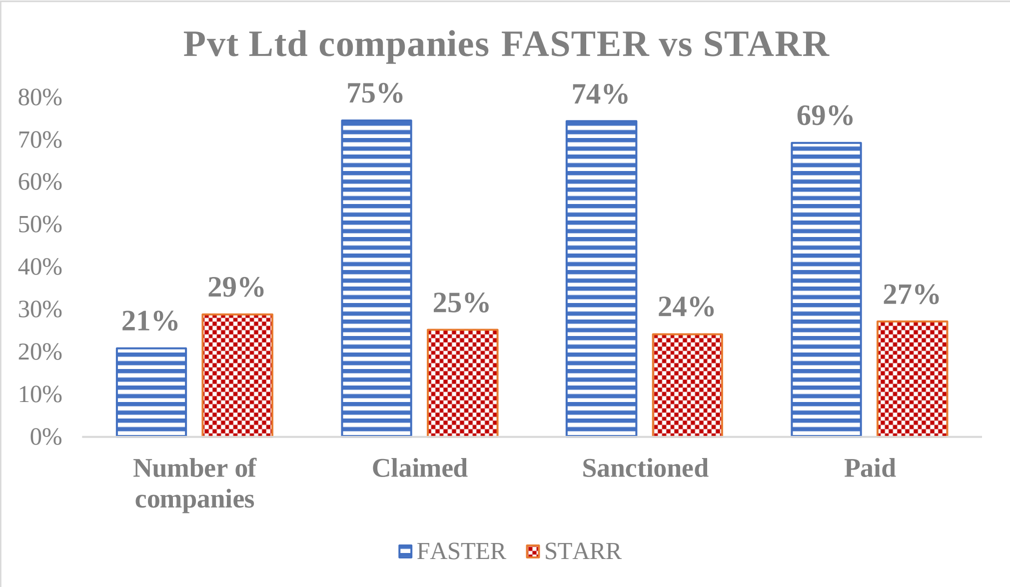
4.2. Impact on Fairness

4.2.1. Payments to private limited companies

Fairness of an intervention in public sector lies in equal treatment of all citizens. An analysis of payments to the listed companies in proportion to total claims revealed the following:

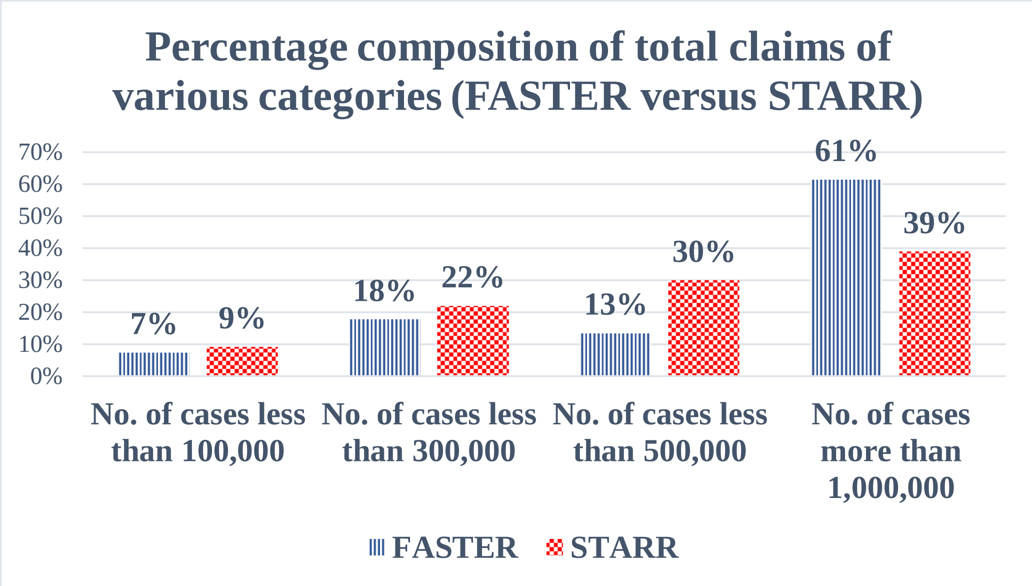
(Rs in Billion)

Description	STARR		FASTER	
	(Pvt) Ltd Companies	(Pvt) Ltd as %age of total cases	(Pvt) Ltd Companies	(Pvt) Ltd as %age of total cases
Number of companies	790	29%	1,117	21%
Claimed amount	32	25%	1,099	75%
Sanctioned amount	28	24%	1,056	74%
Paid amount	13	27%	568	69%



The above table and graph show that although the number of private limited companies was 8% lower in FASTER but these companies were paid 42% more refunds as compared to STARR. It is also pertinent to mention here that larger claims which constituted only 10% of the total claims were paid 76% of the total refund amount through FASTER. The Audit also observed that FASTER allowed relaxation to refund claimants of filing Annex-H (stock position) 120 days after submission of sales tax return. The unfair quantum of payments to corporate sector and relaxation of legal requirements raises question on the fairness of FASTER towards small taxpayers.

Moreover, further analysis of percentage composition of claims processed by the systems according to ceilings of refund amount is as follows:



As depicted in the above graph claims of Rs 1.00 million or more constituted 61% of the total cases processed through FASTER which was proportionately greater as compared to STARR. On all other accounts, STARR had a better distribution of cases according to various ceilings.

The management vide its letter dated 17th January 2024, replied that the intervention does not differentiate between registered persons whether a company or an individual and that refund claimants can file Annex-H with or 120 days after the submission of sales tax returns.

The Audit is of the opinion that subject analysis found that FASTER was discriminatory because the quantum of payments is unduly tilted towards corporate sector. Refund is a government liability, therefore, an intervention to ease taxpayer's refund woes should ideally be available to other taxpayers as well.

4.3. Impact on Accountability

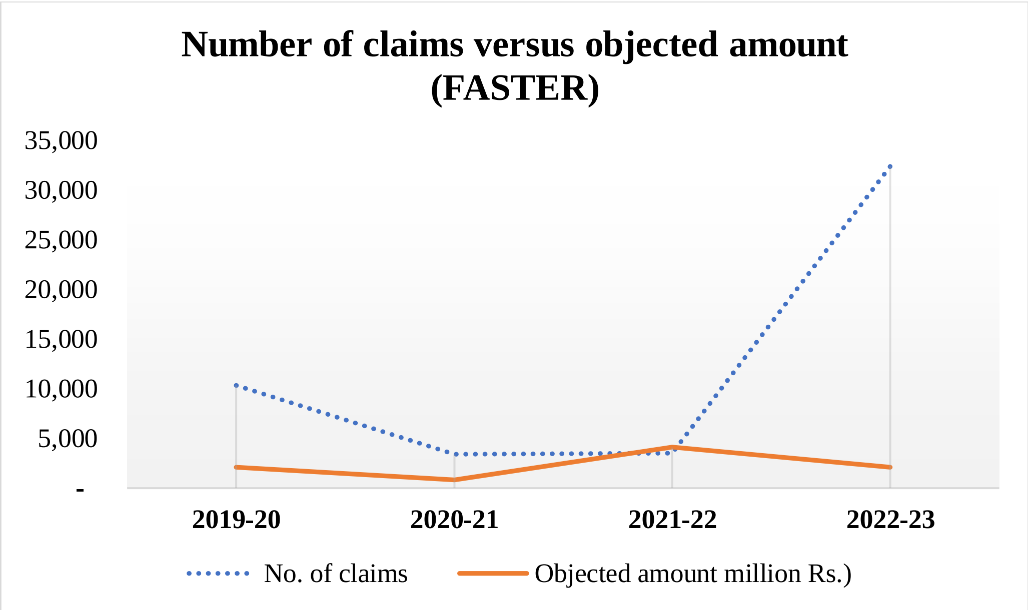
4.3.1. Analysis of objected claims

After processing the risk based system either sanctions, rejects, defers or carry forwards the claimed amount. A comparison of FASTER and STARR systems on above classifications is as follows:

	Rejected ratio		Deferred ratio		Carry forward ratio	
	FASTER	STARR	FASTER	STARR	FASTER	STARR
2019-20	2%	8%	2%	4%	195%	45%
2020-21	1%	11%	2%	13%	222%	50%
2021-22	1%	5%	7%	6%	238%	35%
2022-23	3%	2%	5%	4%	251%	16%

The above table shows that although FASTER had comparatively lower rejected ratios but the scale of carried forward amounts was much larger as compared to STARR. Moreover, deferred ratios for FASTER were initially lower but increased in recent years as compared to STARR. The huge quantum of deferred amount is problematic because governments are forced to devise alternative financing sources to pay outstanding refund claims (like issuance of bonds and securities). This ultimately increases a government's liabilities.

An analysis of number of claims processed through FASTER and amount objected by the system is presented below:



As shown in the above graph the amount objected by the system remained static as compared to the number of claims except for FY 2021-22. The amount objected by FASTER was highest in 2021-22 after which controls appear to have been scaled down thereby decreasing the objected amount.

The management vide its letter dated 17th January 2024, replied that FASTER was a fully integrated system with an inherent mechanism to reject claims which were not related to list of approved HS codes of five export oriented sectors. Moreover, only non-export claims with refund amount greater than zero were being rejected.

The Audit is of the view that a number of observations have been raised in various Audit Reports where inadmissibility of inputs for refund payments were established. In addition to this, the management also admitted to processing refunds of other sectors in the cited letter, therefore, the risk management system needs to be reviewed in the light of audit observations. The management may share the risk parameters and validation checks of the RMS with the Audit for further analysis. Moreover, the management did not reply on the issue of high carry forward and low rejection ratios of refund.

4.3.2 Refund payments through FASTER to other than ex-zero rated sectors

Subsequent to the abolition of zero rating and application of VAT mode to ex-zero rated sectors, FASTER was introduced for processing of refunds to export-oriented sectors specifically textiles, leather, carpets, sports, and surgical goods. However, the Audit observed that refund claims of taxpayers belonging to other than these five sectors were also processed through FASTER. A summary of these payments is tabulated below:

(Rs in million)

Industry	Number of claims	Amount of claim	Amount paid
Pharmaceutical	375	8,004	4,352
Rice Mills	876	1,678	1,313
Food	1,702	11,320	8,147
Soap	25	56	41
Stainless steel	167	2,149	1,338
Kitchen and Cookware	42	49	38
Total	**3,187**	**23,256**	**15,231**

The above refund payments are indicative of the fact that arbitrary barriers to entry incentivize collusion and malpractice.

The management vide its letter dated 17th January 2024, replied that it was decided by FBR that in order to facilitate the exporters and to overcome the limitations of the system during teething period that refund to all exporters shall be processed through FASTER. However, since the system has matured now, therefore, the temporary arrangement has been done away with and FASTER has been restricted to five export oriented sectors from September 2023 as provided in the rules.

The Audit requires the management to share the approval of the quoted decision.

4.3.3. Non-compliance of legal framework for refund payment

Section 8(1)(h) and (i) of Sales Tax Act, 1990 forbids adjustment of input tax on purchases of certain items including building and construction materials, vehicles and parts of vehicles. Section 7(2)(i) of the Act ibid read with Rule 33 of Sales Tax Rules, 2006 disallows input tax on utility bills not used in taxable supplies. Section 8(2) requires apportionment of input tax between taxable and non-taxable supplies. Rule 33 of Sales Tax Rules, 2006 limits the refund to the extent of input tax paid on purchases/imports actually consumed in the manufacturing of goods which have been exported or supplied at the rate of zero percent. Section 33 (11) (c) requires levy of penalty on any person who knowingly/fraudulently makes false statement/false declaration. Section 21 read with Rule 12 of Sales Tax Rules, 2006, requires that no refund can be paid to suspended/blacklisted registered persons.

The Audit has repeatedly pointed out absence of validation checks in refund processing against incorrect claims of domestic purchases, non-verification of use of utility bills as input invoice, unlawful adjustment of prior year's refunds, non-apportionment of input tax between taxable/non-taxable supplies, non-consideration of outstanding liabilities in sales tax refunds, and non-levy of penalties. One of the control failures observed during the conduct of this study pertained to payment of refund claims on the basis of invoices issued by suspended/blacklisted registered persons **(list attached as Annex-92)** as depicted in the following table:

FY	No. of claims	Amount Paid (Rs in million)
2019-20	8	70
2020-21	51	201
2021-22	54	310
2022-23	41	323

An increasing trend of payment to taxpayers claiming input on invoices issued by blacklisted/suspended taxpayers is visible in the above table. Furthermore, an inquiry report vide Order C.No.ST/I&I-IR/FR/04/2020-21/937 dated 28.08.2020 by FBR highlighted the fact that certain System Based Risk Minimizing Checks/Parameters were disabled (made non-functional) in order to facilitate expeditious processing despite clear legal provisions. Similarly, the cross-checking of refund claims by an authorized treasury office has also been eliminated. The role of treasury officer as principal signatory is being performed by Chief CSTRO while the DDO is performing the role of co-signatory. Moreover, Rule 39-G of Sales Tax Rules, 2006 which requires post refund audit of sales tax refunds is also not implemented consistently. To simplify the process of refunds, conventional documentation isn't required to be submitted and the rules require the claimant to produce the necessary documentation only when asked by the tax authorities. Despite clear instructions by the Board to institute post-refund audit cells in each formation, post-refund audit is not being conducted by the formations. This has led to an increase in the risk of refund fraud. The Audit is of the view that taxpayer facilitation and any intervention by the management thereof, should not compromise on the legal framework.

Accountability is established through robust internal controls and monitoring mechanisms. Progressive automation of governmental processes can lead to a sense of diffused responsibility due to the presence of a 'system' which can have negative consequences in terms of reduced accountability and non-compliance. Therefore, the drive of automation through FASTER needs to be coupled with a continuous review of internal controls so that facilitation of taxpayers goes hand in hand with prevention of undue refunds.

The management vide its letter dated 17th January 2024, replied that no payment to black listed/suspended registered persons had been made through the CSTRO module. Moreover, post audit refund cells were operational in field formations despite of human resource constraints and a designated cell was also working at FBR HQ level to conduct post refund audit.

The Audit is of the view that refund claims have been processed by FASTER, based on invoices issued by black-listed/suspended registered persons (as provided in the Annex-92). The management may like to conduct a fact-finding inquiry to ascertain these cases. The Audit holds that post refund audit cells are non-functional as communicated by various formations. Moreover, the record of registered persons is available with the respective formation where the taxpayer is registered, therefore, post refund audit should be carried out at the formation level.

5. Key Audit Findings

i) The number of processing days on average before FASTER were 632 which were reduced to 13 days. Similarly, average credit days were 160 which were reduced to 18 days.

ii) There was a positive correlation between refund payments and exports. A sample of major exporters, however, shows that the increase in exports did not commensurate with the increase in refund payment.

iii) The number of visits to tax office were reduced to 5 visits per taxpayer on an average. Majority of the taxpayers availing facility of FASTER (52%) reposed their trust in FBR.

iv) Corporate sector was paid 42% more refund through FASTER as compared to STARR. Moreover, 10% largest claims processed through FASTER were paid 76% of the total claimed amount.

v) There was a huge incidence of deferred amounts on both systems. However, the quantum of carried forward amounts was very high in FASTER as compared to STARR.

vi) Payment function had been centralized in the office of CSTRO. The rules required a treasury officer to pre-audit the claims, however, the role of treasury officer had been eliminated in violation of these rules.

vii) FASTER was discriminatory to other than ex-zero rated sectors as it relaxed legal requirements like filing Annexure-H (stock position) at the time of filing of refund claims. The relaxation of regulatory framework selectively for refund processing had increased the risk of refund fraud specifically in the absence of effective post-refund audit.

6. Conclusion

FASTER achieved transparency by reducing processing/credit times, increasing taxpayer trust and decreasing interaction with tax officials. There is some evidence which links efficient refunds to an increase in exports due to increased liquidity. However, fairness of FASTER is questionable on the touchstone of equitable treatment. The intervention needs improvement in terms of inclusivity as 76% of the payments were made to large taxpayers who constituted only 10% of the population of claims. The huge quantum of deferred amounts of refunds is still problematic. In the context of accountability, health of internal controls is weak as evidenced by reported violations of regulatory framework and non-conduct of post-refund audit. Thereby, risk of refund fraud has multiplied. Moreover, exclusive treatment created incentive for misuse/collusion as evident by payments to taxpayers from other sectors through FASTER. A multitude of refund processing systems and multiple barriers to access pose challenges to good governance. Above in view, sustainability of FASTER as a tool for refund payments should be reviewed to address its shortcomings in fairness and accountability.

7. Recommendations

i) There should be one platform for processing of refund cases. Other sectors not falling within its ambit as of now may also be allowed to file refund claims through FASTER.

ii) The Tax Gap Framework of FBR needs to be reviewed to incorporate refund liabilities and potential refunds. The department needs to address the systemic issue of non-payment of refunds. Risk categorization of pending refund claims be carried out and payments be prioritized according to risk.

iii) Annexure-H enclosed with sales tax returns be made machine-readable.

iv) Consistent enforcement with increased rates of penalties may act as a deterrent and decrease risk of refund fraud.

v) The centralized processing of payments by CSTRO be pre-audited by a treasury officer.

vi) The computerized risk management system be reviewed and updated regularly. The risk parameters of the system be reviewed by the management for regulatory compliance.

vii) Post refund audit (PRA) be ensured according to Rule 36(1) of the Sales Tax Refund Rules 2006 at field level. Separate reports by the field formations on conduct of PRA of claims processed through FASTER may be made a part of Monthly Performance Reports (MPR).

CHAPTER-10 THEMATIC AUDIT OF AFGHANISTAN PAKISTAN TRANSIT TRADE

1.1 Introduction

Afghanistan is a landlocked country which is dependent on Pakistan for trade with the world. Afghanistan-Pakistan Transit Trade Agreement, 2010 (APTTA) is a bilateral trade agreement between the two neighbouring countries. Afghanistan uses the ports of Pakistan for its imports and exports under this agreement. As quid pro quo, Pakistan is allowed access to Central Asia through Afghanistan. The objective of transit trade facility is to ensure effective administration of transit transport, avoid unnecessary delays, enhance transparency in transit documentation & procedures, promote freight transport and prevent smuggling.

Directorate General of Audit Inland Revenue (South), Karachi conducted a thematic audit of Afghanistan-Pakistan Transit Trade. The Thematic Audit highlights the misuse of Afghanistan-Pakistan Transit Trade facility and the level of management’s compliance with the applicable laws, rules, and regulations. It is alleged that most of the goods imported by Afghanistan through transit trade facility are pilfered or smuggled back into Pakistan.

1.2 Background

Pakistan, since 1947, has allowed Afghanistan to use Karachi Sea Port for imports. The transit trade agreement was signed in 1965. This agreement did not envisage reciprocal trade access to Pakistan with regard to defunct USSR and Central Asian Republics. The present Afghanistan-Pakistan Transit Trade Agreement allows Pakistan to have trade access with Central Asia through Afghanistan. It also permits both the countries to use each other's designated transit corridors. Afghanistan, while taking advantage of this facility, imports goods worth Billions of dollars.

It is known that large quantities of these imported items are smuggled back to Pakistan reducing production of local manufacturing industry. The high tariff smuggled goods to Pakistan include fabric, tea, electronic items, cosmetics, machinery etc.

1.3 Establishing the audit theme

1.3.1 Reasons for selection

The Government of Pakistan imposed restrictions on imports of non-essential and luxury goods during the FY 2022-23 due to pressures on foreign exchange reserves. Further, regulatory duty and sales tax were enhanced from 20% to 49% and 17% to 25% respectively on imports of certain items. In this connection, SROs 598(I)/2022 dated 19.05.2022, 1571(I)/2022 dated 22.08.2022 and 297(I)/2023 dated 08.03.2023 were issued by the Government of Pakistan which decreased Pakistan's imports volume by 32% in the FY 2022-23 as compared to the FY 2021-22 as per detail given below:

Pakistan's total imports from all over the world (US$ in millions)			
Description	**2021-22**	**2022-23**	**Diff %**
Cosmetics/Chemicals	10,451.02	7,093.46	-32.13
Plastics	3,824.83	2,788.77	-27.09
Textile related items	4,544.81	3,607.09	-20.63
Footwear products	43.98	28.75	-34.63
Ceramics	70.02	48.75	-30.38
Iron / Steel products	5,457.75	3,378.66	-38.09
Machinery	11,353.09	5,931.51	-47.75
Vehicle and others	4,340.85	1,739.52	-59.93
Toys/furniture/arms/watches	400.89	251.16	-37.35
Prepared Food / Others	706.30	494.40	-30.00
Other items	38,000.05	28,295.54	-25.54
Total Import Value	**79,193.58**	**53,657.60**	**-32.25**

Source: Customs import data FY 2021-22 & 2022-23

Afghanistan's overall imports for the last five years show a decreasing trend as per data given below:

Afghanistan's total imports from all over the world (US$ in millions)				
Imports value in 2018-19	**Imports value in 2019-20**	**Imports value in 2020-21**	**Imports value in 2021-22**	**Imports value in 2022-23**
11,021.11	8,831.79	8,729.55	7,367.57	7,561.73

Despite decreasing trend in Afghanistan's overall imports, the increase of transit trade volume during 2022-23, especially increase in those items which were discouraged by the Government of Pakistan, is problematic. Afghanistan's Transit Trade imports via Pakistan, during the FY 2022-23, increased to US $ 6.75 Billion from US $ 4.00 Billion during the FY 2021-22 which was 69% higher than the previous year. The increase in transit trade volume in 2022-23 is unjustified because neither a significant increase in population was witnessed nor any significant economic development was reported in Afghanistan. The annual population growth rate of Afghanistan was 2.67% and the annual **r**ate of urbanization was only 3.34% (Source: www.worldometers.info). After the Taliban's takeover of the country in August 2021, the United States froze $9.5 Billion in assets belonging to the Afghan Central Bank[1].

Due to high demand coupled with import restrictions in Pakistan, the increase in transit trade of these items depicts that the facility of transit trade was misused. Further, smuggling of dollars from Pakistan to Afghanistan was also reported in media, ostensibly smuggled dollars were used for payments of transit trade imports.

1.3.2 Purpose/Objectives

The main objective of the study was to analyse the misuse of transit trade facility and to determine management’s compliance with the applicable laws, rules, and regulations in pursuance of the purpose and objectives of the Afghanistan-Pakistan Transit Trade Agreement (APTTA) 2010**.**

1.3.3 Scope

The thematic audit covers the office of the Directorate General of Transit Trade, Karachi, Directorates of Transit Trade Karachi, Gwadar and Quetta. The thematic audit analysed transit trade data for the last three financial years from 2020-21 to 2022-23. Further, field audit team also reported significant instances of misuse of transit trade facility including ineffective monitoring and en-route pilferage of transit goods.

2. Legal framework governing the theme

Customs Act, 1969, Custom Rules, 2001, Customs General Order (CGO), SROs 121(I)/2014 dated 24.02.2014, 609(I)/2020 dated 07.07.2020, 1013(I)/2021 dated 05.08.2021, 1466(I)/2021 dated 11.11.2021, 659(I)/2023 dated 05.06.2023, 598(I)/2022 dated 19.05.2022, 1571(I)/2022 dated 22.08.2022 and 297(I)/2023 dated 08.03.2023.

[1]Bloomberg dated 18.08.2021

3. Stakeholders and governmental organizations identified as directly/indirectly involved

The Directorate General of Transit Trade, the Government and traders of Afghanistan are the key stakeholders in the thematic audit.

4. Role of important organizations

The Directorate General of Transit Trade and its field offices are responsible for safe and sound transit of goods to Afghanistan via Pakistan without any en-route pilferage. The Directorate has to review and recommend suitable internal controls, automated processes and fool proof security system for cross border of transit cargo to Afghanistan.

5. Organization's Financials

The Directorate General of Transit Trade and its field offices meet its expenditure and cost incurred on transit trade facility from the consolidated fund of the Government of Pakistan through Federal Board of Revenue.

6. Field audit activity

This office allocated three hundred twenty-six (326) man-days for the thematic audit activities. Thirty-eight (38) man-days were allocated for planning and desk audits. Two hundred eighty-eight (288) man-days were allocated for the execution of the thematic audit. The thematic audit was executed from 29.08.2023 after detailed planning at the start of August 2023.

6.1 Methodology

The methodology of the thematic audit includes the following;

i. Understanding the audited entity
ii. Conducting a risk assessment
iii. Defining detailed audit objectives
iv. Developing audit program
v. Performing analytical procedures
vi. Testing the internal controls
vii. Determining sample size for substantive testing of details
viii. Conducting substantive tests
ix. Evaluating results
x. Reporting
xi. Follow up

6.2 Audit Analysis

6.2.1 Review of Internal Controls

The implementation of statutory obligations by the department was found to be lacking. It was observed that in various cases the Directorate General of Transit Trade failed to curb en-route pilferages of goods in transit trade facility.

Audit observed that:

- In sixty-eight (68) cases cross border certificate of cargo transited to Afghanistan were not issued (details in para 6.2.3.1 (A) below).
- Eighty-one thousand three hundred and fifty-two (81352) transit consignments were not acknowledged by the Afghan Customs Authorities (details in para 6.2.3.1 (B) below).
- One-hundred thirty-one thousand and seven hundred sixty-eight (131,768) pending insurance guarantees were not revalidated/encashed (details in para 6.2.3.1 (C) below).
- Afghan Transit Trade volume via Pakistan was increased to US $ 6.75 Billion during the FY 2022-23 from US $ 4.00 Billion during the FY 2021-22 (details in para 6.2.3.2 below).
- Since 2012, tracking and monitoring system has been run by only a single tracking company i.e. M/s TPL Trakker Limited (details in para 6.2.3.3 (A) below).
- M/s TPL Trakker Limited had failed to install tracking and monitoring devices on a truck and loaded two containers (details in para 6.2.3.3 (B) below).
- The tracker company was facing a shortage in tracking devices and Container Security Devices (CSDs) (details in para 6.2.3.3 (C) below).
- M/s TPL Trakker Limited generated erroneous intimations/alerts (details in para 6.2.3.3 (D) below).
- Alerts pertaining to unusual stoppage of vehicles, door opening alerts, deviation from the route and Out-of-Sync Prime Mover Devices (PMD) and Containers Security Devices were either not generated or communicated late (details in para 6.2.3.3 (D) below).

- The transit trade containers are examined, de-sealed at the Afghan Transit Yard, located at Chaman Railway Station situated 2-3 kilometres away from the border (details in para 6.2.3.4 below).
- Despite having a tracking and monitoring system and licensed bonded-carriers/transport operators, frequent incidents were unearthed by the customs authorities, which shows that en-route pilferages are routine occurrences in the Afghanistan-Pakistan Transit Trade (details in para 6.2.3.5 below).
- In six (06) cases the transport operators/bonded carriers did not perform their legal responsibilities during en-route transit of goods to Afghanistan (details in para 6.2.3.6 below).
- In four (04) adjudicated cases the department was failed to recover government dues of Rs 120 million (details in para 6.2.3.7 below).
- In import documents/data complete description of the transit goods was not recorded (details in para 6.2.3.8 below).

6.2.2 Critical Review

Based on scrutiny of transit trade data provided by the Directorate General of Transit Trade, Karachi, incidents report and performance of tracking & monitoring company, the Audit is of the view that the Directorate General of Transit Trade and its field formations were not making significant efforts to curb en-route pilferages of transit goods and to avoid misuse of transit trade facility. More specifically following inferences can be drawn:

- The Directorate General of Transit Trade is not effectively monitoring the timely cross border and acknowledgement of transit consignments from Afghan's Customs Authorities;
- The Directorate is not analysing sudden influx in transit trade business keeping in view that certain tariff & non-tariff restrictions on non-essential & luxury items were imposed by the Government of Pakistan for its own imports;
- The Directorate is unable to engage multiple tracking & monitoring companies in transit trade business through competitive bidding process; and

- There is lack of effective monitoring & accountability on lapses committed by clearing agents, transport operators/bonded carriers and tracking company in discharging their legal responsibilities.

6.2.3 Significant Audit Findings

6.2.3.1 Non-reconciliation/confirmation of import under Afghanistan-Pakistan transit trade

According to Customs Rules, 2001, at the time of cross-border of the transit goods, the office en-route shall take a print-out of the GD, which will be handed over to Afghan Customs for endorsement in token of receipt of transit goods, the Afghan Customs will also provide a copy of T-1 bearing cross reference of GD filed in Pakistan and a certificate to the effect that the transit goods have crossed the border. Further, under Electronic Data Interchange (EDI) between Afghanistan and Pakistan Customs, the confirmation regarding cross border and arrival of the goods at the Afghan Customs shall be received electronically. Further, the Deputy/Assistant Director of Securities of the Office of Departure shall be responsible for taking appropriate steps on a fortnightly basis for timely reconciliation, encashment, revalidation or physical release of financial guarantee. In case of non-receipt of cross border certificate along with T-1 or non-fulfilment of any conditions against which the security was furnished by the Afghan importer or exporter, the security shall be en-cashed for recovery of government revenue.

During scrutiny of the soft data of Director General Transit Trade, for the period from July 2020 to June 2023, Audit observed the following irregularities:

A) Non issuance of cross border certificate of cargo transited to Afghanistan

Sixty-eight (68) containers/trucks of transit commercial cargo forwarded to Afghanistan from Karachi and Gwadar ports had not crossed the Afghanistan-Pakistan Border despite the lapse of considerable time. This irregularity indicates that the goods are pilfered en-route in Pakistan's territory. A year-wise summary is given below:

S#	Financial Years	Containers which did not cross the border
01	2020-21	22
02	2021-22	12
03	2022-23	34
Total		**68**

The irregularity was reported to the department in November 2023. The management informed that cross border certificates of 08 containers had been obtained. In the remaining 60 cases, letters had been written to the Directorate of Transit Quetta and Peshawar to take necessary action to complete the process of obtaining cross border certificates.

The Audit is of the view that non-receiving cross border certificates even after lapse of almost three years is a serious issue which must be investigated at senior management level.

The DAC in a meeting held in January 2024, directed the Directorate General of Transit Trade to ascertain the reasons for the non-confirmation of cross-border of the remaining 60 containers even after a lapse of three years.

Audit recommends for early investigation of non-cross border of consignment, besides fixation of responsibility on the person(s) at fault.

B) Non-acknowledgement of 81,352 transit consignments by Afghan Customs Authorities

Eighty-one thousand three hundred and fifty-two (81352) containers/trucks of transit commercial cargo forwarded to Afghanistan from Karachi and Gwadar ports and crossed the Afghanistan-Pakistan Border (as per soft data), however, their receipt in Afghanistan by the Afghan Customs Authorities was not acknowledged (T-1) despite lapse of considerable time. A year-wise summary is given below:

S#	Financial Years	Containers not acknowledged by Afghanistan
01	2020-21	3,755
02	2021-22	37,280
03	2022-23	40,317
	Total	**81,352**

The irregularity was reported to the department in November 2023. The management informed that six thousand one hundred and twenty-two (6,122) containers had been acknowledged by Afghan customs authorities. For the remaining cases, the T-1 document had not been uploaded in the WeBOC system by Afghan Customs. The Directorate General of Transit Trade, Karachi had requested the Consulate General of the Islamic Republic of Afghanistan to expedite the uploading of T-1 document.

The Audit is of the view that non acknowledgment of remaining 75,230 transit trade containers by Afghan Customs authority is very serious issue which should be taken up by the Directorate General of Transit Trade with the relevant authorities for future clearance of transit consignments.

The DAC in a meeting held in January 2024, directed the Directorate General of Transit Trade, Karachi to effectively pursue the matter with the relevant quarters and ascertain the reasons for clearance of further cargo despite the non-acknowledgement of the containers by Afghan Customs even after a lapse of three years. Moreover, specifying the time period for acknowledgement and after lapse of the prescribed time securities/guarantees should be en-cashed.

Audit recommends for effective pursuance with the relevant authorities for early resolution of the matter.

C) Non-encashment/release of 131,768 insurance guarantees

One-hundred thirty-one thousand and seven hundred sixty-eight (131,768) insurance guarantees involving an amount of Rs 1,469.65 Billion in respect of transit commercial cargo forwarded to Afghanistan from Karachi and Gwadar ports were outstanding/pending despite the fact that their validity period had expired. The Directorate neither obtained fresh insurance guarantees nor revalidated the expired guarantees. A year-wise summary is given below:

S#	Financial Years	Insurance guarantees pending/expired
01	2020-21	40,104
02	2021-22	34,512
03	2022-23	57,152
	Total	**131,768**

The irregularity was reported to the department in November 2023. The management informed that insurance guarantees in eight hundred and seventy-six (876) cases had been released. For the remaining cases, the T-1 document had not been uploaded in the WeBOC system by Afghan Customs, therefore, securities were not released.

Audit is of the view that the Directorate General of Transit Trade was required to take prompt action for revalidation and encashment of financial securities.

The DAC in a meeting held in January 2024, directed the Directorate General Transit Trade to look into the matter and justify non-revalidation of expired securities, besides taking remedial actions/measures.

Audit recommends for revalidation of expired securities, besides fixation of responsibility on the person(s) at fault.

6.2.3.2 Abnormal increase in import of smuggling-prone items by Afghanistan in transit through Pakistan

The government of Pakistan vide SROs 598(I)/2022 dated 19.05.2022, 1571(I)/2022 dated 22.08.2022 and 297(I)/2023 dated 08.03.2023 imposed certain restrictions and increased rate of duty & taxes on the imports of non-essential/luxury items.

During the Thematic Audit of Afghan Pakistan Transit Trade, it was observed that the volume of Afghan Transit Trade (forward) via Pakistan increased to US $ 6.75 Billion during the FY 2022-23 from US $ 4.00 Billion during the FY 2021-22 which is almost 69% as compared to the previous year.

Total import under Transit Trade in relation to population				
Period	**Population Million**	**Increase in population**	**Import value US$ Million**	**Increase/decrease in import value US$ (Million)**
2020-21	40.10	-	4,622.31	-
2021-22	41.13	1.03 M (2.57%)	4,003.16	-619.15 (-13.39%)
2022-23	42.24	1.11 M (2.67%)	6,756.16	2,753 (68.77%)

Source: Transit Trade Data

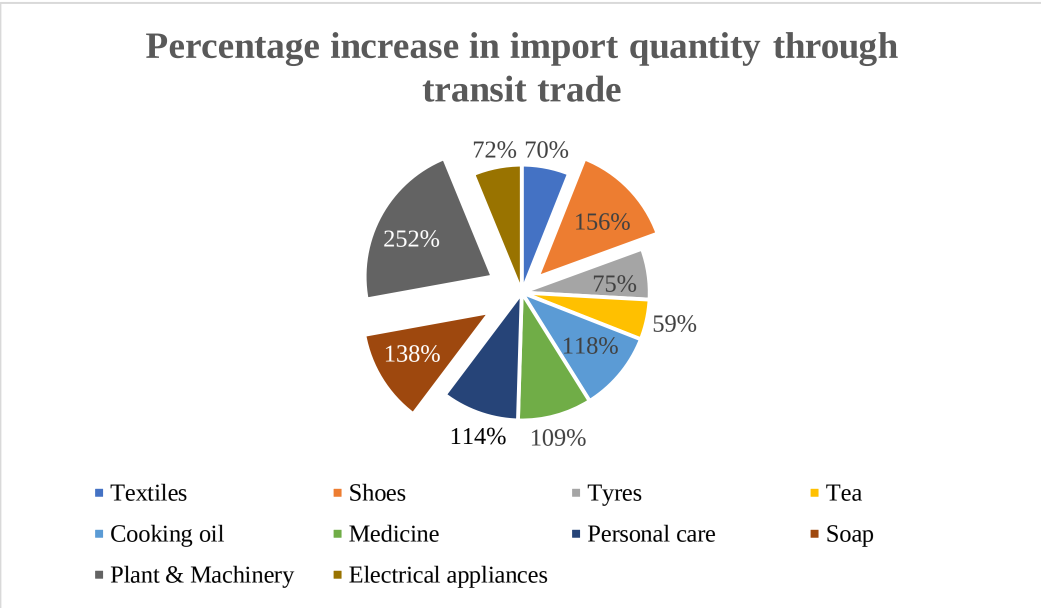
Keeping in view the decreasing trend in overall imports of Afghanistan, limited exports and scarce funding sources, especially after the imposition of multiple sanctions on the interim Afghan Government, the huge increase in the volume of transit trade through Pakistan is not justifiable. Comparative analysis of the major items restricted by the Government of Pakistan and the increase in imports of identical/similar goods through transit trade in 2022-23 shows that this facility was misused and the goods intended for Afghanistan were pilfered or smuggled back into Pakistan.

The following tables show a comparison and co-relation in a decrease of imports in Pakistan and an increase of these goods in transit trade:

Increase in transit trade volume:

Items	Quantity (MT) 2021-22	Quantity (MT) 2022-23	Import value US$ 2021-22	Import value US$ 2022-23	Increase in import value US$	Increase %
Textile and articles thereof	195,882	340,538	1,465.83	2,488.82	1,022.99	70%
Shoes	5,967	14,644	19.23	49.24	30.02	156%
Tyres	2,529	5,661	223.60	392.97	169.36	75%
Tea	48,557	71,521	113.88	180.59	66.71	59%
Cooking Oil & Ghee	350,988	532,082	383.51	835.72	452.20	118%
Medicines	15,073	27,727	101.12	211.20	110.08	109%
Perfumes/Personal care products	7,842	15,827	23.64	50.66	27.02	114%
Soap	6,265	18,879	9.10	21.70	12.60	138%
Plant & Machinery	4,451	9,906	53.68	189.29	135.61	252%
Electrical appliances	51,665	96,252	368.83	633.27	264.44	72%
Total	**689,219**	**1,133,037**	**2,762.42**	**5,053.45**	**2,291.03**	**83%**

Source: Transit Trade Data



Decrease in Pakistan's import volume:

Pakistan's total imports from all over the world (US$ in millions)			
Description	**2021-22**	**2022-23**	**Diff %**
Cosmetics/Chemicals	10,451.02	7,093.46	-32.13
Plastics	3,824.83	2,788.77	-27.09
Textile related items	4,544.81	3,607.09	-20.63
Footwear products	43.98	28.75	-34.63
Ceramics	70.02	48.75	-30.38
Iron / Steel products	5,457.75	3,378.66	-38.09
Machinery	11,353.09	5,931.51	-47.75
Vehicle and others	4,340.85	1,739.52	-59.93
Toys/furniture/arms/watches	400.89	251.16	-37.35
Prepared Food / Others	706.30	494.40	-30.00
Other items	38,000.05	28,295.54	-25.54
Total Import Value	**79,193.58**	**53,657.60**	**-32.25**

Source: PRAL's Import Data

There was an increase in Afghanistan's transit trade volume from US$ 4.00 Billion to US$ 6.75 Billion even though there was no change in demand since there was no change in population/urbanization nor in the economic prosperity of the country. On the contrary, the demand for the above items increased in Pakistani markets due to import restrictions & high tariffs. However, government of Pakistan in September/October 2023 has taken certain measures including replacement of insurance guaranties with bank guaranties equivalent to duties & taxes and levying processing fee on certain items. Since adoption of these measures, the volume of transit trade decreased by more than 32% in the first six months of the current financial year, which shows that the transit trade facility was grossly misused in 2022-23 and goods imported by Afghanistan were reportedly smuggled back into Pakistan.

The irregularity was reported to the department in November 2023. The management accepted the above facts and figures and informed that prevailing laws do not bar or limit the quantum of imports under transit trade, therefore, the goods were imported and cleared for transit to Afghanistan. Reportedly, the transit goods were smuggled back into the country which comes under the ambit of law enforcement agencies.

The Audit is of the view that the volume of the transit trade should be rationalized in proportion to the population growth rate and consumption patterns of the country.

In the DAC meeting held in January 2024, the matter was discussed at length wherein the Directorate of the Transit Trade is of the view that Customs Authorities implement the policies of the government which were previously very liberal and there is no link between the imports under transit trade *vis-a-vis* Afghanistan's socio-economic parameters. Except for auto parts and cigarettes, all commodities were allowed under the transit trade. However, the DAC was further informed that after the stringent anti-smuggling policies adopted by the government of Pakistan during September/October 2023 whereby all imports under transit trade are now subject to submission of bank guarantees equivalent to the duty taxes involved in the goods instead of insurance guarantees and 10% processing fee charges of the value of the goods on certain items. Due to the above measures, there is a sharp decline of more than 50% in transit trade cargo. The above position strengthens the Audit point of view that the facility of transit trade was misused.

Audit recommends that any abnormal increase in the transit trade must be investigated further so that misuse of transit trade facility may be checked at the early stage.

6.2.3.3 Compromised tracking and monitoring system

According to the Customs Rules, 2001, the tracking & monitoring company shall be required to provide the following services, namely:

(a) Monitoring and tracking of vehicles and containers carrying the cargo mentioned in these rules from the Customs port of entry to the Customs port of exit on a real-time basis.

(b) Maintaining en-route integrity of cargo by preventing pilferage, theft, and losses.

(c) Mounting, securing and ensuring the integrity of the device during the journey by using machine-readable serialized seals.

(d) Alerts for unusual stoppages, device / tampering or infringement or intrusion or removal or door opening; and unusual deviation from geo-fencing device mounting or un-mounting.

Transit trade heavily relies upon effective tracking and monitoring systems. M/s TPL Trakker Limited was granted a license for tracking and monitoring of transit cargo in February 2012 under the administrative control of erstwhile CoC Preventive, Karachi. Later on, in July 2020 the licensing of tracking & monitoring function was shifted to the Directorate of Transit Trade, Headquarter, Karachi vide SRO 609(I)/2020 dated 07.07.2020. During the thematic audit of the record of the Directorate of Transit Trade, the Audit observed the following irregularities:

A) Monopoly of M/s TPL Trakker Limited on the entire Pak-Afghan Transit business

Since 2012, tracking and monitoring system has been run by only a single tracking company i.e. M/s TPL Trakker Limited despite the fact that the company was involved in the following serious irregularities and lapses, which put the whole system at risk.

B) Non-installation of trackers on Afghan transit containers

M/s TPL Trakker Limited had failed to install tracking and monitoring devices on a truck and loaded two containers gated out from M/s SAPT Karachi on 04.06.2020 for Afghanistan via Chaman which were detained by staff of Customs Check Post, Baleli on 08.06.2020[2]. This was a clear breach of legal responsibility entrusted upon the tracking company, gate out staff, clearing agent, transport operator etc.

C) Shortage of tracking devices to cater for the business

The company was facing a shortage in tracking devices and Container Security Devices (CSDs) not only for Afghan forward transit but for transhipment consignments as well. This resulted in huge financial losses as demurrage/detention charges on traders due to failure of the tracking company.

D) Erroneous data intimation and alerts

M/s TPL Trakker Limited generated erroneous intimations/alerts[3]. As per Customs Rules, 2001, the licensee was responsible for providing access of their Web portal to Customs which was not done.

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[2](Ref: MCC Enforcement & Compliance (E&C) Quetta letter C.No. 01-Cus/Misc/transit/ MEUs/2020/17812 dated 24.06.2020)

[3](Ref: Directorate of Transit Trade, Peshawar letter C.No. 05-05/DTP/2013/Pt-V/203 dated 05.11.2020 and Directorate of Transit Trade, Quetta letter C.No. 03-Transit/Misc-Corr/Yaroo/2022/714-717 dated 21.01.2022).

E) Late/non-communication/issuance of alerts

Alerts pertaining to unusual stoppage of vehicles, door opening alerts, deviation from the route and Out-of-Sync Prime Mover Devices (PMD) and Containers Security Devices were either not generated or communicated late from the Central Control Room (CCR) and Regional Control Room (RCR) of the tracking company[4].

On the above observations of Audit, the management informed as under:

- Due to litigation and stay order of the Honourable Sindh High Court the tracking & monitoring system was being run by M/s TPL Trakker Limited.
- Non-availability of tracking devices was due to blockage of consignments, increase in Afghan Transit Trade volume, and induction of Transhipment in monitoring regime. However, the issue was addressed by induction of new devices in inventory.
- Door opening alerts were dependent on other factors such as poor road conditions and abrupt breaking of the vehicle which may lead to the generation of door alerts.
- SOPs had been issued for effective and rapid response to the alerts. Staff had also been deputed for effective control, moreover Mobile Enforcement Units were also available 24x7 in all formations for rapid response in coordination with the Central Control Room.

The Audit is of the view that allowing single tracking & monitoring company since 2012 is a big question mark on the performance of the Directorate General of Transit Trade. Failures of the management to engage tracking & monitoring companies through the competitive bidding process must be enquired and investigated at senior management level.

The DAC in a meeting held in January 2024, showed dissatisfaction with the performance of the tracking & monitoring company in the transit trade business and directed the Directorate General, Transit Trade, to ascertain the reasons for non-pursuance of legal cases for early vacation of stay order. Moreover, services of other tracking & monitoring company may be acquired with better performance and report to Audit & FBR in 60 days.

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[4](Ref: Directorate of Transit Trade, Quetta letters C.No. 124-Transit/DG/Misc/QTA/ 2019-20/4164 dated 11.12.2020 & C.No. 03-Transit/Misc-Corr/Yaroo/2022/714-717 dated 21.01.2022, & Incident Reports C.No. 01-Transit/Misc-Corr/Yaroo/2021 dated 03.12.2021 and C.No. 01-Transit/Misc-Corr/Yaroo/2022 dated 02.01.2022).

Audit recommends for early investigation of non-acquiring the services of multiple tracking companies, besides fixation of responsibility on the person(s) at fault.

6.2.3.4 Defective procedure at border customs station susceptible to en-route pilferage of transit trade goods

The transit trade containers, selected for examination, are de-sealed at the Afghan Transit Yard, located at Chaman Railway Station situated 2-3 kilometres away from the border. The containers after examination are sent to the border without monitoring and tracking system which creates room for pilferage of transit goods. Reportedly, a container loaded with textile linen fabric was de-sealed and examined at Transit Trade Yard, Chaman on 07.08.2021. It was found as per declaration after which tracker was removed and the gate pass was signed and handed over to the clearing agent for crossing the cargo from Pak-Afghan Border Gate 2-3 kilometres away from Transit Yard. Later on, the fabric was unloaded from the container at a private godown situated on the way from Transit Trade Yard Chaman to the Pak-Afghan Border. The stakeholders attempted to en-route pilferage of transit goods[5].

The Directorate informed that the arrival of consignments at Chaman border station are examined on a risk profiling basis and are processed to proceed for cross-border delivery under escort. There is a 2 to 2.5 km distance between Chaman yard and cross border point. However, suitable measures and internal checks had been installed to ensure the integrity of cargo, after which no such incident was reported.

The Audit is of the view, that the cargo was required to be dispatched either under the escort or the examination of the goods and de-sealing should be carried out at the border in order to avoid such lapses in future.

The DAC in a meeting held in January 2024, directed the Directorate General, Transit Trade to strengthen internal controls, besides acquiring of examination yard at the Chaman border in order to minimize or avoid such lapses in future.

Audit recommends for early probe into the matter for non-acquiring of examination yard at border, besides fixation of responsibility on the person(s) for sending of cargo from railway yard to border without customs squad.

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[5](Ref: FIR No. 01-Cus/FIR/ATT/Chaman/2021/112 dated 12.08.2021 in Case No. 01-Cus/Seize/ATT/Chaman/ 2021).

6.2.3.5 En-route pilferage of transit goods causing loss of government revenue

Despite having a tracking and monitoring system and licensed bonded carriers/transport operators, the following incidents were unearthed by the customs authorities, which shows that en-route pilferages are routine occurrences in the Afghanistan-Pakistan Transit Trade:

A) A vehicle bearing a fake number plate TLE-794 loaded with Container No. OOCU7804850 carrying textile products having a value of Rs 20.01 million, vide GD No. ITTK-AT-12799 dated 10.11.2020 for transit to Afghanistan via Torkham. The technician of M/s TPL Trakker Limited installed tracking device on the container but did not activate/start the trip intentionally. The vehicle with a fake number plate and the loaded container left the port around 04:00 AM on 25th November 2020 and moved towards the parked vehicle waiting at some remote place around 16 km away from the port. At around 5:56 AM the device was installed and paired with the replaced/subject vehicle and then the trip was started around 6:00 AM. On 29.11.2020 the container was examined on Risk Management Basis at Transit Station Torkham. During the examination, it was revealed that entire goods consisting of textile fabric were replaced with used/worn clothing during transit[6].

B) A consignment of textile fabric 26,880 Kg, valuing Rs 38.50 million, was transported from Karachi on 05.08.2021 through a bonded carrier M/s. E-Movers/e-Movers (Pvt) Ltd. Instead of presenting the consignment to transit staff at Chaman, the transit consignment was taken by the bonded carrier and driver to a private godown on 08.08.2021. On 20.08.2021 information was received by Superintendent, Transit Trade Chaman that the transited goods i.e. textile fabrics were replaced in the container with Pakistani origin Fauji Fertilizer and Customs Authorities seized the fabric, fertilizer, vehicle and container[7].

[6](Ref: O-N-O No. 239 of 2021 dated 30.06.2021)
[7](Ref: O-N-O No. 12 of 2022 dated 20.01.2022)

C) A container, containing Polyester Gents Suiting Fabrics, bearing number BMOU4093282 loaded on vehicle JT 4447 cleared from Karachi vide GD No. AT 17591 dated 27.10.2019 imported by M/s Sahil Asad Afghan Ltd. through clearing agent M/s Track Triangle Aviation Services Ltd. and a bonded carrier M/s e-Movers (Pvt) Ltd. Upon examination the container was found to be stuffed with old and used clothing. However, no alert was generated for a door opening or breaking seal[8].

D) On 02.01.2022 at 02:39 PM, M/s TPL Trakker Limited generated a route deviation alert with respect to vehicle bearing registration number TKS-607 carrying 8,432 kgs of "green resin best" valuing Rs 4.56 million. As per the driver's statement, the vehicle was snatched at 11:00 AM on 02.01.2022 when they reached Gulistan Cross en-route from Chaman to Wagha[9].

The management informed that the stakeholders i.e. clearing agents, bonded carriers/transport operators, tracking & monitoring company had failed to fulfil its obligations and did not perform its responsibilities. Accordingly, legal proceedings have been initiated against them for suspension/cancellation of their license in the light of relevant provisions of law and the Audit authorities shall be informed about further progress in due course.

The Audit is of the view that the bonded carriers/transport operators were legally bound for safe and secure transportation of transit cargo but failed to do so. M/s. TPL Trakker Company was responsible for effective tracking & monitoring of transit consignments, however, it could not generate alert in respect of opening of door, unusual stoppage and diversion of routes even after lapse of considerable time and created doubt on the credibility of tracking and monitoring system.

The DAC in a meeting held in January 2024, directed the Directorate General, Transit Trade to expedite adjudication proceedings and pursue the cases before legal fora and initiate legal proceedings against the other culprits involved in such irregularities and report progress within 60 days.

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[8](Ref: Show-cause Notice issued vide No. APPG/LA/5-154/2011 M/s. e-Movers (Pvt) Ltd./SCN 3/DTT (Part-III) dated 04.06.2022)

[9](Ref: Incident Report issued vide letter C.No. 01-Transit/Misc-Corr/Yaroo/2022 dated 02.01.2022)

Audit recommends for implementation of DAC's directives, besides fixation of responsibility on the person(s) at fault.

6.2.3.6 Inefficiencies in discharging of legal responsibilities by the bonded carriers/transport operators

As per Rule 480 of SRO 121(I)/2014 dated 24.02.2014, the transport operator shall be responsible and bound to deliver the bonded transit goods to its destination within the prescribed time limit and by using the notified transport route. In case of any accident on the way between the office of departure and the office en-route which may cause a delay in the delivery of goods beyond the specified time, the transport operator shall communicate the nature of the accident, exact time and place of the accident along with complete details thereof to the office of departure and office en-route telephonically or electronically.

During scrutiny of the record/data of the Directorate of Transit Trade, Quetta for the period from July 2020 to June 2023, it was observed that in six (06) cases the following transport operators/bonded carriers did not perform their legal responsibilities during en-route transit of goods to Afghanistan.

S. No.	Name of the transport operator	Incident	Remarks
01	M/s D to D Logistics	As per the incident report vide letter C.No. 01-Transit/Misc-Corr/Yaroo/ 2021 dated 03.12.2021, A vehicle TLL-171 carrying 02 containers loaded with cooking oil, reached Yaroo Check Post at 12:00 Hours on 25.11.2021. It was found that due to a malfunction of the engine the vehicle was replaced with a new vehicle TLL-433 without prior intimation and approval from the concerned Directorate of Transit Trade.	A show-cause notice was issued by the Directorate on 25.02.2022 which was also not finalized to date.
02	M/s. Abid Logistics	As per letter C.No. 02-Transit/misc-Corr/Yaroo/2022/691 dated 19.01.2022, a vehicle GLTA-847 carrying a container loaded with new tyres, met an accident and the vehicle was replaced with new vehicle TMC-846 without prior intimation and approval from the concerned	O-N-O No. 01/2022 dated 24.11.2022 was issued by the Directorate and imposed a penalty of Rs. 25,000 on the

		Directorate of Transit Trade. Accordingly, a show-cause notice was issued on 25.02.2022 which was also not finalized to date.	bonded carrier as no pilferage occurred.
03	M/s. Bolan Logistics	As per the incident report issued vide letter C.No. 01-Transit/Misc-Corr/Yaroo/2022 dated 02.01.2022, on 02.01.2022 at 02:39 PM M/s. TPL Co. generated a route deviation alert in respect of vehicle TKS-607 carrying 8,432 kgs of "green resin best" valuing Rs. 4.56 million. As per the driver's statement, the vehicle was snatched at 11:00 AM on 02.01.2022 when they reached Gulistan Cross en-route from Chaman to Wagha.	The transport operator did not timely inform the Custom's authority about the incident. Further, the outcome of the case is still awaited.
04	M/s. e-Movers (Pvt) Ltd	As per the incident report issued vide letter C.No. 01-Transit/Misc-Corr/Yaroo/2021 dated 29.12.2021, a vehicle No. TLF-994 was replaced with new vehicle No. TLH-827 without prior intimation and approval from the concerned Directorate of Transit Trade	The outcome of the legal action against the bonded carrier is awaited.
05	M/s. e-Movers (Pvt) Ltd	As per the Show-cause Notice issued vide File No. APPG/LA/5-154/2011 M/s. e-Movers (Pvt) Ltd./SCN 2/DTT (Part-II) dated 25.02.2022, a bonded carrier M/s. e-Movers (Pvt) Ltd started the journey from Karachi to Chaman on 31.12.2021 when the vehicle reached Surab, Baluchistan it broke down and the vehicle was repaired/replaced without getting prior permission from the competent authority of the concerned Directorate of Transit trade.	The outcome of the legal action against the bonded carrier is awaited.
06	M/s. e-Movers (Pvt) Ltd	As per Directorate of Transit Trade, Quetta letter C.No. 03-Transit/Misc-Corr/Yaroo/ 2022/714-717 dated 21.01.2022, a bonded carrier M/s. e-Movers (Pvt) Ltd, carrying DAP started the journey from Gwadar to Chaman on 13.12.2021. On	The Bonded Carrier was responsible for an inordinate delay of twenty days in communicating and sharing information with respect to the

		27.12.2021 an alert of the door opening was generated after that on 18.01.2022 after the lapse of 20 days a screenshot was shared by M/s. TPL that PMD was replaced with a new PMD.	whereabouts of the vehicle.

The management informed that show-cause notices/explanation memos had been issued. The cases were pending before the competent licensing authority (Directorate General of Transit Trade, Karachi). The Audit will be apprised accordingly about outcome and subsequent progress.

The Audit is of the view that due to lack of effective internal controls & monitoring by the Directorate General of Transit Trade these incidents were occurred which ultimately caused pilferages in transit trade.

The DAC in a meeting held in January 2024, directed the Directorate General, Transit Trade to finalize adjudication proceedings and report progress within 60 days.

Audit recommends for implementation of DAC's directives, besides fixation of responsibility on the person(s) at fault.

6.2.3.7 Failure of the department to recover the adjudged government dues – Rs 120 million

Section 202 of the Customs Act 1969, read with Chapter-XI, recovery of arrears of the Customs Rules 2001, provides a detailed procedure for recovery of government dues from the defaulters.

During scrutiny of the record/data of the Directorate of Transit Trade, Quetta for the period from July 2020 to June 2023, it was observed that the adjudicating authority imposed a penalty vide following Order-In-Original which was later upheld by the higher legal forum, however, recovery of the same is still outstanding. Detail is given below:

S#	O-N-O No. & Date	Name of the accused person	Penalty Rs	Remarks
01	12/2022, 20.01.2022	e-Movers (Pvt) Ltd	10.00	The O-N-O was set aside by the Appellate Tribunal. Later on, the Honourable Baluchistan High Court vide order dated 06.04.2023 set aside the decision of the
		Azizullah Khan Afridi	5.00	
		Mansoor Ahmed Shaikh	5.00	
		M. Isa Afridi	5.00	
		Mushtaq Ahmed Shaikh	5.00	
		Zahir, Driver	0.50	

				Appellate Tribunal and upheld the O-N-O
02	11/2022, 20.01.2022	M/s. Akbar Khan & Brothers, Border Agent	1.00	The pitch of penalty was reduced from 2.5 million to 1.0 million by the Appellate Tribunal vide Appeal Nos. Q-77, 78 & 126/2022 dated 21.06.2022
03	80/2022, 30.05.2022	M/s. Rawandi & Brothers	1.00	-
		Najeebullah S/o Mirwaise	0.50	-
04	239/2021, 30.06.2021	Clearing Agent at Karachi i.e. M/s. Integrated Services (Pvt) Ltd	20.01	-
		Clearing Agent at Torkham i.e. M/s. Shahid Ali	2.00	-
		Tracking & Monitoring Company i.e. M/s. TPL Trakker (Pvt) Ltd	1.90	-
		Bonded Carrier i.e. M/s. D to D Logistic (Pvt) Ltd	Duty & Taxes + 20.01	-
		Drivers of the vehicle	2.00	-
		Mr. M. Rizvi, representative of M/s. D to D Logistics	1.00	-
		Hassnain Sarwar representative of Afghan Importer	40.02	-
	Total		**119.94**	

This resulted in the non-recovery of the adjudged penalty of Rs 119.94 million.

The management informed that only one million rupees had been recovered and the remaining amount of Rs 118.94 million was under recovery process.

The Audit is of the view that non recovery of the government revenue despite lapse of considerable time shows inefficiency on the part of the management.

The DAC in a meeting held in January 2024, directed the Directorate General, Transit Trade to provide justification for the delay in realization of government dues, besides prompt recovery of the remaining amount and report progress within 30 days.

Audit recommends for prompt recovery of adjudged government dues without further delay, besides fixation of responsibility on the person(s) responsible for such inordinate delay.

6.2.3.8 Incomplete description of transit goods

As per Rule 472 of SRO 121(I)/2014 dated 24.02.2014, the trader or his authorized Customs agent shall file the Afghan Transit Goods Declaration (hereinafter called AT GD) online in the Customs Computerized System at the office of departure through a User ID.

During scrutiny of soft data of the Directorate General of Transit Trade, Karachi for the period from July 2020 to June 2023, it was observed that incomplete descriptions of the goods were declared by the importers as well as assessed by the customs authorities. For example, for all kinds of fabric mostly a term textile fabric was used, similarly for all brands of perfumes the term of perfumes was written. In the goods declarations brand names, make, model etc. of all commercial goods were concealed which make the soft data incomplete and doubtful regarding actual goods imported under transit trade.

The management replied that it had enhanced the incidence of examination of high tariff smuggling-prone items at Karachi port to enable Transit Trade Stations to cross-verify the description and HS code of the goods on Customs computerized system. Further, it had requested the consignees of the transit trade to mention unambiguous, specific and accurate description and PCT code of high-tariff smuggling-prone goods in the Goods Declarations (GDs).

The DAC in a meeting held in January 2024, showed dissatisfaction with the present state of affairs in the transit trade and directed the Directorate General, Transit Trade, to look into the matter and justify the non-recording of the complete description of the goods in the import record, besides taking remedial measures to record complete description of imported goods in transit GDs.

Audit recommends for implementation of DAC’s directives.

7. Recommendations

A) Policy Recommendations

i) Demand-Supply Strategy

Audit recommends that imports under transit trade may be in accordance with the actual demand of the Afghanistan. It is expedient to limit the quantity of goods in proportion to Afghanistan's population and their verified consumption preferences and patterns. For example, the population of Afghanistan is 42 million and per capita consumption of tea is 0.6 kg, it may be allowed to import 25,200 tons of tea whereas it imported 71,520 tons and at the other hand if tea drinking habit is green tea then don't allow or restrict black tea. The same principle should be applied to electronic gadgets and domestic appliances. Denying access to those industrial inputs for which no industrial capacity exists in Afghanistan. The comprehensive exercise should be conducted considering the imports to Afghanistan from other countries, especially from Iran.

ii) Finance Driven Approach

In order to restrain the influx of goods under transit trade which ultimately re-enter into Pakistan, Audit proposes the adoption of one of the following methodologies:

a) **Revenue-Centric Methodology**
The parity duty and taxes may be collected or equivalent bank guaranties may be required on all transit cargo by Pakistan. Subsequently the duty and taxes so collected may be refunded to the Afghanistan government for subsequent refund/return to their genuine traders.

b) **Cost-Centric Methodology**
Government of Pakistan incurs huge expenditure on transit trade facility which includes infrastructure, security, administration, and other indirect costs without charging any amount from Afghan Government. Therefore, the Audit recommends that all costs need to be charged on transit trade consignments.

c) **Stringent Penalty Mechanism**
It is observed that mechanism for penalizing the non-compliant/evaders/violators is weak, therefore, it is expedient to

strengthen the system of financial penalties to avoid misuse of the facility.

iii) Stakeholders' Participation

Stakeholders of both sides including local manufactures in Pakistan should be involved in policy and decision making relating to transit trade so that insights and feedback be taken during policy formulation and trade facilitation measures.

iv) Strengthening the Legal Framework

The legal framework should be strengthened to ensure stringent timely actions against violations to discourage pilferages in transit trade cargo.

B) Operational recommendations to counter transit trade pilferages

- Advanced scanning technologies at ports and border crossing stations may be adopted for comprehensive checks on consignments to detect any anomaly or illicit materials.
- Effective real-time surveillance of transit cargo may be ensured on routes to monitor the movement of goods and identify any suspicious activities along the path.
- Biometric verification may be made compulsory for individuals engaged in transit trade to ascertain their identities and maintain a secure and verified database of traders, bonded carriers, clearing agents.
- Combined checkpoints of all law enforcing agencies at strategically vital positions along the transit route, especially at spots prone to smuggling activities, must be established.
- Implement a real-time block chain secure and transparent data exchange mechanism between Pakistan and Afghanistan to facilitate immediate information sharing on consignments, traders, and trade patterns.
- Conduct regular training sessions for Customs and border agencies on modern surveillance technologies, risk analysis, and operational best practices.
- A well-structured bilateral dispute resolution mechanism may be established on both sides of the border for speedy disposal of the trade dispute between the two countries.

8. Conclusion

The increase of transit trade volume by 69% in the FY 2022-23 doesn't match the socio-economic conditions of Afghanistan. Due to weak tracking, monitoring and surveillance by Directorate General of Transit Trade, and ineffective border control by Customs; the transit trade facility was exploited on both sides of the border in collusion with concerned authorities since these items are either pilfered or smuggled back into Pakistan. This resulted in evasion of duty & taxes worth Billions of rupees besides damaging the formal sector and local industries. There is a need to re-negotiate trade agreements with Afghanistan on the pattern of demand & supply driven strategy along with improving the tracking, monitoring and surveillance mechanism to curb its misuse so that Pakistan's tax revenue and local industries can be safeguarded.

9. References

- Customs data
- Bloomberg Report
- Press clipping of newspapers
- Incident reports
- Websites

CHAPTER-11 THEMATIC AUDIT OF TAX EXPENDITURE

1. Introduction

Tax expenditure is revenue forgone because of selective provisions in the tax code.[1] This includes rebates, credits, subsidies and exemptions, designed by the government for promoting specific economic objectives. The Organization for Economic Cooperation and Development (OECD) defines tax expenditure as "the estimated costs to the tax revenue of preferential treatment for specific activities."[2] Measurement of cost-effectiveness of tax expenditures is a key step in evaluating economic efficiency because it provides a perspective on the ability of the tax expenditure measures to improve overall real income.

Tax expenditure is an alternative policy by which the government delivers financial support not only to individual taxpayers but also to the corporate sector in Pakistan. Similarly, tax exemptions to educational and medical institutions (NPOs/NGOs) are granted to promote education and health facilities for the general masses. Tax expenditure can appear on either the revenue or expenditure side of the budget, e.g. exemption/ reduced rate of tax on the import of inputs by the fertilizer sector and reduced rate of sales tax on all types of fertilizer.

Directorate General of Audit Inland Revenue (North), Lahore conducted a thematic audit of tax expenditure during the FY 2022-23 to gauge the effectiveness of the tax expenditure regime. The audit selected six major tax expenditures i.e. NPOs, IPPs, distributors of cigarettes, real estate investment trusts, fertilizer sector and exemptions in erstwhile FATA/PATA. The audit found that the tax expenditure policy of the federal government lacked consistency and devoid of defined outcomes both in formulation and reporting. An amount of Rs 2,239.63 Billion has been allowed as tax expenditure during the period under audit i.e., FY 2021-2022.

The total federal tax expenditure based on the data published by FBR relating to FY 2021-22 is estimated at Rs 2,240 Billion. The amount pertaining to Income Tax stood at Rs 424.00 Billion (18.92%), Sales Tax Rs 1,294.00 Billion (57.77%) and Customs Duty Rs 522 Billion (23.30%) of the total FBR collection under all head.

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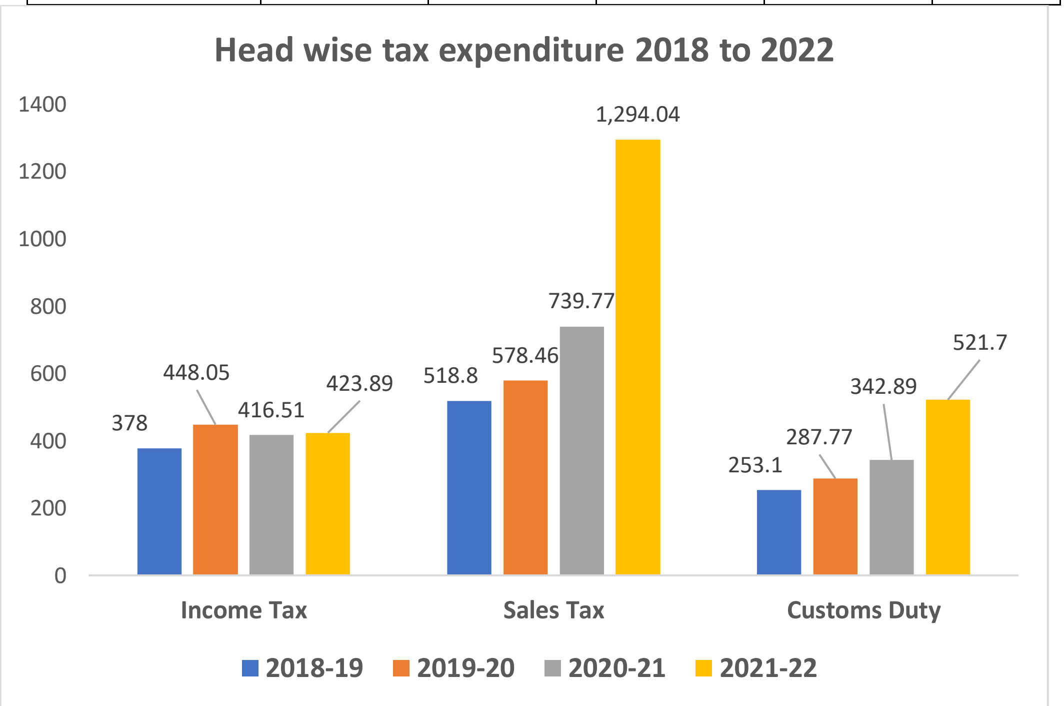
[1]Tax expenditure Report, FBR 2023

[2]Tax Expenditure Estimation Tool Kit Asian Development Bank 2023

Summary of tax expenditure for the last four years is presented below:

(Rs in Billion)

Tax Heads	2018-19	2019-20	2020-21	2021-22	Total
Income Tax	378	448	416	424	**1,666**
Sales Tax	519	578	740	1,294	**3,131**
Customs Duty	253	288	343	522	**1,405**
Total	**1,150**	**1,314**	**1,499**	**2,240**	**6,203**



The above table and graph depict a consistent increase in tax expenditure under all heads. However, Sales tax which is an indirect tax, exhibited a sudden increase in FY 2021-22 due to a reduction in the sales tax rate on POL products which resulted in an extra burden of Rs 633 Billion on the national kitty.

2. Background

Throughout the world, governments provide tax exemptions, concessions and tax relief to protect or uplift certain segments of society/areas/products. Due to varying policy designs and ideologies, there is a large variation in tax expenditure across countries. According to the "Global Tax Expenditure" data for 2019 and 2020, Russian Federation provides the largest tax exemptions of 14.8%

of their GDP. In the U.S., income tax expenditure constitutes 6.6% of GDP. The tax expenditure in European countries is relatively close to the world average of tax expenditure (around 4% of GDP). Pakistan and India appear at the lower tail of this distribution. Pakistan has a tax expenditure equal to 2.8% of GDP and India has an expenditure of 0.4% of their GDP[3].

3. Establishing of audit theme

3.1 Reasons for Selection

Tax expenditure constitutes around 35% of the total collection of tax revenue. In the environment of self-assessment system, there is a high risk that the condition of exemptions is not being monitored. No prior studies have so far been conducted on this topic by the DAGP, therefore, this study explores the theme of tax expenditure and its implications on the current control environment as well as economic policies.

3.2 Objectives

The Directorate General planned to conduct a thematic audit of tax expenditure to undertake a detailed analysis of the tax expenditure of the federal government to ensure that the tax expenditure is backed by legal frame work approved by the parliament. The broad objectives of the thematic audit are summarized as follow;

- Overview of tax expenditure under different provisions of Income Tax Ordinance 2001, The Sales Tax Act 1990 and Customs Act 1969.
- Analysis of tax expenditure methodology and policy for evaluation of effectiveness of tax expenditure.

3.3 Scope

The study analysed the tax expenditure reports published by the FBR for the last five years. Further, field audit teams also reported significant instances of misuse of tax exemptions/concessions in respect of direct and indirect taxes in various field formations of FBR.

[3]Tax Expenditure Report 2023 (FBR)

4. Legal frame work governing the theme

All tax laws provide provisions regarding exemptions, concessions, tax credits, tax rebate and preferential tax regime which constitute a tax expenditure. Legal frame work governing the theme is given as under:

- The Income Tax Ordinance, 2001
- The Sales Tax Act, 1990
- The Customs Act, 1969

5. Stakeholders and governmental organizations identified as directly/indirectly involved

FBR, Parliament, Ministries of Finance and Commerce, taxpayers, and general public

6. Role of important organizations

Tax policy wing of FBR is responsible for the consolidation and preparation of Tax expenditure report. Tax operations wing of FBR is responsible for the implementation and monitoring in this regard.

7. Field audit activity

All the field audit teams were assigned to report significant findings on the topic of tax expenditure separately. In addition to this, a designated team was also deputed at FBR, HQ to conduct the Thematic Audit.

8. Categorization of Tax Expenditure

8.1 Income Tax

Section 53 of the Income Tax Ordinance, 2001 provides legal authority in respect of the tax expenditure. Whereas, Part-I, Part-II, Part-III and Part-IV of the Second Schedule ibid provides conditions to the extent of which exemption from total income, reduction in tax rates, reduction in tax liability respectively is allowed. Further, the law also provides hundred percent tax credit towards tax liability subject to the conditions and limitations specified in the law. Tax expenditure on account of income tax is tabulated as under:

(Rs in million)

Description	**Tax Expenditure**		**%age**
Exemption Head	**FY2020-21**	**FY2021-22**	**+ (-)**
Exemption and Tax Concessions	26,164	26,834	2.56
Deductible allowances	10,625	14,506	36.53
Tax Credits	65,465	52,133	-20.37
Income Exempt from Tax	232,852	232.398	-0.19
Reduction in Tax Rates	17,047	24,444	43.39
Reduction in Tax Liability	3,285	4,738	44.23
Exemption from Specific Provisions	61,076	68,881	12.71
Others / Miscellaneous	32,621	26,164	-19.8
Total Income Tax Expenditure	**416,514**	**423,984**	**1.79**

Reductions in tax liability, tax rates and deductible allowances witnessed a significant increase whereas tax credits experienced a significant reduction in the FY 2021-22 as compared to the previous year.

8.2 Sales Tax

Section 13 of the Sales Tax Act, 1990 read with Sixth Schedule of the Sales Tax Act provides exemptions of Sale Tax on local supply of goods and at import stage. Further Section 4 read with Fifth Schedule of Sales Tax Act 1990 provides zero rating of Tax at local supplies and at import stage as well. Moreover, the Eighth schedule of the Act provides reduced rate of tax on local supplies and at import stage. Furthermore, Section 7 and 8 of the Act and SROs issued under these provisions also allowed tax credits/ concessions subject to certain conditions given therein. Tax expenditure on account of Sales Tax is tabulated as below:

(Rs in million)

Types of Exemption	**Tax Expenditure**		**%age + (-)**
	FY2020-21	**FY2021-22**	
Zero Rating under Fifth Schedule of the Sales Tax Act 1990	33,422	139,448	317.23
Exemptions given on POL Products Through Various SROs	0	632,950	n/a
Exemption under Sixth Schedule on Imports	327,656	257,537	-21.40

Exemption under Sixth Schedule on Local supplies	139,046	133,178	-4.22
Reduced Rates Under Eighth Schedule	193,722	129,906	-32.94
Sales Tax on cellular Mobile Phones under Ninth Schedule	45,919	1,021	-97.78
Total Sales Tax Expenditure	**739,765**	**1,294,041**	**74.93**

It is evident from the above table that exemption on POL was introduced for the first time. Zero-rating on exports under the Fifth Schedule showed a significant increase of 317% whereas sales tax on cellular phones exhibited 98% decrease as compared to the previous year.

8.3 Customs Duty

As per provisions of Section 19 of the Customs Act 1969, the Federal Government exempts any goods imported into or exported from Pakistan from the whole or any part of the customs-duties chargeable thereon. Exemptions are also allowed though Free Trade Agreements and Preferential Trade Agreements. Further, exemptions are admissible to export oriented sectors as well. Tax expenditure on account of Customs Duty is tabulated below:

(Rs in million)

Type of Exemption	Tax Expenditure		%age + (-)
	FY2020-21	FY2021-22	
Chapter-99 Exemptions	15,963	22,240	39.32
FTA & PTA Exemptions	46,105	102,658	122.66
Fifth Schedule Exemptions & Concessions	168,754	172,978	2.50
General Concessions: Automobile sector, E&Ps, CPEC, etc.	60,987	192,950	216.38
Export Related Exemptions	51,081	30,878	-39.55
Total Custom Expenditure	**342,890**	**521,703**	**52.15**

General concessions on automobile, E&P and CPEC witnessed a significant increase of 216% while export related exemptions decreased by 39% in FY 2021-22 as compared to the previous year.

9. Methodology

Tax expenditure is commonly estimated by using one of three approaches i.e. revenue forgone, revenue gain, and outlay equivalent. These estimates can be calculated either on cash or accrual basis.

FBR uses a revenue-forgone methodology for preparing tax expenditure reports. This method is simple and easy to estimate however; it needs to be coupled with a strong monitoring mechanism to ensure achievement of intended objectives.

Audit relied on tax expenditure reports published by FBR. Moreover, repeated instances of control failures reported by the Audit previously have been analysed. A sample-based evaluation of non-compliance with the tax expenditure framework was also performed for major beneficiaries of the scheme. Initially, analysis of four financial years was planned but due to non-availability of reliable data the report is limited to the analysis of two years only.

10. Key audit findings

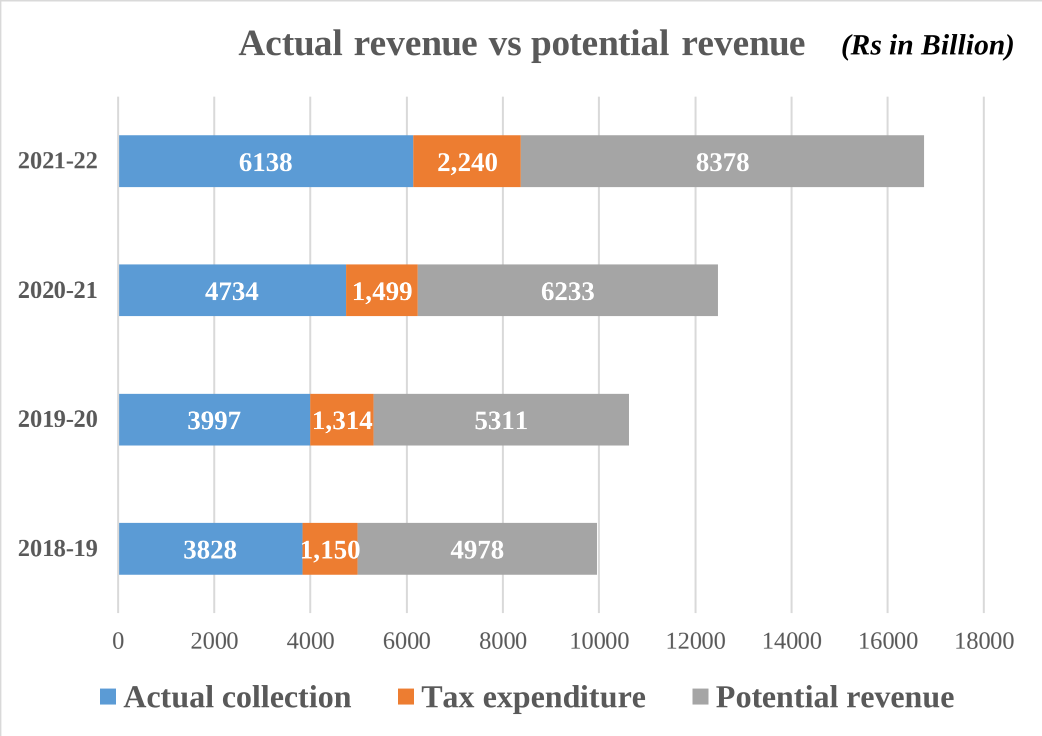
10.1 Critical appraisal of tax expenditure mechanism

FBR started publishing tax expenditure reports in 2019 based on revenue foregone method on the recommendations of the World Bank. However, the audit observed that these reports lacked clearly defined outcomes and objectives. The effectiveness of tax expenditure is difficult to ascertain due to the lack of aforementioned reason. The role of these reports is undefined because these are not legally required to be debated in the parliament. Therefore, the contribution of these reports in planning and subsequent budget planning is non-transparent and lacks conformity.

According to IMF, Pakistan is currently capturing only 24% of its total tax potential. Additional constraints through tax expenditure on a government already struggling financially should be investigated. Such a review should link the intended expenditure with measurable outcomes thereby making informed decision during budget planning and monitoring phases. Tax expenditure and revenue collection for the last four years are as follows:

(Rs in Billion)

FY	Actual collection (A)	Tax expenditure (B)	Potential revenue (A+B)	Percentage of tax expenditure (B/A)
2018-19	3,828	1,150	4,978	30%
2019-20	3,997	1,314	5,311	33%
2020-21	4,734	1,499	6,233	32%
2021-22	6,138	2,240	8,378	36%



Source: FBR Tax Expenditure Report 2023

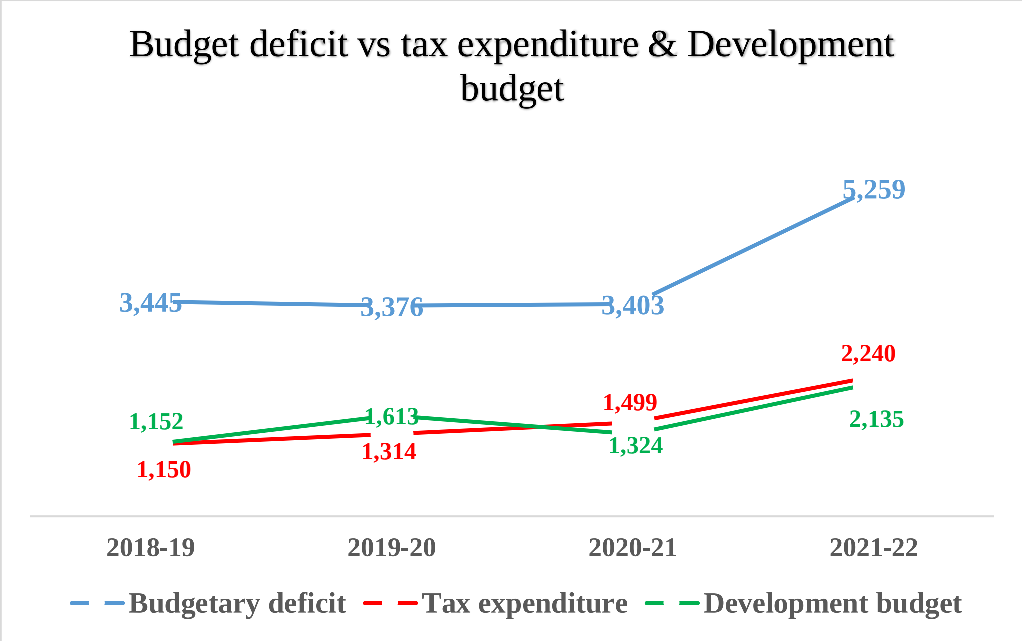
The above table and graph show that tax expenditure has consistently risen over the past four years along-with actual revenue collection. However, in FY 2021-2022, while the revenue collection increased by 130%, tax expenditure increased by 150% as compared to the previous year.

The following table and graph depict tax expenditure against the budgetary deficits and development budgets of the federal government over the last four years:

(Rs in Billion)

FY	Budgetary deficit (A)	Tax expenditure (B)	Development budget (C)	Percentage (B/A*100)
2018-19	3,445	1,150	1,152	33.38%
2019-20	3,376	1,314	1,613	38.00%
2020-21	3,403	1,499	1,324	44.00%
2021-22	5,259	2,240	2,135	42.00%

Source: Fiscal Policy statements



The above table and graph depict that the tax expenditure has consistently increased over the last four years. The budget deficit was reduced in FY 2019-20, which created some fiscal space for increasing the development budget. In FY 2020-21, tax expenditure exhibited an increase but the development budget decreased. Afterwards, the budgetary deficit increased exponentially in FY 2021-22, apparently because of the increasing effect of both tax expenditure and development budgets. Fiscal Responsibility and Debt Limitation Act, 2005 requires the federal government to limit the budgetary deficit to 6% of its GDP. Pakistan has struggled to plug its budgetary deficits over the years. The budget deficit for the FY 2021-22 was 6.5% of its GDP. Moreover, fiscal space for development outlays has been shrinking over the years in the presence of ever-rising demands for development expenditure.

10.2 Non-monitoring of Non-Profit Organizations established unlawfully

Section 100C of Income Tax Ordinance, 2001 provides that non-profit organization shall be allowed a tax credit equal to one hundred percent of tax payable under any of the provisions of this Ordinance including minimum and final taxes in respect of incomes subject to the prescribed conditions. Further, Section 2(36) of Income Tax Ordinance, 2001 defines non-profit organization (NPO) as “any person other than an individual, which is established for religious, educational, charitable, welfare purposes for general public and registered by or under any law as a non-profit organization”. Moreover, all the provinces have promulgated laws for the registration of the non-profit organization (Trust) viz Punjab Trust Act 2020, Sindh Trust Act 2020, Khyber Pakhtunkhwa Trust Act 2020, Baluchistan Trust Act 2020 and Islamabad Capital Territory Trust Act 2020. Previously, all the NPOs were registered under the Trust Act 1882 which was repealed after 18th amendment in the Constitution of Islamic Republic of Pakistan 1973. Now, each province requires every trust registered to register afresh under the new law within six months. Further, ministry of law and justice has also clarified vide U.O No 142/2022-Law-I dated 17.03.2022 regarding newly enacted provincial trust acts.

During audit of field offices of FBR, it was observed that the Trusts and Non-profit organizations were required to be registered under the respective law of the province with effect from the date as mentioned in the respective laws. No such registration of the non-profit organization has been done, which means that the tax credits u/s 100C of the Ordinance were not admissible to the non-profit organizations. Audit further observed that the department allowed tax credit amounting to Rs 15,432 Billion during the FY 2021-22 without ensuring the registration of the NPOs in the respective province.

10.3 Non-monitoring of exemptions granted to electric power generation projects

Section 53 (a) read with clause (132) of the Second Schedule to the Income Tax Ordinance, 2001 provides an exemption from payment of income tax to the profits and gains derived by a taxpayer from an Electric Power Generation project set up in Pakistan on or after the 1st day of July 1988 with the following conditions: -

I. The project must be owned and managed by a company registered under the Companies Act, 2017 or having its registered office in Pakistan.

II. The project is not formed by the splitting up, or the reconstruction or reconstitution, of a business already in existence

III. The 50% shares and control is not with the Federal Government, Provincial Government or Local Government.

IV. The exemption does not apply to oil-fired power plants set up between 22nd October 2002 and 30th June 2006 but shall apply to Dual Fuel (Oil/Gas) power projects set up on or after the first September 2005.

The audit observed that the Government allowed tax expenditure on the taxable profit earned by the electric generation projects amounting to Rs 167,896 million during the FY-2018 to 2022 to the two hundred and twenty (220) taxpayers being assessed as Independent Power Producers given the fulfilment of above-stated pre-conditions.

Audit, however, further observed that after the emergence of the self-assessment system through the promulgation of the Income Tax Ordinance, 2001 all the completed returns of income are deemed to be assessment orders, which can only be re-opened after obtaining definite information regarding concealment of taxable income as per the law. The completed return can also be re-opened, if the deemed assessment is prejudicial to the interest of revenue, or if the case of a particular taxpayer is selected for audit as per prescribed conditions under the law. Audit observed that the detail scrutiny of the NPOs in respect of above referred condition was not conducted by the department. Therefore, the cases remained unattended and the taxpayers may have gained the benefit of exemptions against the provisions of law. Further, profit earned on bank deposits, capacity charges received by the power producers and dividend income needs to be scrutinized for taxation under the law.

Audit has repeatedly pointed out in previous years that above mentioned conditions are not being fulfilled by the power producers. The audit further observed that the power producers availed tax exemption for an amount of Rs 168 Billion. Despite such a huge expenditure on account of exemptions to IPPs the issue of power sector persists.

Audit suggests that the above tax expenditure may be monitored under the relevant law. Moreover, tax expenditure policy in respect of IPPs needs to be reviewed and interlinked with the power policy.

10.4 Reduced rates on distributors of Cigarettes

Section 153 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 sale of goods shall, at the time of making the payment, deduct tax from the gross amount payable at the rate of five percent. However, clause 24-A part-II of the Second Schedule to the Income Tax Ordinance, 2001 allowed tax expenditure at a reduced rate of 1% from distributors of cigarette and pharmaceutical products.

Audit observed that tax exemption on the supply of cigarettes is irrational in view of the health policy of the federal government. Moreover, the subject exemption to cigarettes has been granted along with pharmaceutical products which is antithetical. Exemptions on account of supply of cigarette and pharmaceutical products amounting to Rs 14,694 million were allowed during FY 2021-22. The audit further observed that, on one hand, the government has increased indirect taxes in the shape of FED and Sales Tax on the business of cigarettes, but on the other hand allowed exemption to cigarettes from payment of direct taxes. The increased burden in the form of indirect taxes falls on consumers while distributors are reaping the benefit of this tax exemption.

Audit suggests that the above tax expenditure may be discontinued for the cigarette sector.

10.5 Non-monitoring of Collective Investment Schemes and Real Estate Investment Trust Schemes

Clause 99 of Part 1 of Second Schedule to the Income Tax Ordinance, 2001 provides that any income derived by a Collective Investment Scheme or a Real Estate Investment Trust shall be exempt from payment of income tax if not less than ninety per cent of its accounting income of that year is distributed amongst the unit or certificate holders or shareholders as the case may be.

Audit observed that tax expenditure on income tax on above mentioned schemes for the FY 2021-22 has been allowed to the tune of Rs 26,284 million without ensuring that taxpayers had distributed ninety per cent of their accounting income for that year.

Audit suggests that all the cases that have availed exemption under Clause 99 of Part-1 of the Second Schedule to the Income Tax Ordinance, 20021 may be selected for audit to ensure that the main condition i.e. distribution of ninety percent of accounting income to respective shareholders is fulfilled or not.

10.6 Malpractices by the Fertilizer Sector

According to Sr. No 144 of the sixth schedule to the Sale Tax Act, 1990 sales tax on import of LNG by fertilizer sector is exempt. Further, the eighth schedule of the Sales Tax Act 1990 provides that sales tax on supplies of natural gas to the fertilizer sector and local supplies of fertilizers (all types) is 5% and 2% respectively. Moreover, sales tax on the import of Phosphoric Acid and Rock Phosphate by the fertilizer sector is also reduced to 5% and 10% respectively.

The Audit observed that as per tax expenditure report for the year 2023, total amount of expenditure involving Rs 58,187 million was granted on the supply of natural gas to fertilizer manufacturing units, import of Phosphoric Acid and Rock Phosphate and local supply of fertilizers of all types. The purpose of this expenditure was to provide fertilizer to growers at affordable prices with the ultimate goal of providing relief to the general masses. Despite availing exemptions and reduced rates of tax on inputs, fertilizers were not available to growers at notified prices. Thus, the growers were forced to buy fertilizers at higher than notified prices. Tax expenditure incurred in the shape of exemption and reduced rates failed to achieve the desired objectives of the government.

There is a need to evolve a mechanism to ensure monitoring of tax expenditure with the collaboration of concerned ministry to ensure trickle down of benefits to the end user.

10.7 Misuse of tax exemption in erstwhile tribal area

According to the Sixth Schedule to the Sales Tax Act 1990, supplies and imports of plant and machinery for installation in erstwhile tribal areas and of industrial inputs by the industries located in the tribal areas as defined in the constitution of the Islamic Republic of Pakistan are exempt from Sales Tax.

The Audit observed that goods manufactured in industrial units established in erstwhile tribal areas were regularly brought to tariff areas without payment of leviable duty and taxes. The same malpractice was observed in the ghee, oil and cosmetics sectors. The basic purpose of the exemptions was to generate economic activity thereby uplifting the livelihood of the residents of tribal areas. Audit holds that exemptions granted on this account are being misused as sales tax law is extended to the whole of Pakistan after the 25th amendment. An amount of Rs 15,307 million was foregone as per the tax expenditure report for FY 2021-22.

The Audit recommends that the impact of revenue foregone and distortion of the market due to exemption extended every year to erstwhile tribal areas needs to be reviewed.

10.8 Duty and tax exemptions extended to vehicles plying in erstwhile FATA/PATA

On the commencement of the 25th Amendment to the Constitution of Pakistan, 1973, Federally and Provincially administered areas of Khyber Pakhtunkhwa stood merged in the province of Khyber Pakhtunkhwa. After the merger, exemption from customs duty / taxes was extended through Finance Act, 2018 up to 30th June, 2022, it was further extended up to June, 2024.

The Audit analysed the data provided by the Excise and Taxation Department, Khyber Pakhtunkhwa, that 53,668 non-duty paid vehicles were profiled in Malakand region alone comprising 08 districts. In addition, non-duty paid vehicles were also plying in districts of erstwhile FATA. As these vehicles were already plying in these areas before the said amendment, therefore, the Government of Pakistan allowed exemptions. Audit further observed that revenue amounting to Rs. 107,336 million (53668 x Rs 2,000,000 Approx.) was forgone by the government.

Audit recommends that exemptions of duty and taxes granted to non-duty paid vehicles in FATA/PATA areas needs to be rationalized.

10.9 Repeated control failures of non-monitoring of tax expenditure

The Audit has been pointing out weaknesses of internal controls/ irregularities leading to loss of revenue over the years in its annual audit reports. These irregularities relate to incorrect claims of tax credits, inadmissible allowances of tax depreciation, inadmissible exemptions of sales tax, and inadmissible exemption/ concession claimed at the import stage. These reported irregularities amounted to Rs 53,489 million for the FYs 2020 to 2024.

The recurrence of the same irregularities is a matter of serious concern and points towards inaction by the management in addressing these control failures. The irregularities pointed out by Audit over the years are summarized below: -

Nature of misuse/Tax Expenditure	**Legal provisions**	**(Rs in million)**	**Reference**
Income Tax			
Inadmissible claim of tax credits	Section 65B, 65D, 65E(1), 65F of the Income Tax Ordinance 2001	11,672	Para 4.2 of Audit Report 2021-22
Incorrect claim of Tax depreciation allowance	Section 22 read with section 23 of the Income Tax Ordinance	1,545	Para no 4.9 of Audit Report 21-22
Inadmissible claims of Tax Credits	Section 65 and section 100C of the Income-tax Ordinance	13,094	Para 5.4 of Audit Report 2022-23
Incorrect claim of tax credits	Section 100C of the Income Tax Ordinance 2001	6,071	Para 4.4 & 4.22 Audit Report 2023-24
		32,382	
Sales Tax			
Inadmissible exemption of Sales Tax	Sixth Schedule of the Sales Tax Act	186	Para 5.16 of Audit Report 2021-22
Inadmissible exemption of Sales Tax	Section 13 read with Sixth Schedule of the Sales Tax Act 1990	1,728	Pars 6.9 of Audit Report 2022-23

Inadmissible exemption of Sales Tax	Section 13 read with Sixth Schedule of the Sales Tax Act 1990	3,458	Pars 5.7 of Audit Report 2023-24
		5,372	
Customs Duties			
Inadmissible concession/ exemptions in duties and taxes	Section 19 of the Customs Act 1969 and various statutory enactments	800	Para 7.3 of Audit Report 2021-22.
Non-adherence to DTRE Rules	Export-related DTRE Rules.	839	Para 7.18 of Audit Report 2021-22
Inadmissible concession/ exemptions in duties and taxes	Section 19 of the Customs Act 1969 and various statutory enactments	5,405	Para 8.4 of Audit Report 2022-23
Export-related exemptions/ concessions	Various SROs related to export-oriented schemes	2,077	Para 8.6 of Audit Report 2022-23
Inadmissible concession/ exemptions in duties and taxes	Section 19 of the Customs Act 1969 and various statutory enactments.	6,454	Para 7.2 of Audit Report 2023-24.
Non-adherence to DTRE Rules	Export-related DTRE Rules.	160	Para 7.17, 7.20 & 7.23 of Audit Report 2023-24.
		15,735	**16 paras**

FBR is one of the highly automated public sector organizations, therefore, such automation should help FBR to curb non-compliance with self-declared scheme. Non-monitoring of these exemptions/concessions as reported by the Audit are evidence of the slackness of FBR in this regard.

11. Recommendations

- The tax expenditure in respect of IPPs be monitored under the relevant law. Moreover, tax expenditure policy in respect of IPPs be reviewed and interlinked with the power policy.
- Reduction in tax liability of cigarette distributors be reviewed.
- There is a need to rationalize exemptions granted to non-profit organizations working in Pakistan. Many of these organizations are carrying out commercial activities which are required to be audited in coordination with other regulatory bodies. FBR may design a policy in the medium to long term for bringing their commercial activities into the tax net.

- Tax exemption and reduction in sales tax allowed to fertilizer industry be reviewed as the benefit of affordable prices is not trickling down to the farmers.
- The impact of revenue foregone and distortion of the market due to exemption extended every year to erstwhile tribal areas be reviewed.
- A mechanism to ensure the monitoring of tax expenditure on IPPs be evolved. Such a mechanism may include a certificate on 100% production capacity utilization by the concerned IPP and subsequent audit by the FBR.

12. Conclusion

Tax expenditure planning and reporting lacks defined objectives and outcomes. Consecutive budget deficits and ever-increasing demands for development expenditure require a review of tax expenditure policies. Therefore, the management needs to devise effective coordination mechanisms with the concerned ministries in order to report outcomes for informed decision making. Monitoring of exemptions to sectors like IPPs, fertilizer, real estate, and NPOs should be ensured for compliance with legal requirements. The benefits envisioned in the tax expenditure have not been quantified against any outcome, therefore, the same cannot be ascertained to arrive at a conclusive assessment. Moreover, the internal controls of FBR to monitor tax expenditure are weak and need further improvement. Repeated misuse of these benefits as pointed out by the Audit reflects inefficacy of existing mechanisms and a lack of interest of FBR in addressing the same.

13. References

Tax expenditure reports 2019, 2020, 2021, 2022

CHAPTER-12 OTHER SIGNIFICANT ISSUES

Para 20 of General Financial Rules, Vol-I requires that any loss of public money, departmental revenue receipts, stores, etc., held by or on behalf of government, whether caused by defalcation or otherwise, must be reported to Audit immediately even if such loss has been made good by the party responsible for it. During the year under report, some important/major cases of losses/ defalcation of public revenue of Rs 323,839 million came to the notice of Audit through formal and informal information. None of these cases was, however, reported to Audit by the concerned authorities as required under the Rules.

12.1 Non realization of sales tax – Rs 312 Billion

According to internal audit report M/s KH & Sons having NTN # 7637554 and STRN # 3277876300770, registered with RTO–I Karachi, committed a huge tax fraud of Rs 314 Billion. The matter was also reported by print & electronic media. The Audit requisitioned the auditable record of the above taxpayer but the Commissioner concerned did not provide requisite auditable record pertaining to sales tax and income tax for the FYs 2021-22 & 2022- 23 to the Audit, despite repeated requisitions.

The matter was taken up with the department during August to November 2023. The department replied that FIR was lodged against the taxpayer for tax fraud of Rs 312 Billion instead of Rs 314 Billion and case was subjudice and all record in respect of taxpayer was under the custody of the court.

The DAC, in its meeting held in December 2023 directed the department to pursue the case expeditiously.

The Audit recommends that prompt action should be taken against the taxpayer, intimate the outcome of criminal proceedings already initiated, and fixing of responsibility for inordinate delay/lapse against the person(s) at fault besides recovery of due tax.

[PDP No.7227-ST/K]

12.2 Inadmissible sales tax refund on benami transactions – Rs 12 Billion

The Chief Commissioner, Large Taxpayers Office, Lahore was asked in November, 2023 to furnish a detailed report regarding M/s Millat Tractors Limited. The registered person allegedly committed tax fraud through benami transactions amounting to Rs 12.00 Billion as reported in the daily "Business Recorder" dated 17.11.2023. In response the department reported that "post refund scrutiny had been initiated but proceedings had been stayed by the Honourable Lahore High Court till 10.11.2023. On the said date, the Lahore High Court referred the matter back to the department to decide the legal issues raised by the registered person before proceeding further in the matter. The proceedings have been reinitiated in the light of the orders of the Honourable Lahore High Court and shall be concluded as directed by the Honourable Court".

Audit requested the LTO Lahore to provide the details of the case and outcome of the post refund scrutiny of the tax periods which have been completed so far. But, no reply was furnished by the department till finalization of this report.

The Audit recommends that outcome of the departmental audit proceedings as directed by the Honourable Lahore High Court and findings/recommendations of the Federal Tax Ombudsman, Islamabad in complaint No.3367/ISB/ST/2022 dated 21.11.2022 be finalized at the earliest and remedial action be taken as per law.

12.3 Mis-declaration and over invoicing of imported solar panels resulted in trade base money laundering – Rs 74 Billion

It was observed during the audit of the FY 2022-23 that a major scam of over-invoicing and Trade Base Money Laundering (TBML) in imports of solar panels was unearthed by the PCA and also reported in newspapers "The Tribune, Business Recorder and daily Jang (Urdu)" dated 06-09-2023. As per audit reports of Directorate of Post Clearance Audit (PCA) (South), the implicated persons imported solar panels at inflated rates of USD 0.23 per watt and above during 2019 to 2022. However, the Directorate calculated that the import values of Chinese origin solar panels should have ranged below 0.22 USD per watt. The importers transferred a staggering amount of Rs 73.83 Billion out of Pakistan. Total over-invoiced amount in 2,178 import GDs stood at Rs 37.76 Billion. Moreover, the clearance Collectorates did not assess value of goods under Section 25 of the Customs Act. The goods were imported from China whereas third-party remittances were made to Dubai/Hong Kong but the Collectorates did not take up the matter with the concerned banking authorities. 'Used' solar panels were purchased in China and imported as 'new' and import certificates were managed to prove the same. This issue was not probed by the clearing Collectorate. The Directorate neither framed contraventions against the importers nor assessed the importers under Section 111 of Income Tax Ordinance, 2001 and Section 11(2) of the Sales Tax Act, 1990. Further, the Directorate did not provide record/data of "Solar Panels" for the period from July 2018 to June 2023 to the Audit.

The matter was taken up with the department in November 2023. The management did not submit a reply.

The DAC, in its meeting held in January 2024, expressed serious concern on non-submission of reply and directed the department to submit comprehensive reply to the Audit and FBR. No further progress was reported till the finalization of this report.

Audit recommends that the matter may be referred to FIA (Anti-Money Laundering) to probe the matter and intimate its outcome to the Audit.

[Annexure-93]

Annexure-1

Detail of MFDAC for the year 2023-24

DG Audit, Inland Revenue & Customs, Lahore

S. No.	Name of Formation / AIR No.	Para/DP No.	Title of Para	Total Amount (Rs. in million)
1	DC Customs (MBCO), Collectorate of Customs Appraisement East Lahore F-482, AMIS ID 7809	9	Non-cancellation of manufacturing licenses of dormant licensees	0
2	DC (Import) Premnagar Dryport Collectorate of Customs Appraisement West Lahore F-458, AMIS ID 7812	4	Illegal clearance of vehicle in violation of Import Policy Order	0
3	DC (DTRE) Collectorate of Customs Appraisement East Lahore F-481, AMIS ID 7811	5	Doubtful exports due to non-submission of Gummeric issued by Afghan Authorities	132.035
4		6	Non-realization of fine for late submission of reconciliation statements	29.854
5		7	Non-realization of revenue from non-performing of DTRE user	57.711
6	DDO, Collectorate of Customs Appraisement East Lahore F-471, AMIS ID 7700	3	Irregular expenditure under the head of repair of hardware	0.126
7		4	Doubtful expenditure under the head of other/computer stationery	0.029
8		7	Non-disposal of replaced auto parts and news paper	0
9		14	Excess payment of pay and allowances	0.091
10	DC Customs (SWH & Auction), AFU Lahore F-455, AMIS ID 7796	3	Short recovery of income tax	0.014
11	DC Customs (Unaccompanied Baggage), AFU Lahore F-457, AMIS ID 7795	1	Non-imposition of redemption fine -	1.483
12		2	Short-realization of govt revenue due undervaluation of imported goods	0.907
13		4	Less imposition of redemption fine	0.126
14		5	Non-realization of regularity duty	0.022
15		6	Short-realization of govt revenue due undervaluation of imported goods	1.168
16	DC Customs (BG/Temporary Imports), AFU Lahore F-466, AMIS ID 7792	5	Non Production of record	0
17	DDO, Directorate of I&I, Lahore F-468, AMIS ID 7696	1	Irregular expenditure on goods and services in piece meals	7.396
18		9	Doubtful payments to persons other than actual vendors	1.065
19		10	Excess payment of reward	5.648

20		11	Non-accountal of stock items	0.398
21		12	Non-disposal of replaced tyres and batteries	0.044
22		13	Non-conducting of physical verification	0
23	DDO, Collector of Customs, AIIA Lahore F-479, AMIS ID 7702	12	Short-deduction of income tax	0.086
24		13	Irregular expenditure due to mis-classification	0.200
25		14	Non-accountal of stock items	1.537
26		15	Non-conduct of physical verification	0
27	Deputy Director (SWH), Directorate of I&I, Lahore F-467, AMIS ID 7896	06	Facilitation to smugglers	5.866
28	DDO, Collectorate of Customs (Enforcement), Lahore F-464, AMIS ID 7699	06	Non Closure of contract for procurement of Uniform	15.059
29		07	Un-authorized expenditure without sanction	6.500
30		08	Excess/ un-authorized expenditure over and above the budget grant	1.963
31		10	Non deduction of Conveyance allowance during leave	0.092
32		11	Less deduction of Income Tax	0.045
33		12	Non-deposit of Replaced parts in dead stock	0
34		13	Non-accountal of uniform	0
35	DDO, Collectorate of Customs (Adjudication), Lahore F-465, AMIS ID 7701	03	Short deduction of Income Tax	0.096
36		04	Un-lawful expenditure on repair of building	0.098
37		05	Non maintenance of fixed assets register and non-conducting of physical verification	0
38	DDO, Collectorate of Customs (Appeals), Lahore F-469, AMIS ID 7691	6	Irregular payment of honorarium	0.260
39		7	Doubtful expenditure on Purchases of Stationary without offering the tenders	0.800
40		8	Irregular Expenditure on account of repair of transport	0.471
41		11	Irregular purchase of Plant & Machinery-	0.159
42	DDO, Directorate of IOCO, Lahore F-470, AMIS ID 7697	02	Un-authorized expenditure on Procurement	2.674
43		05	Irregular advance payment on account of POL for Generator	0.350
44		08	Non maintenance of fixed assets register and non-conducting of physical verification	0
45	DDO, Directorate of IPR Customs, Lahore F-472, AMIS ID 7690	4	Non- surrender of anticipated savings	0.781
46	DDO, Directorate of Training & Research Customs, Lahore F-473, AMIS ID 7694	1	Improper maintenance of movement registers and non-maintenance of log books	1.700
47		3	Short-deduction of Income Tax at salary and cash reward	0.036
48		4	Un-lawful payment of Pay and allowances	0.071
49	DDO, Directorate of Valuation, Lahore F-475, AMIS ID 7695	3	Irregular payment in advance for POL	0.380
50		4	Non-maintenance of Stock register	0
51	DDO, Post Clearance Audit Customs, Lahore F-477, AMIS ID 7692	4	Doubtful Expenditure on account repair of Machinery	0.781
52		5	Inadmissible payment of house rent charges	0.090
53		6	Irregular expenditure in violation of austerity measures	0.242

54		7	Improper maintenance of fixed assets register and non-conducting of physical verification	0
55	DC Customs (SWH) Valuables, Lahore F-478, AMIS ID 7822	2	Blockage of Government revenue due to non-disposal of valuable Coins	8.000
56	Commissioner-IR Appeal-I, Lahore F-4870, AMIS ID 7652	1	Non recovery of interest on house building advance	0.360
57		2	Inadmissible payment of fixed TA/DA	0.002
58		3	Payment of Overtime Allowance without verification of concerned officer	0.040
59		4	Excess payment of Monetization Allowance	0.120
60		6	Irregular expenditure on printing and publications	0.055
61		7	Un-authorized medical expenditure	2.466
62		8	Irregular expenditure on account of courier services	0.050
63		9	Purchase of fixed assets without maintenance of fixed assets register	0
64	Commissioner-IR Appeal-II, Lahore F-4871, AMIS ID 7653	1	Non recovery of interest on Motor Car Advance	0.137
65		2	Improper maintenance of cash book	0
66		3	Irregular payment on printing and publications	0.099
67		4	Un-authorized expenditure on Uniform & Protective clothing	0.300
68		5	Non-surrendering of savings from the budget grant	0.069
69		6	Un-authorized payment under the head cost of other stores	0.075
70		7	Un-authorized payment of rental ceiling	1.629
71		8	Non-conducting of physical verification of stores/stocks	0
72	Commissioner-IR Appeal-VI, Lahore F-4872, AMIS ID 0092	1	Improper maintenance of cash book	0
73		2	Irregular payment on printing and publications	0.099
74		3	Un-authorized expenditure on Uniform & Protective clothing	0.081
75		4	Un-authorized payment under the head cost of other stores	0.110
76		5	Non-conducting of physical verification of stores/stocks	0
77		6	Non-surrendering of savings from the budget grant	0.552
78	Commissioner-IR Benami Zone-II, Lahore F-4873, AMIS ID 0094	1	Unauthorized payment of rental ceiling	4.280
79		2	Irregular expenditure on Generator	0.700
80		3	Irregular payment on printing and publications	0.500
81		4	Excess payment of special performance allowance	0.392
82		5	Payment of Overtime Allowance without verification of concerned officer	0.306
83		6	Non-deduction of withholding tax on legal services	0.148
84		8	Irregular expenditure on purchase of newspapers	0.097
85		10	Excess payment of meritorious reward	0.060
86		12	Irregular payment of conveyance charges	0.050
87		13	Non recovery of interest on Motor Cycle Advance	0.027
88		15	Non deduction of benevolent fund	0.005

89		16	Non-conducting of physical verification of stores/stocks	0
90	DDO/ Director Internal Audit, Lahore F-4861, AMIS ID 7648	1	Non recovery of interest on House Building Advance	0.387
91		2	Irregular procurement in violation of Rules	0.284
92		3	Payment of Overtime Allowance without verification of concerned officer	0.010
93		4	Non deduction of withholding tax on hiring payments	0.077
94		5	Inadmissible payment of Adhoc Relief Allowance 2019	0.069
95		6	Non recovery of interest on Motor Cycle Advance	0.023
96		7	Inadmissible payment of integrated allowance	0.011
97		8	Excess payment to vendors due to non deduction of withholding tax on services	0.010
98		9	Short recovery of group insurance	0.007
99	DDO, RTO Lahore F-4869, AMIS ID 7658	1	Non-surrendering of savings from the budget grant	34.989
100		3	Unauthorized payment of rental ceiling	2.472
101		4	Non-deduction of withholding tax on legal services	2.440
102		6	Payment of Overtime Allowance without verification of concerned officer	0.695
103		9	Non deduction of withholding tax while making payments to service providers	0.288
104		10	Non/short deduction of withholding tax on hiring payments	0.168
105		11	Inadmissible payment of allowances	0.127
106		12	Non-deduction of tax on cash reward disbursement	0.061
107		13	Variation in figures of expenditure reconciliation statement	0.038
108		14	Procurement of miscellaneous items/services in violation of Public Procurement Rules 2004	0
109		15	Non-conducting of physical verification of stores/stocks	0
110	DDO, Commissioner (IR) Appeals-III, Lahore F-4883, AMIS ID 7657	01	Non-Surrendering of unspent Balances	0.200
111		02	Non-maintenance of Budget, Fixed assets register & non-conducting of physical verification	0
112		03	Non-conducting of internal Audit	0
113		04	Irregular expenditure on POL & repair of operational vehicles	0.155
114		05	Irregular expenditure on account of Overtime	0.071
115		06	Excess payment of Monetization Allowance	0.120
116		07	Excess payment of Travelling Allowance	0.004
117		08	Mis-proc due to splitting up of EXP to avoid the tender and quotations	3.114
118		09	Inadmissible payment of House Rent Allowance	0.038
119		10	Mis-procurement due to poor planning	0
120		11	Loss of due to non/short-deduction of tax by DDOs on miscellaneous expenses	0.050
121	DDO, Commissioner (IR) Appeals-IV, Lahore F-4879, AMIS ID 7660	1	Unauthorized expenses of posting of employees in excess of filled in strengths	1.900
122		2	Non-conducting of internal Audit	0
123		3	Excess payment of Monetization Allowance	0.120

124		4	Non-conducting of physical verification	0
125	DDO, Commissioner (IR) Appeals-V, Lahore F-4884, AMIS ID 0083	1	Non-Surrendering of unspent Balances amount	0.041
126		2	Irregular expenditure on POL & repair of operational vehicles	0.038
127		3	Non-conducting of internal Audit	0
128		4	Short-deduction of Income tax by DDOs on Rent Expenses	0.011
129		5	Mis-appropriation of funds by un-authorized exp under the head "AO 3990	0.100
130		6	Mis-pro due to splitting up of exp to avoid the tender and quotations	2.941
131		7	Mis-procurement due to poor planning	0
132		8	Loss of Govt Rev due to non/short-deduction of tax on miscellaneous expenses	0.028
133		9	Non maintenance of fixed assets register and non-conducting of physical verification.	0
134	DDO, Commissioner (IR) Appeals-VII, Lahore F-4880, AMIS ID 0084	1	Mis-Utilization of funds under the head "AO 3990- Light Refreshment	0.100
135		3	Irregular expenditure on POL	0.021
136		4	Short-deduction of Income tax by DDOs on Rent Expenses	0.029
137		5	Mis-procurement due to splitting up of exp to avoid the tender and quotation	1.900
138		6	Non maintenance of fixed assets register and non-conducting of physical verification.	0
139		7	Non-conducting of internal Audit	0
140		8	Irregular expenditure - Simultaneous tender of Uniforms	0.100
141	Commissioner (IR) Zone-III, RTO Lahore F-4857, AMIS ID 7762	5	Loss of revenue due to excess claim of tax credit	173.981
142		8	Non-conduct of post refund audit of Sales Tax Refund issued.	0
143		13	Issuance of sales tax refund against provision of law	0
144		16	Penalty for non-filling of Income Tax returns and withholding statements	0.040
145	Commissioner IR, Zone-V, RTO Lahore F-4860, AMIS ID 7764	16	Non realization of Worker's Welfare Fund (WWF)	0.920
146	Commissioner IR, AEOI Zone, Lahore F-4874, AMIS ID 0098	10	Non-conducting of Internal Audit	0
147		11	Non-Carrying out of Physical Verification of Stores/Stocks	0
148		12	In-admissible payment of conveyance allowance during leave period	0.002
149	DDO, LTO Lahore F-4891, AMIS ID 330	06	Excess Payment on account of pay and allowances	0.014
150		07	Non Deduction of Conveyance Allowance during Leave on Full Pay/Half pay	0.031
151		08	Excess Payment on account of Hiring of Residential Accommodation	0.029
152		13	Non deduction of Group Insurance from Gazetted Officers	0.025
153		14	Non-Maintenance of G.P. Fund Ledger of Class-IV Employees / Broad Sheets	0
154		15	Non maintenance of fixed assets register and non-conducting of physical verification	0
155		16	Improper Maintenance of Vehicles Record	0
156	Commissioner IR Zone-II, RTO Abbottabad	6	Loss of revenue due to non levy of income tax on concealment of income	13.738

157	F-4864, AMIS ID 7737	9	Non-realization of Sales Tax due to concealment of sales	37.025
158	Commissioner IR Withholding Zone, RTO Abbottabad F-4867, AMIS ID 7735	4	Non withholding Income Tax u/s 236I	32.132
159		8	Non-realization of 4/5th amount of Sales Tax	1.197
160		9	Short-payment of sales tax on taxable supplies	0.084
161	Commissioner Zone-II, RTO Gujranwala F-4888, AMIS ID 7753	20	Non-realization of Worker Welfare Fund (WWF)	0.280
162	DDO, RTO Gujranwala F-4889, AMIS ID 7627	13	Posting of officers at same post / station	0
163		14	Non -conducting of physical verification of stores / stocks	0
164	DDO, FBR (HQ) Islamabad F-4940, AMIS ID 7630	24	Non-deduction of General Provident Fund Subscription from Salaries	0
165		31	Irregular Posting of Officers as OSD / Awaiting for Posting	0
166		37	Loss in government exchequer	0
167		38	Non-conducting of physical verification of stores and stocks	0
168	Director General, I&I, IR Islamabad F-4941, AMIS ID 7643	03	Non-surrendering of unspent balances	0.091
169		13	Short Deduction of Income Tax from the Supplier	0.007
170	PRAL, Islamabad. F-4946, AMIS ID 7670	1	Non-realization of Company's revenue	614.095
171		2	Incorrect / unjustified creation of doubtful debts	128.548
172		3	Unlawful claim of Depreciation on assets of PRAL	61.404
173		4	Non-Adjustment of Advances/Loans granted to Employees	7.128
174		5	Irregular write-off trade debts	1.131
175		6	Irregular expenditure without approval of the Competent Authority	0.410
176		7	Irregular procurement without requiring quotations from vendors-	0.346
177		8	Non-Contribution to PRAL Gratuity Fund	177.050
178	DDO, L TO, Islamabad F-4955, AMIS ID 7633	12	Doubtful purchase of File Covers	0.21
179		16	Unjustified / Doubtful payment on account of Repair of Machinery	0.096
180	DDO, CTO Lahore F-4944, AMIS ID-7656	12	Non-maintenance of GPF ledger/ broad sheet of class –IV employees	0
181	Commissioner IR Zone-V, Corporate Tax Office, Lahore F-4921, AMIS ID 0784	22	Non-realization of minimum tax (Sales Tax)	55.916
182		25	Short payment of Sales Tax due adjustment of inadmissible input tax credit	12.817
183		30	In-admissible adjustment of input tax credit against invoices more than six tax periods	3.461
184	DDO, Directorate of Internal Audit, Lahore F-4937, AMIS ID 7648	3	Irregular payment of Honorarium	0.188
185		5	Excess payment on account of TA/DA	0.035
186		6	Inadmissible payment of House Rent Allowance	0.014
187		7	Over payment of Conveyance Allowance .	0.008
188		8	Non-deduction of withholding ST and income tax on services	0.007
189		9	In-admissible payment on account of Integrated Allowance	0.005
190		10	Blockage of Government revenue due to non-disposal of unserviceable stores	0

191		11	Non carrying out of physical verification of stores/ stocks	0
192		12	Non Maintenance of GP Fund Ledger of Class IV Employees /Broad Sheets	0
193	DDO, Directorate of I & I, Lahore F-4938, AMIS ID-7659	6	Non-surrendering of unspent balances	0.133
194		10	In-admissible payment of transfer grant and transportation charges	0.029
195		11	In-admissible payment of overtime allowance	0.024
196		12	In-admissible payment of allowances during leave period	0.030
197		13	Non-conducting of Internal Audit	0
198		14	Non-Carrying out of Physical Verification of Stores/Stocks.	0
199	DDO, Chief Commissioner (IR) RTO, Peshawar F-4912, AMIS ID-7668	4	Irregular expenditure on account of POL and repairs of vehicles	0.587
200		10	In-admissible payment of pay and allowances	0.054
201		11	Computer allowance to non-computer personnel	0.054
202		12	Excess payment of house rent allowance	0.042
203		15	In-admissible payment on account of integrated allowance	0.035
204		16	Inadmissible payment on account of washing allowance	0.016
205		18	Non carrying out of physical verification of stores/ stocks	0
206	DDO, Directorate of I&I (IR) Peshawar F-4911, AMIS ID-7669	3	Over /excess payment of house rent allowance	0.026
207		4	Short deduction of income tax on services	0.013
208		5	Non carrying out of physical verification of stores/ stocks	0
209		6	Irregular expenditure due to Misclassification under the Head of Account – A03901-Stationery	0.100
210		7	Inadmissible payment of conveyance charges to gazetted officer	0.005
211		8	Non /short deduction of 1/5th sales tax	0.011
212	Commissioner IR (Peshawar Zone) RTO Peshawar F-4936, AMIS ID-7774	6	Non imposition of penalty due to late filing of income tax return	0.382
213		9	Inadmissible adjustment of input tax against fake sales resulting in short payment of sales tax	98.941
214	Commissioner IR (Withholding Zone) RTO Peshawar F-4951, AMIS ID-7775	6	Non imposition of Penalty due to non-filing of withholding statements	0.160
215	DDO, RTO Gujranwala F-4904, AMIS ID-7627	9	Para-9:Inadmissible reimbursement of medical charges- Rs. 83,400	0.083
216		10	Para 10: Excess payment of pay and allowances amounting to Rs. 58,345	0.058
217		11	Non-deduction of 1/5th Sales Tax – Rs 19,724	0.019
218		12	Para -12 Non maintenance of fixed assets register and non-conducting of physical verification	0
219		13	Para -13 Non-Maintenance of G.P. Fund Ledger of Class-Iv Employees / Broad Sheets	0
220	Directorate of Intelligence & Investigation (IR), Faisalabad F-4894, AMIS ID-7623	06	Excess payment due to payment of sales tax from exempt items	0.004
221		07	Undue payment on purchase of goods exempt from sales tax	0.002
222		08	Excess payment due to payment of Sales Tax at higher rate	0.002
223		10	Non-surrendering of unspent budget	0.922

224		11	Non-conducting of internal Audit	0
225	Chief Commissioner (IR), RTO, Faisalabad F-4953, AMIS ID-7621	9	Undue payment on purchase of goods exempt from sales tax	0.016
226		10	Irregular expenditure due to misclassification of head of accounts	0.010
227		11	Posting of officers at same post / station beyond Three years	0
228		12	Non-conducting of internal Audit	0
229	Commissioner (IR), Jhang Zone RTO, Faisalabad F-4957, AMIS ID-7747	11	Short payment of tax due to adjustment of prior years refund without verification	18.994
230	CIR CTO (ZONE-II) ISLAMABAD F-4910, AMIS ID-0787	15	Loss of revenue due to non-payment of sales tax	207.338
231	DDO, CTO Islamabad F-4920, AMIS ID-0885	03	Un-Authorized Payment of Performance Allowance	0.384
232		08	Irregular payment made on account of purchase of newspapers, periodicals	0.646
233		10	Loss to exchequer due to misuse of Operational Vehicle and POL facility	0.172
234		11	Exp Irregular exp on account of POL and repair/maintenance of vehicles	4.067
235		12	Exp Irregular exp on refundable sec deposit of fleet card from the head POL Gen	0.450
236		13	Exp Non Disposal of Old News Papers/ Unserviceable store items	0
237	DDO (Expenditure Audit) RTO Sialkot F-4906, AMIS ID 7674	10	Short deduction of Benevolent Fund	0.005
238		11	Non -conducting of physical verification of stores/stocks	0
239	Commissioner IR Corporate Zone RTO Multan F-4949, AMIS ID-7766	21	Non-realization of Federal excise duty on royalty fee	0.157
240		22	Short-realization of Income Tax due to concealment of income Rs.	283.072
241	Commissioner IR Multan Zone RTO Multan F-4922 AMIS ID-7767	9	Short-realization of Income Tax due to concealment of sales Rs 445,041	0.445
242	DDO RTO Multan, F-4899AMIS ID-7663	1	Non recovery of House Building/Motorcycle Advances	3.054
243		4	Overpayment of House Rent Allowance	0.789
244		6	Non-deduction of sales tax on payment made under the head ‘Law Charges’	0.426
245		9	Irregular payment due to misclassification	0.198
246		12	Non deduction of 5% HR charges from occupants of government accommodation	0.043
247		13	Non deduction of 1/5th withholding Sales Tax	0.036
248		14	Non/short-deduction of income tax by DDO on repair of vehicles	0.011
249	DDO LTO Multan F-4900, AMIS ID 3267	2	Non-deduction of sales tax under the head ‘Law Charges’	0.533
250		3	Short-deduction of sales tax under the head ‘Repair of Office Building’	0.030
251		4	Excess payment on account of travelling allowance	0.019

252		5	Non-realization of 4/5th Sales Tax from Supplier	0.019
253		6	Non/short-deduction of income tax on services rendered	0.014
254		7	Inadmissible payment of Conveyance Allowance	0.009
255	Director I&I Multan F-4903, AMIS ID-7704	1	Irregular payment of Electricity bill	0.296
256		2	Payment of Overtime Allowance without verification by concerned officer	0.100
257		3	Irregular payment on printing and publications	0.088
258		4	Non-deduction of withholding tax on legal services of	0.029
259		5	Irregular expenditure on account of courier services	0.013
260	Commissioner (IR) ZONE-I LTO Multan F-4925 AMIS ID-0774	9	Non realization of FED on excisable services/banking services	80.501
261	Commissioner (IR) Zone-II LTO Multan F-4947 AMIS ID-0775	1	Non realization of Federal Excise Duty on banking services –Rs 1,437,116,878	1,437.117
262		16	Short-realization of Income Tax due to concealment of income – Rs 21,480,000	21.480
263		23	Short realization of income tax due to concealment of stocks-Rs.1,445,179	1.445
264		26	Non taxation of income from other sources resulting in short realization of tax-Rs 977,500	0.978
265	Commissioner (IR) Zone-III LTO Multan F-4948, AMIS ID-0776	5	Non-recovery of sales tax payable	786.778
266		20	Short-realization of Income Tax due to concealment of income	16.800
267	Commissioner (IR) ZONE-IV LTO Multan F-4954, AMIS ID-0777	17	Short-realization of sales tax	19.345
268	DC Import, Peshawar Dryport, CoC (A), Peshawar F-118, AMIS ID-7820	45	Undervaluation of imported goods i.e hair wigs extension	0.126
269		53	Non-recovery of government revenue	12.153
270	AC Import AFU, Peshawar F-114, AMIS ID-7832	4	Short realization of government revenue due to undue benefit non-profit organization	1.050
271		9	Short realization of Government revenue due to misclassification of imported goods	0.038
272		11	Short realization of revenue due to granting undue benefit of HS code 9916	0.029
273		12	Short realization of government revenue due non-charging Sales Tax at retail price of third schedule items	0.020
274	DC Import Customs Station, Kharlachi, CoC (A), Peshawar F-117, AMIS ID-7817	6	Short realization of government revenue due to under valuation of goods	0.033
275		7	Short realization of government revenue due to under valuation of goods	0.055
276		8	Short realization of government revenue due to under valuation of goods	0.014
277	DC Import Customs Station, Torkham, CoC (A), Peshawar F-116 AMIS ID-7821	15	Short realization of Govt. revenue due to undervaluation of Honey bees	0.030
278	DC SWH (A to G), CoC (Enforcement), Peshawar F-102 AMIS ID-7834	11	Short recovery of advance income tax	0.030
279		12	Irregular auction of seized goods and non-transferring of goods to the warehouse	0
280	DC (DTRE / Bonds),	6	Misuse of authority as regulatory collector in	0

	Peshawar F-105 AMIS ID-7815		granting of DTRE approval	
281	Deputy Director (SWH) I & I Peshawar F-106, AMIS ID-7897	7	Non-Compliance of Auction Rules	0
282	DC (Auction), CoC (Enforcement), Peshawar F-108, AMIS ID-7831	6	Undue benefit given to the bidder	3.639
283		7	Non-Compliance of Auction Rules	0
284	DDO, COC (Enforcement), Peshawar F-101 AMIS ID-7708	4	Non surrendering of saving	0.300
285		12	Illegal payment of professional fee	0.052
286		13	Irregular/illegal disbursement of cash reward without fulfillment of codal provisions	0
287		15	Short deduction of Group Insurance from Gazetted Officers –	0.031
288		16	Non deduction of conveyance and performance allowance during leave	0.024
289		17	Inadmissible payment of professional fee as miscellaneous charges in case of Civil Court	0.015
290		18	Short-deduction of Benevolent Fund	0.010
291		19	Non-disposal of replaced auto parts and news paper	0
292	DDO, COC (Appraisement) Peshawar F-104, AMIS ID 7707	6	Irregular/illegal disbursement of cash reward without fulfillment of codal provisions	0
293		13	Short deduction of Group Insurance and benevolent fund	0.026
294		14	Purchase of furniture under wrong head of accounts	0.300
295		15	Purchase of stationery under wrong head of account	0.069
296		16	Double payment on account of Telex, Teleprinter and Fax	0.015
297		17	Excess payment on account of cash reward	0.011
298		18	Non-disposal of replaced auto parts and news paper	0
299	DDO, I & I Peshawar F-110, AMIS ID-7705	3	Irregular payment through cash instead of cross cheque	5.284
300		4	Irregular/illegal disbursement of cash reward without fulfillment of codal provisions	0
301		8	Short-deduction of Income Tax on account of rent for office building	0.039
302		9	Less deduction of Income Tax	0.020
303		10	Non deduction of conveyance allowance during leave	0.020
304		11	Short-deduction of Benevolent Fund	0.006
305		12	Non-disposal of replaced auto parts and newspaper	0
306	DDO, COC (Enforcement), D.I.Khan F-111, AMIS ID-0900	6	Irregular/illegal disbursement of cash reward without fulfillment of codal provisions	0
307		8	Irregular expenditure on account of gas charges	0.300
308		11	Irregular payment through cash instead of cross cheque	0.666
309		13	Excess payment on account of TA/DA	0.038
310		14	Short-deduction of Income Tax on account of reward	0.293
311		17	Non recovery of conveyance and performance allowance during the period of leave	0.016
312		18	Non-disposal of replaced auto parts and news	0

			paper	
313	Directorate I&I Rawalpindi (IB 4129) Expenditure Audit F-275, AMIS ID-7686	05	Irregular sanction of rent of accommodation building	0.180
314	Director General of I&I, Islamabad F-278, AMIS ID-7679	3	Dual payment of professional fee in case of Writ Petition 857/2022	0.200
315		4	Non-disposal of unserviceable items	0.090
316	MCC, Islamabad (IB 4122) Exp. Audit F-280 AMIS ID-7684	6	Inadmissible payment on account of Overtime Allowance	0.221
317		8	Doubtful expenditure on repair of furniture by splitting into piece meals	0.645
318		15	Irregular expenditure on account of courier service	0.050
319	DD (SWH) AFU, Islamabad F-282 AMIS ID-7848	4	Non-conducting of stock taking / checking of state-warehouse	0
320	Audit AC Customs GPO/IMO, Islamabad F-284, AMIS ID-7845	1	Short-realization of government revenue on imported goods	0.066
321		2	Short-realization of government revenue due to charging RD at lower rates	0.040
322		3	Non-realization of government revenue without charging duty & taxes	0.016
323		4	Short-realization of government revenue due to charging RD at lower rates	0.020
324	Deputy Collector DTRE, COC Islamabad F-285 AMIS ID-7890	2	Non-realization of fine from DTRE user	0.100
325		3	Non-conducting of post exportation audit	0
326	MCC Gilgit-Baltistan (GL-0345) Exp. Audit F-287 AMIS ID7678	8	Non / short deduction of Benevolent Fund	0.053
327		10	Non/short recovery of Group Insurance from Officers/officials	0.050
328	AC Customs Bonds (Including DFSL) Islamabad F-290 AMIS ID 7844	3	Non-realization of warehousing surcharge on overstayed goods	0.091
329		5	Non-conducting of stock taking of goods lying in the warehouse	0
330	Deputy Director, State Ware House, Directorate of I&I Faisalabad F-160 AMIS ID-7901	03	Irregular auction of goods in violation of import Policy order 2022.	0
331		04	Irregular release of goods in violation of import Policy order 2022.	0
332	DDO (FD-0206) Collectorate of Customs, Appraisement, Faisalabad F-161 AMIS ID 7676	02	Non- surrender of anticipated savings	1.020
333		05	Short deduction of conveyance allowance on accounts of leave salary	0.041
334		07	Non-conducting of Physical Verification of Stores / Stocks	0
335		08	Irregular expenditure incurred without calling quotation	0.168
336	AC Customs (DTRE), Collectorate of Customs (Appraisement) Faisalabad F-162 AMIS ID 7803	04	Non granting extension of DTRE approval after expiry of validity period	0
337	AC Customs (Import), Collectorate of Customs (Appraisement) Faisalabad F-164 AMIS ID-7799	05	Irregular release of goods in violation of import Policy order 2022.	0
338	Deputy Director,(SWH), Directorate of I&I Multan F-99 AMIS ID 7902	03	Irregular auction of goods in violation of import Policy order 2022.	0

339	DDO (MN-0312) Directorate of I&I Customs, Multan F-100 AMIS ID 7664	03	Irregular expenditure due to non-carrying out of Printing from Govt Press	0.334
340		06	Irregular/doubtful expenditure on Maintenance of Garden	0.028
341		07	Inadmissible pay fixation on grant of Time Scale Promotion	0.021
342		08	Short deduction of conveyance allowance on accounts of leave salary from pay	0.010
343		09	Non-conducting of Physical Verification of Stores / Stocks	0
344	AC Customs, (SWH), Collectorate of Customs Enforcement, Multan F-102 AMIS ID-7825	03	Non-conducting of stock taking in state warehouse	0
345		04	Improper Maintenance of Record	0
346	AC Customs, (DTRE), Dry Port Multan, COC Faisalabad F-104 AMIS ID 7800	05	Non-realization of penalty due to failure to submit reconciliation statement	0.100
347	DDO (MN-0313) Collectorate of Customs Enforcement, Multan F-106 AMIS ID-7703	06	Non-conducting of Physical Verification of Stores / Stocks	0
348		11	Unjustified/inadmissible payments on account of TA/DA	0.044
349	CIR Enf-II, LTO, Lahore	21829-ST	Non withholding of ST on advertisement services	54.060
350	CIR Enf-II, LTO, Lahore	21831-ST	Inadmissible adjustment of input tax on items not related to taxable supplies	34.760
351	CIR Audit-II, LTO, Lahore	21853-ST	Non recovery of penalty for late payment of Sales Tax	22.515
352	CIR Audit-I, LTO, Lahore	22021-ST	Non realization of ST on sales of fixed assets	50.460
353	CTO, Lahore	22099-ST	Fraudulently correction of sales tax CPR	0.349
354	CTO, Lahore	22105-ST	Incorrect correction of sales tax CPRs	2.713
355	CIR, Zone-VI, CTO, Lahore	22477-ST	Non-realization of minimum tax (Sales Tax)	2.485
356	RTO, Abbottabad	21796-IT	Non-assessment of recovery of worker welfare fund	0.9
357	LTO, Lahore	21837-IT	Non-realization of worker welfare fund	6.075
358	LTO, Lahore	21847-IT	Non-realization of worker welfare fund	64.723
359	LTO, Lahore	21863-IT	Acceptance of invalid returns u/s 114(2) of the Income Tax Ordinance, 2001	0
360	RTO, Lahore	21893-IT	Loss of revenue due to weak / inadequate enforcement of withholding tax statement	20.94
361	RTO, Lahore	21898-IT	Weak enforcement of withholding taxes due to non-reconciliation of tax deducted and deposited by withholding agents	0
362	RTO, Lahore	21964-IT	Loss of revenue due to non-filing of appeal to Appellate Tribunal	0
363	CTO, Islamabad	22075-IT	Fraudulent correction of CPR	1.50
364	CTO, Islamabad	22076-IT	Loss of revenue due to non-levy of Workers Welfare Fund	6.314
365	CTO, Islamabad	22095-IT	Loss of revenue due to non-levy of Workers Welfare Fund	2.72
366	CTO, Islamabad	22096-IT	Loss of revenue due to non-payment of Provision of Workers Profit Participation fund	2.203
367	RTO, Peshawar	22191-IT	Non-recovery of Workers Welfare Fund	7.324
368	LTO, Islamabad	22259-IT	Non-levy of penalty for furnishing of inaccurate particulars of income	4,668.11

369	RTO, Faisalabad	22333-IT	Acceptance of invalid returns u/s 114 (2) of the Income Tax Ordinance 2001	0
370	RTO, Peshawar	22406-IT	Non-recovery of Workers Welfare Fund	0.294
371	RTO, Peshawar	22436-IT	Non-recovery of Workers Welfare Fund (WWF)	4.852
372	CTO, Lahore	22497-IT	Weak Enforcement of Withholding Taxes resulting in potential tax loss	64.85
373	CIR Zone-I LTO, Multan	22569-IT	Non-recovery of Income Tax arrears	640.964
374	CIR Zone-II LTO, Multan	22589-IT	Short-deduction/realization of withholding Tax on salary	59.588
375	CTO, Lahore	22715-IT	Invalid income tax returns due to submission without Annexure and audited accounts	0
376	CTO, Lahore	22755-IT	Invalid income tax returns due to submission without Annexure and audited accounts	0
377	LTO, Islamabad	22784-IT	Non-levy of penalty for furnishing inaccurate particulars	22.713
378	CIR AEOI, RTO, Lahore	21882-Exp	Inadmissible/irregular payment of hiring facility charges/rent	0.570
379	CIR AEOI, RTO, Lahore	21885-Exp	Non-deduction of withholding tax on legal services	0.151
380	CIR AEOI, RTO, Lahore	21887-Exp	Short deduction of withholding tax while making payments to service providers-Rs.	0.03
381	DDO, RTO Gujranwala	22054-Exp	Non-deduction of sales tax under the head ‘Law Charges’	3.710
382	DDO, LTO Lahore	22063-Exp	Non-deduction of Sales Tax from Service provider	0.803
383	DDO, CTO Islamabad	22132-Exp	Undue loss to public exchequer due to in-efficiency of hired lawyers	0.525
384	DDO, CTO Islamabad	22133-Exp	Non-recovery of sales tax on law charges	0.473
385	DDO, RTO Sialkot	22203-Exp	Non recovery of General Provident Fund from officials	0.225
386	DDO, RTO Faisalabad	22281-Exp	Non-deduction of sales tax from services (Law Charges)	0.431
387	Director I&I (IR) Faisalabad	22298-Exp	Non-deduction of sales tax on account of Law charges	0.072
388	DDO FBR (HQ) Islamabad	22342-Exp	Non-charging of sales tax on law charges	3.587
389	DDO I&I (IR) Islamabad	22372-Exp	Non-charging of sales tax on law charges	0.221
390	DDO, RTO Gujranwala	22444-Exp	Non-deduction of sales tax on services ‘Law Charges’	1.543
391	DDO I&I (IR) Lahore	22486-Exp	Non-deduction of withholding tax on legal services	0.280
392	DDO, Directorate of Internal Audit Lahore	22493-Exp	Unjustified payment on account of cash reward	0.210
393	DDO, CTO Lahore	22691-Exp	Non deduction of Provincial Sales Tax From the Payments Made to the Lawyers	0.994
394	Director, I&I, Lahore	8272-Exp/Cus	Inadmissible payment of house rent allowance and non-deduction of group insurance, benevolent fund and conveyance allowance	0.109
395	Director, I&I, Lahore	8273-Exp/Cus	Short-deduction of Income Tax on account of rent for residential building	0.306
396	Collectorate of Customs, AIIA, Lahore	8274-Exp/Cus	Non-deduction of provincial sales tax on law charges	0.143
397	Director, I&I, Lahore	8275-Exp/Cus	Non-deduction of provincial sales tax on law charges	0.292
398	Collectorate of Customs, Appraisement Mughalpura, Dry port ,Lahore.	8423-Exp/Cus	Short-deduction of Income Tax from salary	0.278
399	Collectorate of Customs AIIA, Lahore	8227-Cus	Blockage of revenue of millions of rupees due to non-clearance of unclaimed IGMs	0

400	Collectorate of Customs AIIA, Lahore	8234-Cus	Short-realization of revenue due to misclassification of printed circuit board	10.665
401	Collectorate of Customs AIIA, Lahore	8254-Cus	Irregular release of frozen meat / fish	1.264
402	Appraisement East, Lahore	8354-Cus	Inadmissible benefit of raw material to the goods falling under ambit of sub-component under SRO 655(I)/2006 resulted into short realization of revenue	38.811
403	Appraisement East, Lahore	8390-Cus	Non disposal of overstay quantity resulted in non-realization of government revenue	151.496
404	Appraisement West, Lahore	8398-Cus	Blockage of revenue due to non-clearance of unclaimed Import General Manifests	94
405	Appraisement West, Lahore	8401-Cus	Short realization of Income Tax due to application of incorrect rate of advance tax from inactive taxpayers	1.02
406	Appraisement West, Lahore	8402-Cus	Incorrect assessment of duty & taxes resulted in short realization of government revenue	0.337
407	Appraisement West, Lahore	8407-Cus	Inadmissible exemption of duty and taxes resulted into short realization of government revenue	0.53
408	AC, Customs (DTRE) Faisalabad	8442-Cus	Non realization of penalty DTRE users	0.950
409	MCC Enforcement Peshawar	8601-Cus	Irregular release of mobile phones	2.507
410	MCC Enforcement Peshawar	8604-Cus	Loss of government revenue due to incorrect determination of Reserve Price	12.439
411	MCC Enforcement Peshawar	8605-Cus	Loss of government revenue due to incorrect determination of Reserve Price	0.469
412	MCC Islamabad	8777-Cus	Non-forfeiture of earnest money	0.26
			Total	10,762.057

DG Audit, Inland Revenue & Customs, Karachi

S. No	Name of Formation	AIR No./ No. of Paras / DP No.	Title of Para	Total Amount (Rs. In million)
1	AC/DCUAB/Auction/SWH/ Disposal Cell,JIAP, Karachi (Receipt)	Para-3	Non-verification of challans	13.502
2	Director IPR (Enforcement), South Custom House, Karachi (Expenditure)	Para-12	Unauthorized expenditure without allocation of budget grant	0.008
3		Para-13	Irregular/wasteful expenditure	0
4		Para-14	Non-conducting of internal audit	0
5		Para-15	Non-completion of service books of non-gazetted staff.	0
6	Deputy Collector, group-III,Appraisement (PMBQ) Karachi	Para-10	Loss of revenue due to inadmissible exemption under 12th Schedule of Sales Tax Act, 1990,	0.006
7	AC/DC Group-VI of CoC App. (PMBQ), Khi	2593 – CD/K/2023-24	Loss of government revenue due to inadmissible concession of sales tax	7,916,664

8	AC/DC Bulk / Bonds of CoC App. (PMBQ), Khi	2618 – CD/K/2023-24	Non-revalidation/cancellation of Private Bonded Warehouse license	-
9	AC/DC Oil Section Kemari of CoC (Enforcement), Karachi	2624 – CD/K/2023-24	Non- realization of customs duty on motor spirit	-
10		2626 – CD/K/2023-24	Non- realization of customs duty on petroleum oil	-
11		2627 – CD/K/2023-24	Non-revalidation/cancellation of Private Bonded Warehouse license	-
12	AC/DC Customs, Arrival / Departure, JIAP, Karachi	2672 – CD/K/2023-24	Non-production of record	-
13	AC/DC Customs, SWH/Auction/Disposal Cell/ UAB JIAP, Khi	2680 – CD/K/2023-24	Non-production of record	-
14		2681 – CD/K/2023-24	Clearance of carpets brought in commercial quantity (576 sq meter) without imposition of fixed tax and other leviable duty and taxes	104,000
15		2682 – CD/K/2023-24	Non-imposition of fixed tax and other leviable duty and taxes on furniture items brought in commercial quantity	127,312
16		2683 – CD/K/2023-24	Non realization of duty and taxes on the items exceeds the duty free allowance under category foreign tourist	39,671
17	Directorate of Transit Trade, Karachi	2692 – CD/K/2023-24	Clearance of items under PCT code 8704.2190 “used porter (left hand drive)”which comes under the ambit of banned item auto parts	-
18		2693 – CD/K/2023-24	Clearance of items in forward cargo with huge tare weight	-
19		2694 – CD/K/2023-24	Clearance of cigarettes and its components which come under the ambit of banned items	-
20		2696 – CD/K/2023-24	Clearance of import items with vague description	-
21		2697 – CD/K/2023-24	Clearance of import items under PCT code 8701.9290 “tractors and its accessories” which comes under the ambit of banned items auto parts	-
22		2699 – CD/K/2023-24	Clearance of poppy seeds under PCT 1207.9100 on reverse cargo which is used as narcotics	3,403,740
23		2700 – CD/K/2023-24	Clearance of GD in transit trade reverse cargo without mentioning description and value	-
24	Desk Audit, CoC, Appraisement (PMBQ), Khi	2728 – CD/K/2023-24	Loss of government revenue due to irregular exemption of sales tax under S# 154 of Table to the 6th Schedule of the Sales Tax Act, 1990	12,324,849
25	Desk Audit, CoC, Appraisement, Quetta (DESK AUDIT)	2798 – CD/K/2023-24	Providence of vague data not clearly / explicitly stated	-
26	AC/DC Customs, Chaman, Quetta	2874 – CD/K/2023-24	import of plastic waste without fulfilling the conditions of import policy	6,074,320
27	AC/DC, AFU/Baggage/BG Enforcement, Quetta	2976 – CD/K/2023-24	Goods released on payment of duty & taxes and redemption fine	9,846,000
28	DC NLC Dry Port, CoC Appraisement, Quetta	2994 – CD/K/2023-24	Violation of import policy on import of goods	10,828,000
29	DC, Group-I, CoC, Appraisement (WEST) Khi	3112 – CD/K/2023-24	Clearance of restricted goods imported in violation of Import Policy Order	18,578,928
30	AC/DC Bonds CoC Appraisment Hyderabad	3146 – CD/K/2023-24	Non-observance of provisions of law causing recurring loss to public exchequer	-
31	Directorate of IOCO, Karachi	3238 – CD/K/2023-24	Non-conducting of mandatory desk audit of M/s Gamalux oleo chemicals	-
32		3239 – CD/K/2023-24	Non-conducting of mandatory desk audit of M/s Dollar Industries (pvt) ltd	-
33		3240 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Getz Pharma (pvt) ltd	-

34		3241 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s E Pharm Laboratories (pvt) ltd	-
35		3242 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Mediflow Pharma (pvt) ltd	-
36		3243 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s ATCO (pvt) ltd	-
37		3244 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Brooks Pharma (pvt) ltd	-
38		3245 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Vikor Health Care (pvt) ltd	-
39		3246 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Nawan Lab (pvt) ltd	-
40		3247 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Indus Pharma (pvt) ltd	-
41		3248 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Safe Pharma (pvt) ltd	-
42		3249 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s inventor Pharma (pvt) ltd	-
43		3250 – CD/K/2023-24	Non reconciliation of raw material and finished goods imported under 5th schedule by M/s Hilton Pharma (pvt) ltd	-
44		3251 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
45		3252 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
46		3253 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
47		3254 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
48		3255 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
49		3256 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
50		3257 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
51		3258 – CD/K/2023-24	Non utilization of imported raw material / warehoused goods after lapse of considerable time	-
52		3259 – CD/K/2023-24	Excess quantity of packaging material allowed to import then the balance quota	-
53	LTO Karachi	2828	Non-Levy of Penalty U/S 182 of Income Tax Ordinance 2001	970.18
		2829		992.00
54	AEOI Zone	2837		292.73
55		2845		5.38
56		2847		1.83
57	MTO Karachi	2861		131.29
58	CTO Karachi	2891		751.56
59		2892		393.25
60	RTO-I Karachi	2921		61.81
61		2951		12.00

62		2952		53.11
63		2959		12.00
64		2960		91.81
65		3022		293.29
66		3026		6.43
67		3033		92.47
68		3035		54.62
69	RTO-II Karachi	2963		3,141.60
70		2971		77.10
71		2978		137.71
72		2986		2,112.57
73		2991		36.13
74		3003		1,073.20
75		2964		771.55
76		2972		20.00
77		2974		509.09
78		2979		20.00
79		3042		194.60
80	RTO Hyderabad	3005		9,883.18
81		3019		10.31
82		3054		3,381.97
83		3060		65.70
84		3070		70.25
85		3077		1.53
86	RTO Sukkur	2894		6,098.32
87		2897		104.81
88		2908		3,513.40
89		2912		22.36
90		2931		265.80
91		2942		44.46
92		2943		3.35
93	RTO-II Karachi	7195-ST	Input tax adjustment of POS u/s 8B(6)	628.12
94		7198-ST	Input tax adjustment of POS u/s 8B(6)	367.71
95		7199-ST	Penalty for Non Integration of Tier-1 retailers POS System with FBR U/S 3(9A)	45.00
96	Commissioner Anti-Benami Initiative, Karachi	973-Exp/IR	Irregular payment under the head law charges.	1.40
97		17	loss due to snatching of official motorcycles	0
98		18	Non-conducting of physical verification of store/stock	0
99		19	Non-conducting of internal audit	0
100		20	Non-completion of service books of non-gazetted staff.	0
101	Commissioner-IR, Automatic Exchange of Information, Karachi	989-Exp/IR	Non-payment of Sindh sales tax on services under the head law charges.	1.37
102		Para-12	Irregular expenditure under the head newspaper & periodicals	0.26

103		Para-13	Irregular expenditure under the head maintenance of parks & gardens	0.14
104		Para-14	Irregular expenditure on account pay & allowances	0
105		Para-15	In-admissible increments on account of basic pay	0
106		Para-16	In- admissible promotions to the posts of LDCs	0
107	Commissioner Appeal-I, Karachi	Para-03	Irregular expenditure under the head cost of other store	0.05
108		Para-04	Un-authorized printing from private firms without NOC	0.04
109		Para-05	Irregular expenditure under the head newspaper & periodicals	0.04
110		Para-06	Recovery of house rent allowances	0.01
111		Para-07	Non-completion of service books of non-gazetted staff.	0
112		Para-08	Non maintenance of register of advances	0
113	Commissioner Appeal-I, Karachi	Para-03	Irregular expenditure under the head cost of other store	0.05
114		Para-04	Un-authorized printing from private firms without NOC	0.04
115		Para-05	Irregular expenditure under the head newspaper & periodicals	0.04
116		Para-06	Recovery of house rent allowances	0.01
117		Para-07	Non-completion of service books of non-gazetted staff.	0
118		Para-08	Non maintenance of register of advances	0
119	Commissioner-IR, Appeal-III, Karachi	Para-05	Irregular expenditure under the head repair of i.t equipment.	0.14
120		Para-06	Irregular expenditure under the head of uniform & liveries of.	0.08
121		Para-07	Non finalization of appeal cases	0
122		Para-08	Non-conducting of internal audit	0
123		Para-09	Non-conducting of physical verification of store/stock	0
124		Para-10	Non-completion of service books of non-gazetted staff	0
125	Commissioner-IR, Appeal-IV, Karachi	Para-06	Irregular expenditure under the head repair of i.t equipment.	0.15
126		Para-07	Non finalization of appeal cases	0
127		Para-08	Irregular expenditure on account pay & allowances	0
128		Para-09	Non-conducting of internal audit	0
129		Para-10	Non-completion of service books of non-gazetted staff.	0
130	Commissioner-IR, Appeal-V, Karachi	Para-04	Irregular expenditure on account of repair of hardware.	0.08
131		Para-05	Irregular expenditure under the head of uniform & liveries.	0.05
132		Para-06	Non-completion of service books of non-gazetted staff	0
133		Para-07	Non-conducting of physical verification of store/stock.	0
134		Para-08	Non finalization of appeal cases.	0
135	RTO-I, Karachi	1029-Exp/IR	Non levy/ charging of Sindh sales tax on services.	0.66
136	Directorate I & I Karachi	1034-Exp/IR	Irregular payment under the head law charges	1.90

137	(IRS)	1038-Exp/IR	Non levy/ charging of Sindh sales tax on services	0.25
138	RTO-II Karachi.	1048-Exp/IR	Non levy/ charging of Sindh sales tax on services	0.50
139	MTO Karachi	1056-Exp/IR	Irregular expenditure incurred on law charges	1.20
140	MTO Karachi	1061-Exp/IR	Non levy/charging of Sindh sales tax on services	0.16
141	Directorate I & I Hyderabad (IRS)	1069-Exp/IR	Irregular expenditure incurred on law charges	0.23
142		1071-Exp/IR	Non levy/charging of Sindh sales tax on services	0.02
143	IPR Enforcement (South), Karachi	935-Exp/Cus	Irregular payment under the head law charges	1.00
144	RTO Hyderabad	1074-Exp/IR	Irregular expenditure incurred on law charges	1.33
145		1076-Exp/IR	Non levy/charging of Sindh sales tax on services	0.17
146	CTO, Karachi	1085-Exp/IR	Non-levy/charging of Sindh sales tax on services-	1.95
147	LTO, Karachi	1100-Exp/IR	Non-levy/charging of Sindh Sales Tax on services.	7.17
148	CoC Export, C.H, Karachi	999-Exp/Cus	Irregular payment of law charges	0.20
149	Commissioner Anti-Benami Initiative, Karachi	1120-Exp/IR	Irregular payment under the head law charges	0.93
150	CoC Export, PMBQ, Karachi	1078-Exp/Cus	Irregular expenditure incurred on law charges	0.37
151	CoC, Appraisement , Quetta	1154-Exp/Cus	Un-authorized payment on hiring of private advocates	0.33
152	Director I&I Gwadar	1162-Exp/Cus	Irregular expenditure on hiring of private advocates and without approval from cabinet division	0.20
153	Director I&I, Karachi	1184-Exp/Cus	Undue favour and wastage of government money on hiring of private advocates	1.30
154	MCC Enforcement, Karachi	1224-Exp/Cus	Non levy/ charging of Sindh sales tax on Law Charges	0.30
155		1231-Exp/Cus	Irregular payment of law charges	2.74
156	CoC (Enforcement) , Quetta	1301-Exp/Cus	Irregular Expenditure on account of Advocates and government houses	0.00
157		1305-Exp/Cus	Irregular expenditure on hiring of private advocates and without approval from cabinet division	3.73
158	CoC (Import) PMBQ, Karachi	1068-Exp/Cus	Non levy/ charging of Sindh sales tax	0.81
			Total	**36,846.98**

Annexure-2
[Para 3.1]

Non-Production of record of Common Pool Fund (CPF)

DGAIR&C, Lahore

S. No.	Office	Audit Obs. No.
1	Collector of Customs (Enforcement) Peshawar	AO No.20
2	Collector of Customs (Appraisement) Faisalabad	AO No.10
3	Collector of Customs (Enforcement) Multan	AO No.13
4	Directorate of I&I (Customs) Multan	AO No.10
5	Collector of Customs Islamabad	AO No.17
6	Directorate General I&I (Customs) Islamabad	AO No.05
7	Directorate of I&I (Customs) Rawalpindi	AO No.07

Annexure-3
[Para 4.1]

Non-recovery of tax demands – Rs 85,349 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Abbottabad	21798	2022	23	168.05	Rs 70.92 Recovery awaited Rs 97.13 Subjudice
2	RTO Lahore	21921	2022	6	201.84	Recovery awaited
		21909	2022	10	638.29	Recovery awaited
3	LTO Multan	22591	2021 & 2022	1	15.76	Recovery awaited
4	RTO Peshawar	22399	2022	39	715.66	Rs 399.67 Subjudice Rs 315.99 Recovery awaited
5	RTO Faisalabad	22316	2022	9	269.85	Subjudice
		22304	2022	6	35.08	Rs.33.86 Recovery awaited Rs.1.22 Subjudice
6	RTO Gujranwala	22164	2022	19	392.17	Recovery awaited
		22151	2022	81	57.14	Rs 1.07 Recovered & verified Rs 19.96 Subjudice Rs 36.11 Recovery awaited
7	RTO Islamabad	2872 (transferred from CTO Karachi)	2016	1	110.62	Recovery awaited
			Sub-total	**195**	**2,604.46**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	MTO Karachi	2848	2022	77	7,798.93	Recovery awaited
2	AEOI Zone Karachi	2833	2022	28	1,172.42	Rs 228.81 million Recovered & verified, Rs.943.61 under recovery
3	CTO Karachi	2872	2022	1153	48,287.28	Rs 48.24 million Recovered & verified, Rs 48,149.33 million under recovery Rs 89.71 million Subjudice
4	RTO-I Karachi	2918	2022	17	320.03	Recovery awaited
		2944	2022	50	913.69	Recovery awaited
		2954	2022	122	5,961.83	Recovery awaited
		3020	2022	63	3,013.94	Recovery awaited
		3031	2022	53	420.81	Recovery awaited
5	RTO-II Karachi	2970	2022	66	3,627.54	Rs.2,715.01 million Subjudice, Rs.912.53 million Recovery awaited
	RTO-II Karachi	2977	2022	27	1,593.65	Rs.1.67 million subjudice, Rs.1,591.98 million Recovery awaited
	RTO-II Karachi	2984	2022	495	4,201.68	Rs 2.19 million Recovered & verified, Rs 2,772.61 million under recovery Rs.1,426.88 million Subjudice
	RTO-II Karachi	2998	2022	370	2,432.49	Recovery awaited

	RTO-II Karachi	3041	2022	76	478.86	Recovery awaited
6	RTO Hyderabad	3009	2022	33	244.72	Recovery awaited
	RTO Hyderabad	3055	2022	74	1,007.07	Recovery awaited
7	RTO Sukkur	2896	2022	54	644.30	Recovery awaited
	RTO Sukkur	2909	2022	71	680.21	Recovery awaited
	RTO Sukkur	2933	2022	19	225.83	Recovery awaited
			Sub-total	**2848**	**83,025.28**	
			Grand Total	**3043**	**85,629.74**	
			Recovered		**280.30**	
			Balance		**85,349.44**	

Rs 280.31 million Recovered and verified, Rs 5,021.10 million Subjudice and Rs 80,328.33 million under recovery

Annexure - 4

[Para 4.2]

Short-realization of income tax due to inadmissible expenses - Rs 104,667 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Lahore	21910	2021	1	37.02	Proceedings initiated
		21957	2021	9	53.04	Proceedings initiated
2	LTO Lahore	21858	2021	2	9.27	Proceedings initiated
		21836	2021	1	8.34	Proceeding initiated
		21835	2021	1	2.97	Proceeding initiated
		21990	2021	1	3,937.24	Proceeding initiated
		21989	2021	1	6,033.09	Proceeding initiated
		21845	2021	1	129.98	Proceeding initiated
		21851	2021	2	30.25	Proceeding initiated
		22018	2021	1	6,468.24	Proceeding initiated
		22019	2020	1	2,494.14	Proceeding initiated
		22047	2021	1	16,600.99	Proceeding initiated
		22034	2021	1	2,565.29	Subjudice
		22037	2021	1	272.71	Proceedings initiated
		22023	2020	1	58.69	Proceedings initiated
		21852	2021	3	22.64	Proceedings initiated
		21834	2021	3	8.59	Proceedings initiated
3	RTO Abbottabad	21794	2015	1	25.79	Proceedings initiated
4	LTO Multan	22586	2022	3	125.74	Proceedings

						initiated
		22573	2022	3	57.67	Proceedings initiated
		22642	2022	4	9.45	Proceedings initiated
		22624	2022	5	373.32	Proceedings initiated
		22575	2022	1	35.59	Proceedings initiated
		F-4827/Para 19	2020 & 2021	1	120.33	Proceedings initiated
		F-4827/Para 20	2021	1	66.81	Proceedings initiated
5	CTO Lahore	22739	2022	1	24.25	Proceedings initiated
		22749	2022	1	3.77	Proceedings initiated
		22527	2022	1	0.32	Proceedings initiated
		22502	2022	1	19.67	Proceedings initiated
6	RTO Faisalabad	22328	2022	2	2.43	Proceedings initiated
7	LTO Islamabad	22261	2022	1	3,955.50	Proceedings initiated
		22269	2022	1	374.03	Proceedings initiated
8	CTO Islamabad	22111	2022	1	4.20	Proceedings initiated
		22070	2022	2	12.30	Proceedings initiated
		22102	2022	2	3,907.39	Rs 3,875.06 Subjudice Rs 32.33 No Response
		22109	2022	1	46.96	Proceedings initiated
		22086	2021	1	2,674.38	Proceedings initiated
		22101	2022	1	9,347.08	Subjudice
9	RTO Gujranwala	22158	2022	11	9.40	Rs.0.39 Recovered & Verified

						Rs 9.01 Proceedings initiated
			Sub-total	**77**	**59,928.87**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2812	2022	17	10,990.04	Under Process
	LTO Karachi	2818	2022	14	3,632.69	Under Process
	LTO Karachi	2819	2022	31	2,603.45	Rs.172.84 under recovery, Rs.2,430.62 million under process.
2	AEOI Zone	2842	2022	16	25.13	Rs.0.02 under recovery, Rs.25.11 million under process.
3	MTO Karachi	2854	2022	19	688.82	Under Process
	MTO Karachi	2855	2022	50	554.30	Rs.1.61 under recovery Rs.10.54 million subjudice, Rs.542.15 million under process.
	MTO Karachi	2868	2022	5	8.58	Under Process
	MTO Karachi	2871	2022	1	1.70	Under Process
4	CTO Karachi	2873	2022	31	22,367.30	Under Process
	CTO Karachi	2878	2022	129	514.57	Under Process
5	RTO-I Karachi	2915	2022	30	1,519.99	Under Process
	RTO-I Karachi	2917	2022	29	749.51	Under Process
	RTO-I Karachi	2920	2022	32	69.76	Under Process
	RTO-I Karachi	2926	2022	4	31.18	Under Process
	RTO-I Karachi	2946	2022	44	34.38	Under Process

	RTO-I Karachi	2956	2022	50	43.08	Under Process
	RTO-I Karachi	3027	2022	14	3.64	Under Process
	RTO-I Karachi	3030	2022	20	451.63	Under Process
	RTO-I Karachi	3036	2022	62	31.56	Under Process
6	RTO-II Karachi	2968	2022	50	6.97	Under Process
	RTO-II Karachi	2975	2022	60	23.30	Under Process
	RTO-II Karachi	2990	2022	3	73.06	Under Process
	RTO-II Karachi	2994	2022	10	14.76	Under Process
	RTO-II Karachi	3046	2022	137	56.15	Under Process
7	RTO Hyderabad	3012	2022	3	86.46	Under Process
		3014	2022	26	27.77	Under Process
		3015	2022	18	25.96	Under Process
		3063	2022	55	17.91	Under Process
		3065	2022	40	9.57	Under Process
8	RTO Sukkur	2899	2022	33	70.24	Under Process
		2914	2022	63	5.01	Under Process
Sub-total				**1096**	**44,738.47**	
Grand Total				**1,173**	**104,667.34**	
Recovered				**0.39**		
Balance				**104,666.95**		

Rs 0.39 million Recovered and verified, Rs 174.47 million under recovery, Rs 15,797.97 million Subjudice, Rs 44,108.72 million Proceedings initiated, Rs 44,553.46 million under process and Rs 32.33 million No Response

<u>Annexure-5</u>
[Para 4.3]

Short-realization of tax due to non-treatment of withholding tax as a minimum tax liability – Rs 10,072 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Lahore	21821	2021	1	0.42	Proceedings initiated
		21878	2021	1	0.28	Recovery awaited
		21870	2021	5	36.56	Rs 15.31 Recovered &Verified Rs 21.25 Proceedings initiated
		21911	2021	4	6.87	Proceedings initiated
		21933	2021	12	52.17	Rs 5.30 Recovery awaited Rs 46.87 Proceedings initiated
		21934	2021	1	0.87	Proceedings initiated
		21960	2021	2	15.19	Proceedings initiated
		21917	2021	1	16.18	Proceedings initiated
2	CTO Lahore	22720	2022	1	202.18	Proceedings initiated
		22498	2022	1	59.04	Proceedings initiated
3	LTO Lahore	21843	2021	3	371.70	Proceedings initiated
		22046	2021	7	2,270.90	Proceedings initiated
4	RTO Gujranwala	22017	2021	1	0.31	Proceedings initiated
5	RTO Faisalabad	22313	2022	2	18.93	Proceedings initiated
		22303	2022	1	6.73	Proceedings initiated
6	LTO Islamabad	22260	2022	1	4,207.85	Proceedings initiated

7	RTO Sialkot	22220	2022	5	29.17	Proceedings initiated
		22209	2022	4	16.79	Proceedings initiated
Sub-total				**53**	**7,312.14**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	AEOI Zone	2834	2022	1	688.02	Under Process
2	MTO Karachi	2851	2022	4	1,790.67	Under Process
3	CTO Karachi	2879	2022	2	296.50	Under Process
Sub-total				**7**	**2,775.19**	
Grand Total				**60**	**10,087.33**	
Recovered					**15.31**	
Balance					**10,072.02**	

Rs 15.31 million Recovered and verified, Rs 5.58 million under recovery, Rs 7,291.25 million Proceeding initiated and Rs 2,775.19 million under process

Annexure-6
[Para 4.4]

Inadmissible claims of tax credit – Rs 515 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21995	2020 & 2021	1	39.94	Proceedings initiated
		21844	2021	1	151.90	Proceedings initiated
		22033	2016	1	17.26	Proceedings initiated
2	RTO Lahore	21914	2021	1	0.52	Proceedings initiated
		21930	2021	1	0.87	Proceedings initiated
3	RTO Faisalabad	22324	2022	2	29.99	Proceedings initiated
		22288	2022	1	6.08	Proceedings initiated
4	CTO Islamabad	22074	2022	1	9.20	Proceedings initiated
		22071	2022	1	12.07	Proceedings initiated
5	CTO Lahore	22512	2022	1	246.67	Proceedings initiated
			Total	**11**	**514.50**	

<u>Annexure-7</u>
[Para 4.5]

Non-recovery of withholding tax - Rs 41,802 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Abbottabad	21804	2021	6	18.78	Under Process
		21803	2021	5	9.27	Rs 0.52 Recovery awaited Rs 0.49 Subjudice Rs 8.26 Proceedings initiated
2	RTO Lahore	21817	2021	1	5.84	Proceedings initiated
		21876	2021	1	4.15	Proceedings initiated
		21869	2021	13	64.34	Rs. 11.92 Recovered & Verified Rs 5.55 Recovery awaited Rs 46.87 Proceedings initiated
		21894	2021 & 2022	13	14.88	Proceedings initiated
		21891	2021 & 2022	19	76.02	Rs 0.58 Recovered & Verified Rs 75.44 Proceedings initiated
		21889	2021 & 2022	23	135.78	Rs 0.59 Recovered & Verified Rs 135.19 Proceedings initiated
		21961	2021	2	0.400	Rs 0.16 Recovery

						awaited Rs 0.24 Proceedings initiated
3	RTO Gujranwala	22012	2021	4	226.00	Proceedings initiated
		22153	2022	12	192.03	Proceedings initiated
4	RTO Faisalabad	22296	2022	7	210.86	Proceedings initiated
		22301	2022	2	12.58	Proceedings initiated
		22289	2022	1	3.76	Proceedings initiated
5	RTO Peshawar	22395	2022	7	15.02	Proceedings initiated
		22190	2022	1	8.53	Proceedings initiated
		22404	2022	2	4.05	Proceedings initiated
6	RTO Sialkot	22211	2022	2	3.96	Proceedings initiated
		22225	2022	2	6.54	Proceedings initiated
		22226	2022	1	3.69	Proceedings initiated
		22229	2022	1	1.20	Proceedings initiated
		22234	2022	13	63.86	Proceedings initiated
		22238	2022	2	0.99	Proceedings initiated
		22439	2022	1	27.99	Proceedings initiated
7	CTO Islamabad	22093	2022	1	113.56	Proceedings initiated
		22112	2022	1	0	Proceedings initiated
		22124	2022	1	15.76	Recovery awaited
8	CTO Lahore	22735	2022	1	100.68	Proceedings initiated
		22505	2022	6	10.29	Proceedings initiated
		22519	2022	2	18.50	Proceedings initiated
		22523	2022	1	14.14	Proceedings initiated

		22737	2022	1	50.02	Proceedings initiated
		22536	2022	3	25.26	Proceedings initiated
		22540	2022	1	9.00	Proceedings initiated
		22543	2022	3	7.16	Proceedings initiated
		22725	2022	3	20.09	Proceedings initiated
		22719	2022	1	1,271.20	Proceedings initiated
		22753	2022	1	0.92	Proceedings initiated
		22750	2022	2	2.97	Proceedings initiated
		22743	2022	1	8.92	Proceedings initiated
		22707	2022	1	48.96	Proceedings initiated
		22714	2022	11	0.79	Rs 0.07 Recovered & Verified Rs 0.72 Proceedings initiated
		22500	2022	1	38.40	Proceedings initiated
		22533	2022	1	42.93	Subjudice
		22539	2022	1	12.81	Proceedings initiated
		22542	2022	2	5.84	Proceedings initiated
		22740	2022	1	18.00	Proceedings initiated
		22704	2022	1	130.01	Proceedings initiated
		22703	2022	3	151.01	Proceedings initiated
9	LTO Multan	22617	2022	4	3,508.32	Proceedings initiated
		22638	2022	1	46.77	Proceedings initiated
		22619	2022	4	1,400.91	Proceedings initiated
		22632	2022	16	1,165.18	Proceedings initiated
		22585	2022	1	46.54	Proceedings initiated

		22641	2022	1	12.21	Proceedings initiated
10	RTO Multan	22663	2022	12	266.78	Proceedings initiated
11	LTO Islamabad	22780	2022	1	206.31	Proceedings initiated
Sub-total				**232**	**9,880.76**	

DGAIR&C, Karachi

Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2816	2022	9	4,346.56	Under Process
	AEOI Zone	2831	2022	3	3,017.34	Under Process
2	MTO Karachi	2850	2022	27	2,274.71	Under Process
		2864	2022	4	40.46	Under Process
3	CTO Karachi	2874	2022	11	7,091.12	Rs.4.18 million Recovered & verified, Rs.7,086.95 million Under process.
4	RTO-I Karachi	3021	2022	91	2,848.93	Under Process
5	RTO-II Karachi	2997	2022	25	8,936.35	Under Process
		3000	2022	10	695.93	Under Process
6	RTO Hyderabad	3074	2022	13	9.86	Under Process
7	RTO Sukkur	2929	2022	77	2,657.98	Under Process
		2934	2022	17	19.52	Under Process
Sub-total				**287**	**31,938.76**	
Grand Total				**519**	**41,819.52**	
Recovered					**17.34**	
Balance					**41,802.18**	

Rs 17.34 million Recovered and verified, Rs 21.99 million under recovery, Rs 43.42 million Subjudice, Rs 9,802.19 million Proceedings initiated and Rs 31,934.58 million under process

Annexure-8
[Para 4.6]

Non/short-realization of minimum tax – Rs 18,978 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21842	2021	2	597.33	Proceedings initiated
		21832	2021	1	28.52	Proceedings initiated
		22041	2016 to 2021	06	343.25	Proceedings initiated
		22026	2021	01	54.13	Proceedings initiated
2	RTO Abbottabad	21797	2021	6	4.29	Rs.3.70 Recovery awaited Rs 0.58 Proceedings initiated
3	RTO Lahore	21815	2021	2	12.28	Proceedings initiated
		21868	2021	11	70.57	Rs 3.72 Recovered & Verified Rs 3.64 Recovery awaited Rs 63.22 Proceedings initiated
		21901	2021	14	71.15	Rs 1.15 Recovered & Verified Rs 6.21 Recovery awaited Rs 8.35 Subjudice Rs 35.44 Proceedings initiated
		21942	2021	9	45.76	Rs 16.93 Recovery awaited Rs 28.83 Proceedings initiated
		21958	2021	9	30.86	Proceedings initiated
		F-4774/ Para 10	2020 & 2021	2	1.31	Proceedings initiated
4	RTO Gujranwala	22013	2021	138	185.92	Rs 1.01 Recovered & Verified, Rs.1.02 Recovery awaited Rs 183.89 Proceedings initiated
		21974	2021	7	46.66	Proceedings initiated
		21975	2021	23	10.29	Proceedings initiated
		21977		48	8.71	Proceedings initiated

			2021			
		22168	2022	1	0.94	Proceedings initiated
		22135	2022	2	2.03	Rs 1.35 Subjudice Rs 0.68 Proceedings initiated
5	LTO Islamabad	22777	2022	2	387.24	Proceedings initiated
		22272	2022	1	48.43	Proceedings initiated
		22263	2022	1	2,636.35	Proceedings initiated
6	CTO Lahore	22709	2022	1	14.25	Proceedings initiated
		22742	2022	2	9.24	Proceedings initiated
		22722	2022	1	50.14	Proceedings initiated
		22532	2022	9	44.64	Rs 9.24 Recovered & Verified Rs 23.68 Recovery awaited Rs 11.72 Proceedings initiated
		22522	2022	1	19.43	Proceedings initiated
		22499	2022	5	41.73	Proceedings initiated
7	RTO Multan	22661	2022	8	11.04	Proceedings initiated
		22664	2022	8	128.54	Proceedings initiated
8	LTO Multan	22637	2022	1	47.48	Proceedings initiated
		22616	2022	1	5,201.60	Proceedings initiated
9	RTO Sialkot	22440	2022	4	3.37	Proceedings initiated
		22237	2022	1	5.95	Proceedings initiated
		22216	2022	11	524.74	Rs 3.16 Recovery awaited Rs 521.58 Proceedings initiated
		22210	2022	3	5.65	Proceedings initiated
10	RTO Peshawar	22435	2022	5	8.29	Proceedings initiated
		22405	2022	1	1.57	Proceedings initiated
		22192	2022	1	3.00	Proceedings initiated
		22416	2022	6	12.24	Proceedings initiated
11	RTO Faisalabad	22321	2022	10	123.87	Proceedings initiated
		22312	2022	8	45.82	Proceedings initiated
		22300	2022	10	70.03	Proceedings initiated
		22286	2022	5	44.77	Proceedings initiated
12	CTO Islamabad	22123	2022	3	16.05	Rs 4.20 Recovery awaited Rs.11.85 Proceedings initiated
		22107	2022	1	0.91	Proceedings initiated
		22069	2022	1	10.25	Proceedings initiated
Sub-total				**393**	**11,030.62**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2814	2022	6	5,813.35	Rs.1,838.74 million recovered & verified, Rs.2,304.23 under recovery, Rs.1,670.38 million under process.
2	AEOI Zone	2840	2022	2	111.08	Under Process
3	MTO Karachi	2857	2022	82	379.25	Under Process
4	CTO Karachi	2877	2022	14	1,180.80	Rs.11.68 million recovered & verified, Rs.1,169.12 million under process.
5	RTO-I Karachi	2922	2022	23	57.40	Under Process
		2949	2022	50	282.15	Under Process
		3034	2022	30	94.54	Under Process
6	RTO-II Karachi	2965	2022	50	159.18	Under Process
		2982	2022	150	1,076.97	Under Process
		2987	2022	10	202.28	Under Process
		3047	2022	28	51.47	Under Process
7	RTO Hyderabad	3011	2022	24	138.07	Under Process
		3059	2022	20	113.27	Under Process
8	RTO Sukkur	2900	2022	9	47.96	Under Process
		2911	2022	27	105.17	Under Process
				Sub-total	**525**	**9,812.94**	
				Grand Total	**918**	**20,843.56**	
				Recovered		**1,865.54**	
				Balance		**1,8978.02**	

Rs 1,865.54 million Recovered and verified, Rs 2,366.74 million under recovery, Rs 9.70 million Subjudice, Rs 10,943.26 million Proceedings initiated and Rs 5,658.32 million under process

Annexure-9
[Para 4.7]

Excess adjustments of withholding tax deductions – Rs 11,791 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Abbottabad	21793	2021	1	1.91	Proceedings initiated
		21807	2021	8	110.75	Proceedings initiated
2	LTO Lahore	22027	2021	3	308.14	Proceedings initiated
		22035	2021	1	103.80	Proceedings initiated
		21841	2021	1	1.20	Proceedings initiated
		22022	2021	1	25.49	Proceedings initiated
3	RTO Gujranwala	21978	2021	1	7.64	Proceedings initiated
4	RTO Lahore	21813	2021	3	56.66	Proceedings initiated
		21918	2021	2	83.58	Proceedings initiated
		21959	2021	4	19.55	Proceedings initiated
		21820	2021	1	0.54	Proceedings initiated
		21902	2021	1	14.45	Recovery awaited
		21927	2021	2	14.48	Proceedings initiated
		21877	2021	2	2.91	Proceedings initiated
		21879	2021	1	0.67	Recovery awaited
		21916	2021	1	8.18	Proceedings initiated
		21931	2021	1	0.33	Proceedings initiated
		21871	2021	1	18.66	Proceedings initiated
5	CTO Islamabad	22089	2022	1	71.87	Proceedings initiated
		22087	2022	1	1,254.63	Proceedings initiated
		22081	2022	1	1.25	Proceedings initiated
		22121	2022	1	0.97	Proceedings initiated
		22119	2022	1	15.18	Proceedings initiated
		22104	2022	3	1,249.30	Rs 1,189.28 Subjudice Rs 60.02 Proceedings initiated
6	CTO Lahore	22733	2022	1	238.54	Proceedings initiated
7	LTO Multan	22587	2022	1	101.81	Proceedings initiated
		22611	2022	1	5.69	Proceedings initiated
8	RTO	22441	2022	2	3.12	Proceedings initiated

	Sialkot	22236	2022	2	13.07	Proceedings initiated
9	RTO Peshawar	22393	2022	6	55.83	Proceedings initiated
10	LTO Islamabad	22270	2022	1	109.74	Proceedings initiated
		22243	2022	1	1,204.22	Proceedings initiated
			Sub-total	**58**	**5,104.16**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2817	2022	44	4,209.14	Under Process
2	MTO Karachi	2867	2022	7	9.56	Under Process
3	CTO Karachi	2885	2022	11	36.37	Under Process
4	RTO Hyderabad	3006	2022	87	1,160.91	Under Process
5	RTO Sukkur	2938	2022	62	1,270.67	Under Process
			Sub-total	**211**	**6,686.65**	
			Grand Total	**269**	**11,790.81**	

Rs 15.12 million under recovery, Rs 1,189.28 million Subjudice, Rs 3,899.76 million Proceedings initiated and Rs 6,686.65 million under process

<u>Annexure-10</u>
[Para 4.8]

Non-/short realization of super tax from other than Banking Companies - Rs 92,984 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Lahore	22734	2022	11	164.26	Rs 1.59 Recovered & Verified Rs 23.60 Recovery awaited Rs 73.18 Subjudice Rs 65.89 Proceedings initiated
		22705	2022	4	34.93	Rs 26.29 Subjudice Rs 8.64 Proceedings initiated
		22754	2022	1	0.43	Proceedings initiated
		22721	2022	4	66.10	Rs 33.26 Subjudice R s 32.84 Proceedings initiated
		22529	2022	09	161.78	Rs 4.56 Recovered & verified Rs 50.32 Subjudice Rs 106.90 Proceedings initiated
		22510	2022	09	83.69	Rs 9.01 Recovery awaited Rs 74.68 Proceedings initiated

		22495	2022	09	162.42	Proceedings initiated
2	LTO Multan	22634	2022	5	163.58	Rs.26.40 Subjudice Rs.22.92 Recovery awaited Rs.114.54 Proceedings initiated
		22618	2022	2	3,275.35	Proceedings initiated
3	RTO Peshawar	22432	2022	2	49.10	Rs 48.11 Subjudice Rs 1.56 Proceedings initiated
		22401	2022	7	106.22	Rs 1.96 Recovery awaited Rs 73.46 Subjudice Rs 30.80 Proceedings initiated
4	RTO Faisalabad	22287	2022	1	1.62	Proceedings initiated
5	LTO Islamabad	22262	2022	2	3,596.88	Rs 1,475.58 Subjudice Rs 2,121.35 Proceedings initiated
		22249	2022	6	6,210.91	Rs 3,162.78 Subjudice Rs 3,048.13 Proceedings initiated
		22239	2022	3	3,538.55	Proceedings initiated
6	RTO Sialkot	22224	2022	1	7.91	Proceedings initiated
		22208	2022	5	57.07	Proceedings initiated

7	RTO Gujranwala	22136	2022	2	44.92	Proceedings initiated
8	CTO Islamabad	22118	2022	3	12.41	No Response
		22103	2022	4	1,262.88	Rs 1,208.26 Proceedings initiated Rs 54.62 No Response
		22088	2022	4	58.20	Rs 15.71 Subjudice Rs 42.49 Proceedings initiated
		22068	2022	5	503.59	Rs 472.51 Subjudice Rs 31.08 Proceedings initiated
			Sub-total	**99**	**19,562.80**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2808	2022	397	72,231.69	Rs.11,152.98 million recovered & verified, Rs.1,416.80 under recovery Rs.33,470.01 million subjudice, Rs.26,188.89 million under process.

2	AEOI Zone	2832	2022	68	1,182.91	Rs.326.88 million recovered & verified, Rs.198.25 million under recovery, Rs.657.79 million under process.
3	MTO Karachi	2849	2022	112	2,453.64	Rs.686.26 million recovered & verified, Rs.68.41 under recovery Rs.37.28 million subjudice, Rs.1,474.50 million under process.
4	CTO Karachi	2875	2022	153	5,765.83	Rs.281.67 million recovered & verified, Rs.255.61 under recovery Rs.59.72 million subjudice, Rs.5,356.02 million under process.
5	RTO-I Karachi	2919	2022	13	73.76	Under Process
		2945	2022	9	79.71	Under Process
		2955	2022	14	150.15	Under Process
		3032	2022	14	117.64	Under Process
6	RTO-II Karachi	2981	2022	20	205.72	Rs.49.14 million

						recovered & verified, Rs.21.88 under recovery, Rs.134.71 million under process.
		2988	2022	9	87.26	Rs.4.69 million Recovered & verified, Rs.2.84 Under recovery, Rs.79.73 million Under process.
		3043	2022	22	169.10	Under Process
7	RTO Hyderabad	3007	2022	46	519.46	Under Process
	RTO Hyderabad	3057	2022	34	447.20	Under Process
8	RTO Sukkur	2895	2022	19	2,019.94	Under Process
	RTO Sukkur	2910	2022	16	425.12	Under Process
			Sub-total	**946**	**85,929.13**	
			Grand Total	**1,045**	**105,491.93**	
			Recovered		**12,507.77**	
			Balance		**92,984.16**	

Rs 12,507.77 million Recovered and verified, Rs 1,823.03 million under recovery, Rs 39,024.61 million Subjudice, Rs 13,974.53 million Proceedings initiated, Rs 38,094.96 million under process and Rs 67.03 million No Response

Annexure-11
[Para 4.9]

Non-taxation of income earned from head of other sources – Rs 26,227 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Lahore	21941	2021	1	107.04	Proceedings initiated
		21865	2021	3	1,588.62	Proceedings initiated
		21873	2021	1	8.41	Proceedings initiated
		21867	2021	1	261.88	Proceedings initiated
2	LTO Lahore	21828	2021	2	13.04	Proceedings initiated
		22045	2021	3	369.18	Proceedings initiated
		22043	2021	1	19.99	Proceedings initiated
3	LTO Multan	22625	2022	1	302.87	Proceedings initiated
4	CTO Lahore	22736	2022	1	83.98	Proceedings initiated
		22702	2022	7	335.70	Proceedings initiated
		22530	2022	4	145.92	Proceedings initiated
		22513	2022	1	151.51	Proceedings initiated
5	LTO Islamabad	22776	2022	3	441.47	Proceedings initiated
		22778	2022	1	320.16	Proceedings initiated
		22258	2022	1	10,232.30	Proceedings initiated
		22248	2022	2	7,442.66	Proceedings initiated
		22242	2022	1	707.75	Proceedings initiated
6	RTO Faisalabad	22332	2022	1	0.44	Proceedings initiated

7	CTO Islamabad	22092	2022	1	18.37	Proceedings initiated
			Sub-total	**36**	**22,551.29**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	MTO Karachi	2858	2022	4	305.98	Under Process
2	CTO Karachi	2882	2022	4	70.06	Under Process
3	RTO-I Karachi	2948	2022	4	262.09	Under Process
	RTO-I Karachi	2958	2022	3	18.28	Under Process
	RTO-I Karachi	3039	2022	3	9.54	Under Process
4	RTO-II Karachi	2967	2022	100	795.06	Under Process
	RTO-II Karachi	2969	2022	3	8.49	Under Process
	RTO-II Karachi	2976	2022	100	1,117.37	Under Process
	RTO-II Karachi	3050	2022	7	13.86	Under Process
5	RTO Hyderabad	3008	2022	82	430.54	Under Process
	RTO Hyderabad	3056	2022	39	644.89	Under Process
			Sub-total	**349**	**3,676.16**	
			Grand Total	**385**	**26,227.45**	

Rs 22,551.29 million Proceedings initiated and Rs 3,676.16 million under process

Annexure-12
[Para 4.10]

Inadmissible adjustment/claim of refund – Rs 3,437 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21825	2021	2	1,045.10	Rs 1,030.68 Recovery awaited Rs 14.42 Proceedings initiated
2	RTO Lahore	21915	2021	1	0.33	Recovery awaited
		21913	2021	1	2.73	Proceedings initiated
		21936	2021	2	2.85	Rs 1.06 subjudice Rs 1.79 Recovery awaited
		22040	2021	3	804.61	Rs 750.49 Subjudice Rs 54.12 Proceedings initiated
3	RTO Gujranwala	22015	2021	6	14.28	Rs 0.64 Recovered & Verified Rs 13.64 Proceedings initiated
		21976	2021	4	10.15	Rs 3.32 Subjudice Rs 6.83 Proceedings initiated
		22138	2022	2	5.84	Proceedings initiated
4	LTO Islamabad	22779	2022	2	314.06	Proceedings initiated
5	CTO Lahore	22751	2022	1	1.65	Proceedings initiated
		22724	2022	6	24.44	Proceedings initiated
		22518	2022	2	45.39	Proceedings initiated
6	RTO Multan	22666	2022	2	2.67	Proceedings initiated
7	LTO Multan	22636	2022	1	65.56	Proceedings initiated
		22623	2022	1	471.54	Proceedings initiated
8	RTO Faisalabad	22323	2022	4	35.95	Proceedings initiated
9	RTO Peshawar	22194	2022	3	38.84	Proceedings initiated
10	CTO	22125	2022	1	311.84	Subjudice

	Islamabad	22091	2022	2	33.90	Proceedings initiated
		22073	2022	1	4.25	Proceedings initiated
			Sub-total	**47**	**3,235.98**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2823	2022	1	7.89	Under Process
2	AEOI Zone	2838	2022	1	193.22	Under Process
			Sub-total	**2**	**201.11**	
			Grand Total	**49**	**3,437.09**	
			Recovered		**0.64**	
			Balance		**3,436.45**	

Rs 0.64 million Recovered and verified, Rs 1,032.80 million under recovery Rs 1,066.71 million Subjudice, Rs 1,135.83 million proceedings initiated and Rs 201.11 million under process

Annexure-13
[Para 4.11]

Non-realization of default surcharge on late payment of tax – Rs 11,108 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21839	2021	1	3.68	Proceedings initiated
		21860	2021	2	2.39	Proceedings initiated
		22042	2016 to 2021	18	1,228.58	Proceedings initiated
2	RTO Lahore	21819	2021	5	0.74	Proceedings initiated
		21874	2021	4	6.77	Proceedings initiated
		21938	2021	1	0.31	Proceedings initiated
		21963	2021	7	1.19	Proceedings initiated
3	CTO Lahore	22713	2022	2	1.12	Rs 0.50 Recovered & Verified Rs 0.62 Proceedings initiated
		22746	2022	2	4.34	Proceedings initiated
		22727	2022	3	5.64	Proceedings initiated
		22544	2022	5	5.32	Proceedings initiated
		22525	2022	2	2.41	Proceedings initiated
		22507	2022	2	2.25	Rs 0.76 Recovered & Verified Rs 0.85 Recovery awaited Rs 0.64 Proceedings initiated
4	LTO Islamabad	22774	2022	3	626.85	Proceedings initiated
		22251	2022	1	127.38	Proceedings initiated
		22241	2022	3	2,373.87	Proceedings initiated
5	LTO Multan	22576	2022	2	34.31	Proceedings initiated
		22594	2022	1	1.41	Proceedings initiated
		22643	2022	3	7.63	Proceedings initiated
6	RTO Faisalabad	22327	2022	1	0.31	Proceedings initiated
		22315	2022	4	0.97	Proceedings initiated
		22305	2022	3	0.65	Proceedings initiated
		22290	2022	3	0.90	Proceedings initiated
7	CTO Islamabad	22120	2022	2	4.31	No Response
		22106	2022	2	22.54	Proceedings initiated
		22094	2022	3	4.06	Proceedings initiated
		22077	2022	2	2.44	Proceedings initiated
			Sub-total	**87**	**4,472.37**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2826	2022	109	1,489.14	Under Process
	LTO Karachi	2827	2022	6	465.40	Under Process
2	AEOI Zone	2835	2022	3	624.62	Under Process
	AEOI Zone	2841	2022	30	64.55	Under Process
	AEOI Zone	2844	2022	2	6.87	Under Process
3	CTO Karachi	2887	2022	337	864.27	Rs.0.72 million recovered & verified, Rs.863.55 million under process.
	CTO Karachi	2888	2022	526	357.46	Rs.2.12 million recovered & verified, Rs.355.34 million under process.
	CTO Karachi	2889	2022	14	69.94	Rs.0.72 million recovered & verified, Rs.69.22 million under process.
	CTO Karachi	2890	2022	10	2.82	Rs.1.92 million recovered & verified, Rs.0.90 million under process.
4	RTO-I Karachi	2928	2022	33	13.61	Under Process

	RTO-I Karachi	2950	2022	50	37.76	Under Process
	RTO-I Karachi	3023	2022	15	82.85	Under Process
	RTO-I Karachi	3037	2022	45	18.53	Under Process
5	RTO-II Karachi	2966	2022	50	24.96	Under Process
	RTO-II Karachi	2983	2022	150	168.89	Under Process
	RTO-II Karachi	2993	2022	10	24.10	Under Process
	RTO-II Karachi	2995	2022	86	3.29	Under Process
	RTO-II Karachi	3002	2022	338	1,653.23	Under Process
	RTO-II Karachi	3045	2022	209	56.86	Under Process
	RTO-II Karachi	3048	2022	5	38.22	Under Process
	RTO-II Karachi	3051	2022	28	5.70	Under Process
6	RTO Hyderabad	3016	2022	34	22.58	Under Process
	RTO Hyderabad	3017	2022	24	16.70	Under Process
	RTO Hyderabad	3064	2022	20	14.03	Under Process
	RTO Hyderabad	3066	2022	37	9.32	Under Process
	RTO Hyderabad	3069	2022	228	90.95	Under Process
7	RTO Sukkur	2901	2022	3	12.16	Under Process
	RTO Sukkur	2902	2022	9	6.21	Under Process
	RTO Sukkur	2906	2022	2	0.19	Under Process
	RTO Sukkur	2913	2022	27	10.79	Under Process
	RTO Sukkur	2930	2022	77	386.25	Under Process
			Sub-total	**2517**	**6,642.25**	
			Grand Total	**2604**	**11,114.62**	

Recovered		**6.74**	
Balance		**11,107.88**	

Rs 6.74 million Recovered and verified, Rs 0.85 million under recovery, Rs 4,465.95 million Proceedings initiated, Rs 6,636.77 million under process and Rs 4.31 million .No Response

Annexure-14
[Para 4.12]

Non-recovery of income tax on sales to retailers, wholesalers and distributors - Rs 8,980 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21859	2021	1	3.20	Proceedings initiated
2	RTO Lahore	21895	2021	7	12.26	Proceedings initiated
		21890	2021 & 2022	13	112.65	Proceedings initiated
		21897	2021	1	0.29	Proceedings initiated
3	RTO Gujranwala	22016	2021	1	10.85	Proceedings initiated
4	CTO Lahore	22496	2022	11	84.44	Proceedings initiated
		22503	2022	1	11.06	Proceedings initiated
		22537	2022	4	24.76	Proceedings initiated
		22723	2022	2	17.24	Proceedings initiated
		22748	2022	3	2.68	Proceedings initiated
		22738	2022	5	49.31	Proceedings initiated
5	LTO Multan	22621	2022	5	577.59	Proceedings initiated
		22635	2022	11	132.32	Rs.7.15 Recovered & Verified Rs.125.15 Proceedings initiated
		22592	2022	3	15.50	Proceedings initiated
6	RTO Multan	22665	2022	5	9.04	Proceedings initiated

7	RTO Peshawar	22398	2022	1	1.81	Proceedings initiated
		22418	2022	3	1.36	Proceedings initiated
		22417	2022	2	29.87	Proceedings initiated
		22394	2022	1	31.79	Proceedings initiated
		22397	2022	1	5.14	Proceedings initiated
		22196	2022	1	17.69	Proceedings initiated
8	RTO Sialkot	22222	2022	1	20.74	Proceedings initiated
			Sub-total	**83**	**1171.59**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2824	2022	19	3,080.72	Under Process
	LTO Karachi	2825	2022	78	2,454.00	Under Process
2	MTO Karachi	2862	2022	62	83.84	Under Process
	MTO Karachi	2866	2022	6	13.87	Under Process
	MTO Karachi	2870	2022	2	2.88	Under Process
3	CTO Karachi	2880	2022	151	228.64	Rs.1.190 million Recovered & verified, Rs.224.74 million under process.
	CTO Karachi	2881	2022	175	164.67	Rs.3.16 million Recovered & verified, Rs.161.51 million under process.
4	RTO-I Karachi	3028	2022	6	2.49	Under Process

5	RTO-II Karachi	2999	2022	222	750.29	Under Process
	RTO-II Karachi	3001	2022	81	26.35	Under Process
6	RTO Hyderabad	3068	2022	47	560.75	Under Process
	RTO Hyderabad	3072	2022	13	20.92	Under Process
	RTO Hyderabad	3075	2022	28	9.56	Under Process
7	RTO Sukkur	2939	2022	83	26.29	Under Process
	RTO Sukkur	2940	2022	175	275.32	Under Process
	RTO Sukkur	2941	2022	24	119.39	Under Process
			Sub-total	**1172**	**7,819.98**	
			Grand Total	**1255**	**8,991.57**	
			Recovered		**11.50**	
			Balance		**8,980.07**	

Rs 11.50 million Recovered and verified Rs 1,164.44 million Proceedings initiated and Rs 7,815.63 million under process

Annexure-15
[Para 4.13]

Non-deduction of tax on income from property- Rs 814 million
DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21838	2021	2	4.53	Proceedings initiated
		21855	2021	1	17.53	Proceedings initiated
2	RTO Abbottabad	21805	2021	3	8.00	Rs 2.21 Recovery awaited Rs 5.79 Proceedings initiated
3	RTO Lahore	21892	2021 & 2022	23	40.12	Proceedings initiated
4	RTO Peshawar	22195	2022	2	7.81	Proceedings initiated
		22396	2022	7	13.23	Proceedings initiated
5	RTO Gujranwala	22152	2022	2	0.40	Proceedings initiated
6	CTO Lahore	22710	2022	1	5.57	Proceedings initiated
		22744	2022	4	7.66	Proceedings initiated
		22531	2022	4	74.26	Proceedings initiated
7	LTO Multan	22579	2022	1	2.05	Proceedings initiated
		22612	2022	1	1.43	Proceedings initiated
			Sub-total	**51**	**182.59**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	MTO Karachi	2856	2022	86	494.29	Under Process
2	RTO-I Karachi	3024	2022	38	53.19	Under Process
3	RTO Hyderabad	3071	2022	94	49.35	Under Process
4	RTO Sukkur	2935	2022	43	35.03	Under Process
Sub-total				**261**	**631.86**	
Grand Total				**312**	**814.45**	

Rs 2.21 million under recovery, Rs 180.38 million Proceedings initiated and Rs 631.86 million under process

Annexure-16
[Para 4.14]

Non-deduction of tax on dividend – Rs 5,728 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21846	2021	1	68.07	Proceedings initiated
		21826	2021	2	630.68	Proceedings initiated
		22028	2022	1	89.90	Proceedings initiated
2	LTO Islamabad	22264	2022	1	2,154.00	Proceedings initiated
		22268	2022	1	806.10	Proceedings initiated
3	LTO Multan	22622	2022	1	526.06	Proceedings initiated
		22571	2022	1	427.69	Proceedings initiated
4	CTO Lahore	22701	2022	8	654.39	Proceedings initiated
		22706	2022	3	51.79	Proceedings initiated
		22741	2022	1	11.50	Proceedings initiated
		22745	2022	1	6.18	Proceedings initiated
		22726	2022	1	14.29	Proceedings initiated
		22538	2022	2	20.68	Proceedings initiated

		22524	2022	1	13.83	Proceedings initiated
		22506	2022	1	3.08	Proceedings initiated
		22501	2022	2	30.23	Proceedings initiated
5	RTO Peshawar	22193	2022	1	219.71	Proceedings initiated
Total				**29**	**5,728.18**	

Annexure-17
[Para 4.15]

Short-realization of income tax due to inadmissible claims of tax depreciation allowance – Rs 2,044 million

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21991	2021	3	329.85	Proceedings initiated
		21992	2021	1	192.56	Proceedings initiated
		21827	2021	3	267.02	Rs 9.63 Recovery awaited Rs 257.38 Proceedings initiated
		21856	2021	4	14.64	Proceedings initiated
		22036	2016	1	20.02	Proceedings initiated
		22032	2019	1	5.14	Proceedings initiated
2	RTO Gujranwala	21979	2021	7	4.00	Proceedings initiated
		22170	2022	2	40.93	Proceedings initiated
		22137	2022	2	23.84	Proceedings initiated
3	CTO Lahore	22728	2022	1	4.44	Proceedings initiated
4	LTO Multan	22584	2022	1	217.88	Proceedings initiated
		22578	2022	1	3.12	Proceedings initiated
5	LTO Islamabad	22271	2022	1	77.72	Proceedings initiated
		22267	2022	2	818.98	Proceedings initiated
6	CTO Islamabad	22100	2022	1	0	Proceedings initiated
		22097	2022	1	23.83	Proceedings initiated
			Total	**32**	**2,043.97**	

Rs 9.63 million under recovery and Rs 2,034.34 million Proceedings initiated

Annexure-18
[Para 4.16]

Short-realization of tax due to non-apportionment of expenses - Rs 920 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	22044	2016 & 2021	4	210.09	Proceedings initiated
2	RTO Lahore	21907	2021	1	15.52	Proceedings initiated
		21932	2021	1	3.56	Proceedings initiated
3	RTO Faisalabad	22314	2022	1	3.91	Proceedings initiated
4	CTO Lahore	22712	2022	1	1.28	Proceedings initiated
		22708	2022	1	15.48	Proceedings initiated
		22711	2022	1	4.23	Rs. 0.49 Recovered & Verified. Rs. 3.74 Proceedings initiated
		22528	2022	5	328.99	Proceedings initiated
		22511	2022	1	325.68	Proceedings initiated
		22504	2022	2	11.66	Proceedings initiated
Total				**18**	**920.40**	
Recovered					**0.49**	
Balance					**919.91**	

Rs 0.49 million Recovered and verified and Rs 919.91 million Proceedings initiated

Annexure-19
[Para 4.17]

Non-recovery of tax on brokerage and commission – Rs 396 million

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Lahore	21854	2021	1	18.54	Proceedings initiated
2	RTO Abbottabad	21806	2021	2	1.03	Rs 0.81 Recovery awaited Rs 0.22 Proceedings initiated
3	RTO Lahore	21896	2022	2	0.85	Proceedings initiated
		21908	2021	1	4.90	Proceedings initiated
4	RTO Faisalabad	22297	2022	2	2.19	Proceedings initiated
5	LTO Multan	22593	2022	1	2.97	Proceedings initiated
		22639	2022	5	14.02	Rs 0.18 Recovered & Verified Rs.13.83 Proceedings initiated
		22627	2022	1	91.78	Proceedings initiated
6	CTO Lahore	22732	2022	1	1.72	Proceedings initiated
		22747	2022	1	4.90	Proceedings initiated
		22534	2022	6	41.99	Proceedings initiated
		22517	2022	3	54.14	Proceedings initiated
		22516	2022	1	79.63	Proceedings initiated
		22508	2022	2	1.53	Proceedings initiated
			Sub-total	**29**	**320.19**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	RTO-I Karachi	2923	2022	40	45.68	Under Process
	RTO-I Karachi	3025	2022	12	24.69	Under Process
2	RTO Hyderabad	3076	2022	20	3.86	Under Process
3	RTO Sukkur	2936	2022	13	1.82	Under Process
Sub-total				**85**	**76.05**	
Grand Total				**114**	**396.24**	
Recovered					**0.18**	
Balance					**396.06**	

Rs 0.18 million Recovered and verified, Rs 0.81million under recovery, Rs 319.20 million Proceedings initiated and Rs 76.05 million under process

Annexure-20
[Para 4.18]

Non-realization of income tax due to concealment of income – Rs 46,753 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Lahore	21926	2021	1	0	Proceedings initiated
		21924	2021	1	292.37	Proceedings initiated
		21812	2021	4	211.89	Proceedings initiated
		21866	2021	3	462.90	Proceedings initiated
		21922	2021	1	42.85	Proceedings initiated
		21919	2021	1	26.57	Proceedings initiated
		21925	2021 & 2022	1	53.85	Proceedings initiated
		21923	2021	1	199.95	Proceedings initiated
		21956	2021	14	462.02	Proceedings initiated
		21809	2020	1	67.57	Proceedings initiated
		21823	2021	43	0	Proceedings initiated
		21948	2016 & 2017	3	6.49	Rs 3.93 Subjudice Rs 0.63 Recovery awaited Rs 1.93 Proceedings initiated
		21912	2021	6	185.64	Rs 14.87 Recovery awaited Rs 170.77 Proceedings initiated

2	LTO Lahore	22039	2016 to 2021	9	2,296.68	Proceedings initiated
3	RTO Gujranwala	21973	2021	1	122.17	Proceedings initiated
		22014	2021	16	22.80	Rs 0.09 Recovered & Verified , Rs 22.71 Proceedings initiated
		21971	2021	15	439.81	Rs.29.63 Subjudice Rs 410.16 Proceedings initiated
		22011	2021	12	243.73	Proceedings initiated
		22166	2022	10	289.42	Proceedings initiated
		22139	2022	4	87.20	Proceedings initiated
4	LTO Multan	22577	2022	1	4.74	Proceedings initiated
		22572	2022	1	110.60	Proceedings initiated
		22570	2022	2	431.41	Proceedings initiated
		22645	2022	1	6.74	Proceedings initiated
		22647	2022	1	1.91	Recovered & Verified
		22633	2022	3	201.18	Proceedings initiated
		22628	2022	1	62.73	Proceedings initiated
		22583	2022	1	354.74	Proceedings initiated
		22629	2022	1	9.73	Proceedings initiated
5	RTO Peshawar	22434	2022	1	16.80	Proceedings initiated
		22403	2022	1	52.01	Proceedings initiated
		22402	2022	6	119.23	Proceedings initiated

6	RTO Faisalabad	22322	2022	2	98.08	Proceedings initiated
		22311	2022	2	155.29	Proceedings initiated
		22295	2022	1	15.79	Proceedings initiated
7	RTO Sialkot	22233	2022	3	70.87	Proceedings initiated
		22228	2022	2	2.86	Proceedings initiated
		22227	2022	1	2.89	Proceedings initiated
		22221	2022	6	25.66	Proceedings initiated
		22219	2022	3	35.94	Rs.1.43 Recovery awaited Rs. 34.51 Proceedings initiated
		22207	2022	5	517.71	Proceedings initiated
8	CTO Islamabad	22115	2022	2	462.91	No Response
			Sub-total	**183**	**7,237.15**	

DGAIR&C, Karachi

(Rs in million)

S. No.	**Formation**	**PDP No**	**Tax Year**	**No. of Cases**	**Amount**	**Remarks**
1	RTO-I Karachi	2947	2022	100	992.54	Under Process
	RTO-I Karachi	2953	2022	22	992.98	Under Process
	RTO-I Karachi	2957	2022	8	131.26	Under Process
	RTO-I Karachi	2961	2022	18	3,022.18	Under Process
	RTO-I Karachi	3029	2022	40	1,579.47	Under Process
2	RTO-II Karachi	2962	2022	70	2,564.83	Under Process
	RTO-II	2973	2022	96	2,310.50	Under Process

	Karachi					
	RTO-II Karachi	2985	2022	14	2,145.31	Under Process
	RTO-II Karachi	3044	2022	13	139.47	Under Process
3	RTO Hyderabad	3004	2022	100	10,041.08	Under Process
	RTO Hyderabad	3053	2022	35	3,401.15	Under Process
	RTO Hyderabad	3062	2022	5	41.62	Under Process
4	RTO Sukkur	2893	2022	13	8,631.27	Under Process
	RTO Sukkur	2907	2022	24	3,524.38	Under Process
			Sub-total	**558**	**39,518.04**	
			Grand Total	**741**	**46,755.19**	
			Recovered		**2.00**	
			Balance		**46,753.19**	

Rs 2.00 million Recovered and verified, Rs 16.93 million under recovery, Rs 33.56 million Subjudice, Rs 6,721.75 million Proceedings initiated, Rs 39,518.04 million under process and Rs 462.91 million No Response

Annexure-21
[Para 4.19]

Short-realization of income tax on capital gains – Rs 26 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Lahore	21818	2021	1	1.78	Proceedings initiated
		21875	2021	5	5.00	Rs 0.36 Recovery awaited Rs 4.64 Proceedings initiated
2	RTO Sialkot	22438	2022	2	18.37	Proceedings initiated
3	RTO Faisalabad	22331	2022	1	0.67	Proceedings initiated
Total				**9**	**25.82**	

Rs 0.36 million under recovery and Rs 25.46 million Proceedings initiated

Annexure-22
[Para 4.20]

Incorrect assessment under respective heads of income - Rs. 77,404 million
DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	22775	2022	1	483.46	Proceedings initiated
		22781	2022	1	106.56	Proceedings initiated
		22783	2022	1	45.19	Proceedings initiated
		22266	2022	1	1,227.35	Proceedings initiated
		22265	2022	1	1,308.33	Proceedings initiated
		22240	2022	1	3,000.00	Proceedings initiated
		22250	2022	2	4,355.80	Proceedings initiated
		22773	2022	1	4,563.84	Proceedings initiated
2	LTO Multan	22620	2022	1	724.31	Proceedings initiated
3	RTO Multan	22662	2022	8	432.09	Proceedings initiated
4	CTO Lahore	22541	2022	1	7.85	Proceedings initiated
		22535	2022	1	28.43	Proceedings initiated
		22521	2022	1	19.62	Proceedings initiated
5	RTO Sialkot	22443	2022	1	1.12	Proceedings initiated
		22442	2022	1	2.48	Proceedings initiated
		22223	2022	3	17.89	Proceedings initiated
		22217	2022	1	127.19	Proceedings initiated
6	RTO Faisalabad	22330	2022	1	1.31	Proceedings initiated
7	CTO	22079	2022	1	1.53	Proceedings

	Islamabad					initiated
		22114	2022	1	1,629.99	Proceedings initiated
		22108	2022	1	37.12	Proceedings initiated
		22090	2022	1	150.67	Proceedings initiated
		22080	2022	1	1.01	Proceedings initiated
			Sub-total	**33**	**18,273.14**	

DGAIR&C, Karachi

(Rs in million)

S. No.	**Formation**	**PDP No**	**Tax Year**	**No. of Cases**	**Amount**	**Remarks**
1	LTO Karachi	2809	2022	4	46,668.53	Subjudice
		2813	2022	1	6,505.57	Subjudice
		2815	2022	36	5,341.34	Under Process
		2821	2022	1	176.42	Under Process
		2822	2022	1	137.87	Under Process
3	MTO Karachi	2860	2022	2	150.99	Under Process
4	CTO Karachi	2886	2022	12	34.78	Under Process
5	RTO-I Karachi	3038	2022	1	14.89	Under Process
6	RTO-II Karachi	2992	2022	1	36.81	Under Process
7	RTO Hyderabad	3018	2022	40	10.59	Under Process
		3067	2022	38	7.98	Under Process
8	RTO Sukkur	2905	2022	1	0.95	Under Process
		2937	2022	31	43.97	Under Process
			Sub-total	**169**	**59,130.69**	
			Grand Total	**202**	**77,403.83**	

Rs 53,174.10 million Subjudice, Rs 18,273.14 million Proceedings initiated and Rs 5,956.59 million under process

Annexure-23
[Para 4.21]

Incorrect adjustment of brought forward losses - Rs. 41,424 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	22782	2022	1	68.12	Proceedings initiated
2	CTO Lahore	22700	2022	1	730.78	Proceedings initiated
3	LTO Lahore	22031	2021	1	46.90	Proceedings initiated
Sub-total				**3**	**845.80**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2810	2022	7	40,210.65	Under Process
2	AEOI Zone	2839	2022	1	188.67	Under Process
3	MTO Karachi	2852	2022	4	179.07	Under Process
Sub-total				**12**	**40,578.39**	
Grand Total				**15**	**41,424.19**	

Rs 845.80 million Proceedings initiated and Rs 40,578.39 million under process

<u>Annexure-24</u>
[Para 4.22]

Irregular claim of tax credit - Rs. 5,556 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	Tax Year	No of cases	Amount	Remarks
1	RTO Multan	22667	2022	1	44.48	Proceedings initiated
2	RTO Peshawar	22433	2022	2	28.71	Proceedings initiated
3	RTO Faisalabad	22326	2022	1	4.40	Proceedings initiated
		22302	2022	1	2.28	Proceedings initiated
4	CTO Islamabad	22126	2022	1	27.76	Proceedings initiated
		22116	2022	1	651.18	Proceedings initiated
		22067	2022	1	27.86	Proceedings initiated
		22127	2022	1	27.77	Proceedings initiated
		22110	2022	1	42.38	Proceedings initiated
			Sub-total	**10**	**856.82**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2820	2022	5	363.70	Under Process
2	MTO Karachi	2853	2022	15	1,597.19	Under Process
3	CTO Karachi	2876	2022	381	2,527.00	Under Process
4	RTO Hyderabad	3013	2022	5	55.36	Under Process
5		3061	2022	4	60.93	Under Process

6	RTO Sukkur	2898	2022	3	95.10	Under Process
			Sub-total	**413**	**4,699.28**	
			Grand Total	**423**	**5,556.10**	

Rs 856.82 million Proceedings initiated and Rs 4,699.28 million under process

Annexure-25
[Para 4.23]

Irregular amendment of assessment orders - Rs 5,408 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Islamabad	22072	2022	1	7.21	Proceedings initiated
		22122	2017	1	0.43	Proceedings initiated
		22117	2019	1	10.22	Proceedings initiated
		22083	2020	1	0.30	Proceedings initiated
		22082	2022	1	0	Proceedings initiated
		22078	2020	1	1.54	Proceedings initiated
			Sub-total	**6**	**19.70**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	AEOI Zone	2830	2022	03	4,126.03	Under Process
2	MTO Karachi	2859	2022	15	257.00	Under Process
		2863	2022	4	53.53	Under Process
		2869	2022	8	6.98	Under Process
3	RTO-I Karachi	2916	2022	25	878.63	Under Process
		2924	2022	14	41.06	Under Process
		2927	2022	2	24.59	Under Process
			Sub-total	**71**	**5,387.82**	
			Grand Total	**77**	**5,407.52**	

Rs 19.70 million Proceedings initiated and Rs 5,387.52 million under process

Annexure-26
[Para 4.24]

Short realization of tax due to excessive claim of tax credit on donations - Rs. 479 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Multan	22588	2022	2	97.26	Proceedings initiated
		22580	2022	2	1.22	Proceedings initiated
		22646	2022	3	3.20	Proceedings initiated
		22626	2022	3	207.46	Proceedings initiated
2	CTO Lahore	22514	2022	1	121.53	Proceedings initiated
			Sub-total	**11**	**430.67**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	AEOI Zone	2843	2022	30	11.971	Under Process
2	RTO-I Karachi	2925	2022	12	31.405	Under Process
3	RTO-I Karachi	3040	**2022**	**6**	5.128	Under Process
			Sub-total	**48**	48.504	
			Grand Total	**59**	**479.17**	

Rs 430.67 million Proceedings initiated and Rs 48.50 million under process

Annexure-27
[Para 4.25]

Non-deduction of tax on salary income - Rs. 238 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Multan	22644	2022	1	8.34	Proceedings initiated
		22630	2022	2	6.24	Proceedings initiated
2	RTO Gujranwala	22150	2022	6	5.10	Proceedings initiated
3	RTO Sialkot	22235	2022	4	13.44	Proceedings initiated
4	RTO Peshawar	22197	2022	4	1.76	Proceedings initiated
5	CTO Lahore	22752	2022	1	1.58	Proceedings initiated
			Sub-total	**18**	**36.46**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	MTO Karachi	2865	2022	4	17.32	Under Process
2	RTO Sukkur	2932	2022	71	171.26	Under Process
3	RTO Hyderabad	3073	2022	13	13.42	Under Process
			Sub-total	**88**	**202.00**	
			Grand Total	**106**	**238.46**	

Rs 36.46 million Proceedings initiated and Rs 202.00 million under process

Annexure-28
[Para 4.26]

Short-realization of super tax - Rs 12,147 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Islamabad	21994	2017 & 2021	2	75.76	Proceedings initiated
		22020	2016 to 2020	6	4,142.84	Proceedings initiated
			Sub-total	**8**	**4,218.60**	

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	DP No	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2811	2022	18	13,715.12	Rs.5,786.92 million recovered & verified, Rs.1,795.88 under recovery Rs.310.18 million subjudice, Rs.5,822.13 million under process.
			Sub-total	**18**	**13,715.12**	
			Grand Total	**26**	**17,933.72**	
			Recovered		**5,786.92**	
			Balance		**12,146.80**	

Rs 5,786.92 million Recovered and verified, Rs 1,795.88 million under recovery, Rs 310.18 million Subjudice, Rs 4,218.60 million Proceedings initiated and Rs 5,822.14 million under process

<u>Annexure-29</u>
[Para 4.27]

Non-realization of Capital Value Tax - Rs. 491 million

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	AEOI Zone	2836	2022	48	486.56	Rs.31.79 million Recovered & verified, Rs.190.94 under recovery, Rs.263.82 million under process.
2	CTO Karachi	2884	2022	8	38.48	Rs.4.85 million recovered & verified, Rs.33.63 million under process.
3	RTO Sukkur	2903	2022	2	2.30	Under Process
Total				**58**	**527.34**	
Recovered					**36.64**	
Balance					**490.70**	

Rs 36.64 million Recovered and verified, Rs 190.94 million under recovery and Rs 299.76 million under process

<u>Annexure-30</u>
[Para 4.28]

Non-realization of tax on deemed income - Rs 16 million

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	AEOI Zone	2846	2022	3	4.48	Under Process
2	CTO Karachi	2883	2022	5	9.38	Under Process
3	RTO-II Karachi	3052	2022	1	1.07	Under Process
4	RTO Sukkur	2904	2022	2	1.41	Under Process
			Total	**11**	**16.34**	

Annexure-31
[Para 4.29]

Non-verification of agricultural income – Rs.428 million

DGAIR&C, Karachi

(Rs in million)

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	RTO-II Karachi	2980	2022	30	67.35	Under Process
	RTO-II Karachi	2989	2022	27	23.76	Under Process
	RTO-II Karachi	3049	2022	10	28.76	Under Process
2	RTO Hyderabad	3010	2022	39	141.45	Under Process
	RTO Hyderabad	3058	2022	39	166.32	Under Process
			Total	**145**	**427.64**	

Annexure-32
[Para 5.1]

Non-realization of sales tax due to concealment of sales – Rs 26,831 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	LTO Lahore	19092-ST	01	9,941.90	0	9,941.90
2	RTO Faisalabad	22294-ST	122	2,928.39	0	2,928.39
3	LTO Multan	22648-ST	03	643.69	0	643.69
		22560-ST	02	187.55	0	187.55
		22596-ST	03	95.01	0	95.01
		22563-ST	01	64.84	0	64.84
		22605-ST	04	50.91	0	50.91
4	RTO Multan	22668-ST	06	542.06	0	542.06
		22554-ST	05	152.33	0	152.33
		22670-ST	02	1.11	0	1.11
5	RTO Peshawar	22419-ST	03	622.76	0	622.76
		22423-ST	01	68.34	0	68.34
		22187-ST	02	54.81	0	54.81
		22400-ST	01	16.31	0	16.31
6	CTO Lahore	22463-ST	02	49.12	0	49.12
		22473-ST	04	30.23	0	30.23
		22474-ST	01	20.67	0	20.67
7	RTO Abbottabad	21795-ST	02	5.12	0	5.12
8	RTO Gujranwala	21982-ST	01	28.78	0	28.78
		21980-ST	11	138.07	0	138.07
		22001-ST	22	151.53	0	151.53
		22176-ST	02	24.17	0	24.17

		22007-ST	04	19.98	0	19.98
		22009-ST	01	4.20	0	4.20
9	RTO Lahore	21899-ST	01	5.43	0	5.43
		21904-ST	01	112.11	0	112.11
		21929-ST	01	23.14	0	23.14
		21937-ST	01	142.43	0	142.43
		21967-ST	02	29.28	0	29.28
Total			**212**	**16,154.27**	**0**	**16,154.27**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	LTO Karachi	7106-ST	2	2,230.11	0	2,230.11
2	CTO Karachi	7147-ST	5	2,420.62	0	2,420.62
3	RTO Sukkur	7163-ST	1	914.79	0	914.79
4	RTO-I Karachi	7171-ST	20	708.87	0	708.87
		7185-ST	11	88.62	0	88.62
		7190-ST	25	794.74	0	794.74
		7220-ST	15	76.18	0	76.18
5	RTO-II Karachi	7192-ST	200	1,138.37	0	1,138.37
		7197-ST	100	1,970.89	0	1,970.89
		7206-ST	1	179.06	0	179.06
		7231-ST	13	68.26	0	68.26
6	RTO, Hyderabad	7237-ST	5	86.48	0	86.48
Total			**398**	**10,676.99**	**0**	**10,676.99**
Grand Total			**610**	**26,831.26**	**0**	**26,831.26**

Annexure-33
[Para 5.2]

Inadmissible adjustment of input tax credit on invoices of suspended/ blacklisted taxpayers – Rs 17,723 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	RTO Gujranwala	22155-ST	01	1,892.48	0	1,892.48
		22159-ST	01	753.98	0	753.98
		22163-ST	01	81.60	0	81.60
		21988-ST	01	0.63	0	0.63
2	RTO Peshawar	22411-ST	01	842.99	0	842.99
		22420-ST	04	603.36	0	603.36
		22412-ST	02	527.65	0	527.65
		22407-ST	03	463.76	0	463.76
3	RTO Lahore	21965-ST	01	196.50	0	196.50
		21811-ST	02	186.27	0	186.27
4	CTO Lahore	22470-ST	02	132.36	0	132.36
		22460-ST	01	67.90	0	67.90
5	RTO Multan	22555-ST	21	96.01	0	96.01
		Total	**41**	**5,845.49**	**0**	**5,845.49**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered / Vacated/ Not due	Balance Amount
1	RTO-II Karachi	7194-ST	3	55.07	46.41	8.66
		7202-ST	7	2,974.72	-	2,974.72
		7203-ST	62	7,365.73	902.75	6,462.98
		7230-ST	1	213.47	-	213.47
2	RTO, Hyderabad	7214-ST	6	314.00	-	314.00
		7236-ST	12	1,903.22	-	1,903.22
		Total	**91**	**12,826.21**	**949.16**	**11,877.05**
		Grand Total	**132**	**18,671.70**	**949.16**	**17,722.54**

Annexure-34
[Para-5.4]

Short-realization of sales tax due to non-apportionment of input tax - Rs 7,735 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	LTO Lahore	21861-ST	1	1.128	0	1.128
		21993-ST	2	93.81	0	93.81
		22038-ST	2	129.32	0	129.32
2	RTO Lahore	21814-ST	1	29.06	0	29.06
		21810-ST	1	237.31	0	237.31
		21906-ST	1	13.67	0	13.67
		21947-ST	3	145.91	0	145.91
		21966-ST	1	71.24	0	71.24
3	RTO, Gujranwala	21981-ST	1	46.72	0	46.72
		22161-ST	03	308.64	0	308.64
		22162-ST	06	515.19	0	515.19
		22000-ST	11	510.83	0	510.83
		21999-ST	47	585.84	0	585.84
		22140-ST	01	265.83	0	265.83
		22142-ST	01	18.43	0	18.43
		22144-ST	05	708.29	0	708.29
		21984-ST	02	10.25	0	10.25
		22156-ST	01	6.53	0	6.53
4	LTO Multan	22652-ST	03	74.76	0	74.76
		22651-ST	02	95.70	0	95.70
		22650-ST	01	276.09	0	276.09
		22603-ST	03	246.34	0	246.34
		22601-ST	01	6.75	0	6.75
		22597-ST	01	91.49	0	91.49
		22566-ST	01	5.35	0	5.35
5	RTO Multan	22675-ST	03	194.86	0	194.86
		22676-ST	02	41.92	0	41.92
		22677-ST	03	137.44	0	137.44
		22556-ST	05	86.71	0	86.71

6	RTO Faisalabad	22307-ST	01	85.61	0	85.61
		22317-ST	06	677.62	0	677.62
		22319-ST	01	8.64	0	8.64
7	RTO Sialkot	22218-ST	01	62.93	0	62.93
		22232-ST	01	74.89	0	74.89
8	RTO Peshawar	22179-ST	01	30.02	0	30.02
		22181-ST	01	6.47	0	6.47
		22185-ST	01	871.03	0	871.03
		22426-ST	01	2.26	0	2.26
9	CTO Lahore	22730-ST	01	8.91	0	8.91
		22757-ST	01	22.39	0	22.39
		22452-ST	02	60.99	0	60.99
		22461-ST	02	57.07	0	57.07
		22462-ST	03	51.95	0	51.95
		22478-ST	01	1.16	0	1.16
		Total	**139**	**6977.35**	**0**	**6977.35**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	LTO Karachi	7109-ST	06	740.46	0	740.46
2	MTO Karachi	7137-ST	01	4.03	0	4.03
3	CTO Karachi	7156-ST	01	3.84	0	3.84
4	RTO Sukkur	7169-ST	04	5.38	0	5.38
5	RTO-I Karachi	7223-ST	02	4.04	0	4.04
		Total	**14**	**757.75**	**0**	**757.75**
		Grand Total	**153**	**7,735.10**	**0**	**7,735.10**

Annexure-35
[Para 5.5]

Non-recovery of adjudged dues – Rs 5,474 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount Pointed Out	Amount recovered/ vacated/ not due	Amount
1	RTO Sialkot	22215-ST	04	1,924.40	0	1,924.40
2	RTO Peshawar	22437-ST	19	610.87	0	610.87
3	RTO Gujranwala	22145-ST	09	658.16	38.65	619.51
		22157-ST	26	240.82	0	240.82
4	RTO Faisalabad	22306-ST	07	231.77	209.82	21.95
		22291-ST	06	132.23	0	132.23
5	LTO Islamabad	22252-ST	01	91.35	0	91.35
		22253-ST	01	66.10	0	66.10
		22273-ST	01	36.60	0	36.60
		22254-ST	01	16.89	0	16.89
		22276-ST	01	5.17	0	5.17
Total			**76**	**4,014.36**	**248.47**	**3,765.89**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount Pointed Out	Amount recovered/ vacated/ not due	Amount
1	MTO Karachi	7127-ST	16	840.24	0	840.24
2	RTO Sukkur	7164-ST	55	57.64	0	57.64
		7168-ST	21	81.17	0	81.17
3	RTO-I Karachi	7174-ST	12	39.26	0	39.26
		7181-ST	11	55.96	0	55.96
		7186-ST	11	490.48	0	490.48
4	RTO-II Karachi	7208-ST	18	82.58	0	82.58
5	RTO, Hyderabad	7238-ST	07	60.31	0	60.31
Total			**151**	**1,707.64**	**0**	**1,707.64**
Grand Total			**227**	**5,722.00**	**248.47**	**5,473.53**

Annexure-36
[Para 5.6]

Inadmissible adjustments of input tax credits against sales tax deducted by withholding agents – Rs 3,754 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Multan	22681-ST	2	7.91
2	RTO Abbottabad	21808-ST	1	2.72
		Total	**3**	**10.63**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO-II Karachi	7204-ST	225	1,917.81
		7205-ST	458	721.26
		7229-ST	01	1,104.44
		Total	**684**	**3,743.51**
		Grand Total	**687**	**3,754.14**

Annexure-37
[Para 5.7]

In-admissible exemptions of sales tax – Rs 3,458 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	LTO Multan	22649-ST	22	412.55	0	412.55
		22604-ST	01	79.37	0	79.37
		22653-ST	05	73.03	0	73.03
		22598-ST	01	87.22	0	87.22
		22606-ST	01	18.39	0	18.39
		22608-ST	03	16.34	0	16.34
		22609-ST	03	15.31	0	15.31
		22659-ST	04	4.64	0	4.64
		22660-ST	02	1.78	0	1.78
		22567-ST	03	1.33	0	1.33
		22615-ST	01	0	0	0
2	RTO Multan	22673-ST	62	285.12	0	285.12
		22671-ST	34	53.16	0	53.16
		22672-ST	06	1.38	0	1.38
3	RTO Peshawar	22186-ST	01	57.57	0	57.57
		22180-ST	01	6.81	0	6.81
		22414-ST	01	3.62	0	3.62
		22427-ST	01	2.14	0	2.14
		22431-ST	01	0	0	0
4	RTO Lahore	21939-ST	01	147.51	0	147.51
		21928-ST	01	26.45	0	26.45
5	LTO Lahore	20689-ST	01	568.43	0	568.43
		21830-ST	05	54.46	5.07	49.39
		21850-ST	03	31.51	0	31.51
6	RTO Sialkot	22230-ST	04	1.04	0	1.04
		22212-ST	03	0.61	0	0.61
7	LTO Islamabad	22246-ST	02	3.16	0	3.16

8	RTO Faisalabad	22329-ST	03	2.14	0	2.14
9	CTO Lahore	22451-ST	02	90.51	0	90.51
		22458-ST	01	0.23	0	0.23
		Total	**179**	**2,045.81**	**5.07**	**2,040.74**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	LTO Karachi.	7112-ST	89	391.42	20.83	370.59
		7113-ST	2	178.12	0	178.12
		7115-ST	2	117.25	0	117.25
		7120-ST	1	0.79	0	0.79
2	MTO Karachi.	7130-ST	1	145.16	0	145.16
		7132-ST	9	107.07	0	107.07
		7134-ST	3	65.99	0	65.99
		7135-ST	1	33.76	0	33.76
		7138-ST	2	2.22	0	2.22
		7141-ST	2	0.81	0	0.81
		7144-ST	1	0.47	0	0.47
3	CTO Karachi	7149-ST	5	208.35	0	208.35
		7154-ST	1	9.93	0	9.93
4	RTO-I Karachi	7173-ST	1	80.17	0	80.17
		7221-ST	2	11.25	0	11.25
5	RTO-II Karachi	7211-ST	1	3.12	0	3.12
		7235-ST	1	0.13	0	0.13
6	RTO, Hyderabad	7215-ST	4	82.24	0	82.24
		Total	**128**	**1,438.25**	**20.83**	**1,417.42**
		Grand Total	**307**	**3,484.06**	**25.90**	**3,458.16**

Annexure-38
[Para 5.8]

Short-realization of sales tax due to inadmissible adjustments of input tax credits – Rs 3,149 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance Amount
1	LTO Islamabad	22245-ST	01	101.49	0	101.49
		22255-ST	01	16.25	0	16.25
		22274-ST	03	15.09	0	15.09
2	LTO Multan	22564-ST	03	58.57	0	58.57
		22602-ST	01	5.27	0	5.27
3	CTO Lahore	22471-ST	09	48.25	0	48.25
		22454-ST	08	20.94	0	20.94
		22464-ST	09	9.36	1.37	7.99
		22466-ST	01	5.37	0	5.37
		22759-ST	02	3.91	0	3.91
		22717-ST	03	3.09	0.89	2.20
		22718-ST	05	0.30	0.12	0.18
4	RTO Multan	22682-ST	02	1.96	0	1.96
5	CTO Islamabad	22098-ST	01	18.93	0	18.93
		22084-ST	01	2.06	0	2.06
6	RTO Lahore	21872-ST	01	9.24	0	9.24
7	LTO Lahore	21857-ST	02	10.47	0	10.47
		21996-ST	02	41.68	0	41.68
		22024-ST	04	76.19	0	76.19
8	RTO Gujranwala	22006-ST	66	41.28	0	41.28
		21983-ST	23	16.62	0	16.62
		22146-ST	10	6.28	0	6.28
		22174-ST	04	3.31	0	3.31
		22147-ST	03	2.89	0	2.89

		21986-ST	05	2.19	0	2.19
		22010-ST	03	0.51	0	0.51
9	RTO Faisalabad	22325-ST	06	8.52	0	8.52
		22292-ST	10	8.32	0	8.32
10	RTO Sialkot	22231-ST	01	0.04	0	0.04
		Total	**190**	**538.38**	**2.38**	**536.00**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance Amount
1	LTO Karachi	7107-ST	01	1,405.77	0	1,405.77
		7110-ST	11	463.19	0	463.19
		7114-ST	09	162.50	0	162.50
		7116-ST	01	101.35	0	101.35
		7117-ST	03	64.09	0	64.09
		7119-ST	01	4.17	0	4.17
2	MTO Karachi	7128-ST	01	190.43	0	190.43
		7139-ST	04	1.92	0	1.92
		7143-ST	01	0.62	0	0.62
		7145-ST	01	0.34	0	0.34
3	CTO Karachi	7150-ST	01	174.57	0	174.57
		7152-ST	02	30.56	0	30.56
		7157-ST	01	3.49	0	3.49
		7158-ST	01	1.56	0	1.56
		7159-ST	03	1.55	0	1.55
4	RTO-I Karachi	7222-ST	01	6.74	0	6.74
		Total	**42**	**2,612.85**	**0**	**2,612.85**
		Grand Total	**232**	**3151.23**	**2.38**	**3,148.85**

Annexure-39
[Para 5.10]

Non-imposition of penalties and default surcharges – Rs 870 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance Amount
1	LTO Islamabad	22244-ST	02	169.91	153.73	16.18
		22256-ST	01	12.12	0	12.12
		22275-ST	01	6.28	0	6.28
2	RTO Abbottabad	21802-ST	04	0.96	0	0.96
3	LTO Lahore	21840-ST	01	1.47	0	1.47
		21997-ST	01	4.38	3.03	1.35
		21862-ST	03	0.36	0	0.36
		21998-ST	02	0.16	0	0.16
4	RTO Lahore	21905-ST	06	0.85	0	0.85
		21949-ST	09	1.23	0	1.23
5	LTO Multan	22574-ST	01	42.13	0	42.13
		22656-ST	36	21.60	0	21.60
		22600-ST	01	14.49	0	14.49
		22640-ST	08	13.19	0	13.19
		22613-ST	70	1.40	0	1.40
		22614-ST	03	1.01	0	1.01
6	RTO Multan	22678-ST	42	25.20	0	25.20
7	CTO Lahore	22472-ST	220	26.40	0	26.40
		22756-ST	01	24.00	0	24.00
		22453-ST	191	22.92	0	22.92
		22716-ST	128	15.36	0	15.36
		22475-ST	03	12.95	0	12.95

		22465-ST	51	6.24	0	6.24
		22758-ST	03	5.76	0	5.76
		22481-ST	01	0.89	0	0.89
		22731-ST	04	0.79	0	0.79
		22760-ST	02	0.36	0	0.36
		22482-ST	01	0.24	0	0.24
		22459-ST	01	0.11	0	0.11
8	RTO Gujranwala	22175-ST	01	0.55	0	0.55
		22148-ST	01	0.20	0	0.20
9	RTO Sialkot	22213-ST	05	0.57	0.19	0.38
		22214-ST	01	0.09	0	0.09
10	RTO Peshawar	22183-ST	01	2.17	0	2.17
		22428-ST	07	1.04	0	1.04
		22429-ST	02	0.24	0	0.24
		22188-ST	01	0.21	0	0.21
		22408-ST	01	0.21	0	0.21
11	RTO Faisalabad	22320-ST	02	0.16	0	0.16
		22310-ST	01	0.11	0	0.11
Total			**820**	**438.31**	**156.95**	**281.36**

DGAIR&C, Karachi

(Rs in million)

S. No.	**Office**	**DP No.**	**No. of cases**	**Amount pointed out**	**Recovered/ Not due/ vacated**	**Balance Amount**
1	LTO Karachi	7121-ST	35	210.94	8.58	202.36
		7122-ST	35	56.77	1.32	55.45
2	MTO Karachi	7136-ST	5	6.56	0	6.56
		7140-ST	15	1.25	0	1.25
		7142-ST	15	0.71	0	0.71
		7146-ST	1	0.12	0	0.12
3	CTO Karachi	7153-ST	10	16.04	0	16.04
		7155-ST	10	4.90	0	4.90

		7160-ST	1	0.81	0	0.81
		7162-ST	2	0.12	0	0.12
4	RTO Sukkur	7166-ST	42	2.85	0	2.85
		7165-ST	42	6.84	0	6.84
		7167-ST	5	0.19	0	0.19
		7170-ST	5	0.26	0	0.26
5	RTO-I Karachi	7176-ST	38	2.92	0	2.92
		7177-ST	83	0.83	0	0.83
		7178-ST	17	0.48	0	0.48
		7179-ST	28	0.40	0	0.40
		7180-ST	12	0.33	0	0.33
		7183-ST	70	35.00	0	35.00
		7184-ST	14	0.84	0	0.84
		7188-ST	89	44.50	0	44.50
		7189-ST	36	2.41	0	2.41
		7191-ST	60	0.60	0	0.60
		7224-ST	41	2.35	0	2.35
		7225-ST	7	1.21	0	1.21
		7226-ST	23	0.23	0	0.23
		7228-ST	8	0.39	0	0.39
6	RTO-II Karachi	7196-ST	250	2.50	0	2.50
		7201-ST	100	3.83	0	3.83
		7207-ST	1	179.06	0	179.06
		7212-ST	4	1.36	0	1.36
		7213-ST	5	0.44	0	0.44
		7232-ST	6	1.50	0	1.50
		7233-ST	10	0.32	0	0.32
		7234-ST	20	0.20	0	0.20
7	RTO Hyderabad	7217-ST	4	2.57	0	2.57
		7218-ST	150	1.50	0	1.50
		7239-ST	5	2.86	0	2.86
		7240-ST	39	1.50	0	1.50
		Total	**1343**	**598.49**	**9.90**	**588.59**
		Grand Total	**2163**	**1,036.80**	**166.85**	**869.95**

Annexure-40
[Para 5.11]

Mis-declaration and less payment of sales tax liability - Rs 708 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount Pointed Out	Amount recovered/ vacated/ not due	Amount
1	LTO Multan	22561-ST	02	185.45	0	185.45
		22654-ST	01	27.44	0	27.44
2	RTO Multan	22683-ST	04	1.26	0	1.26
		Total	**07**	**214.15**	**0**	**214.15**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount Pointed Out	Amount recovered/ vacated/ not due	Amount
1	LTO Karachi	7111-ST	13	401.65	0	401.65
2	MTO Karachi	7133-ST	06	92.30	0	92.30
		Total	**19**	**493.95**	**0**	**493.95**
		Grand Total	**26**	**708.10**	**0**	**708.10**

Annexure-41
[Para 5.12]

Inadmissible payment of sales tax refunds – Rs 513 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Gujranwala	22004-ST	47	455.63
2	RTO Peshawar	22425-ST	01	2.30
3	CTO Lahore	22476-ST	01	2.57
		22468-ST	01	0.45
4	RTO Faisalabad	22308-ST	02	1.90
5	RTO Lahore	21946-ST	62	0
		21969-ST	01	0
		Total	**115**	**462.85**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	CTO Karachi	7151-ST	16	50.28
		Total	**16**	**50.28**
		Grand Total	**131**	**513.13**

Annexure-42
[Para 5.13]

Non-withholding of sales tax - Rs 501 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	RTO Faisalabad	22318-ST	10	145.54	0	145.54
		22309-ST	01	10.09	0	10.09
2	LTO Multan	22599-ST	01	73.65	0	73.65
		22655-ST	06	25.34	0	25.34
		22610-ST	02	9.99	0	9.99
		22565-ST	13	8.97	0	8.97
3	LTO Lahore	21849-ST	03	34.87	0	34.87
4	RTO Gujranwala	21985-ST	06	3.93	0.87	3.06
		22008-ST	11	52.51	7.95	44.56
		22154-ST	13	6.41	0	6.41
5	RTO Multan	22684-ST	02	1.14	0	1.14
6	LTO Islamabad	22247-ST	01	1.84	0	1.84
		22257-ST	01	1.89	0	1.89
7	CTO Lahore	22479-ST	04	1.09	0	1.09
Total			**74**	**377.26**	**8.82**	**368.44**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	MTO Karachi	7131-ST	15	129.44	0	129.44
2	CTO Karachi	7161-ST	01	0.40	0	0.40
3	RTO, Hyderabad	7242-ST	14	2.69	0	2.69
		Total	**30**	**132.53**	**0**	**132.53**
		Grand Total	**104**	**509.79**	**8.82**	**500.97**

Annexure-43
[Para 5.14]

Excess adjustments of input tax – Rs 229 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Gujranwala	22141-ST	01	14.01
		22169-ST	01	1.41
		Total	**02**	**15.42**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	LTO Karachi	7118-ST	1	13.93
2	RTO-I Karachi	7182-ST	13	68.24
		7187-ST	15	131.15
		Total	**29**	**213.32**
		Grand Total	**31**	**228.74**

Annexure-44
[Para 5.15]

Non-realization of sales tax due to in-admissible claim of zero rating of tax - Rs 208 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Vacated/ Not due	Balance Amount
1	LTO Multan	22562-ST	02	156.89	0	156.89
2	RTO Multan	22680-ST	01	9.26	0	9.26
3	RTO Peshawar	22424-ST	02	37.49	0	37.49
		22415-ST	02	4.37	0	4.37
Total			**7**	**208.01**	**0**	**208.01**

Annexure-45
[Para 5.16]

Non-realization of further tax - Rs 163.29 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	RTO Gujranwala	22003-ST	01	47.26	0	47.26
		22002-ST	08	15.54	0	15.54
		22143-ST	01	1.94	0	1.94
		21987-ST	01	1.20	0	1.20
		22178-ST	02	0.25	0	0.25
2	RTO Lahore	21944-ST	03	20.26	0	20.26
		21903-ST	04	0.86	0	0.86
		21968-ST	01	0.32	0	0.32
3	LTO Multan	22658-ST	01	15.12	0	15.12
4	CTO Lahore	22456-ST	02	14.59	0	14.59
5	RTO Multan	22679-ST	04	12.78	0	12.78
		22558-ST	02	2.71	0	2.71
6	RTO Peshawar	22182-ST	01	3.89	0	3.89
7	CTO Islamabad	22085-ST	01	1.78	0	1.78
		Total	**32**	**138.5**	**0**	**138.5**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	RTO-I Karachi	7175-ST	02	9.14	0	9.14
2	RTO-II Karachi	7209-ST	05	43.72	33.01	10.71
3	RTO, Hyderabad	7216-ST	02	3.65	0	3.65
		7241-ST	01	1.29	0	1.29
		Total	**10**	**57.8**	**33.01**	**24.79**
		Grand Total	**42**	**196.30**	**33.01**	**163.29**

Annexure-46
[Para 5.17]

Short-realization of sales tax due to application of incorrect rates - Rs 100 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	RTO Gujranwala	22173-ST	01	30.44	0	30.44
		22167-ST	01	1.41	0	1.41
		22172-ST	05	0.84	0	0.84
		22149-ST	04	0.24	0	0.24
2	CTO Lahore	22729-ST	01	41.93	0	41.93
		22455-ST	02	20.06	0	20.06
		22469-ST	01	0.12	0	0.12
3	RTO Peshawar	22413-ST	04	5.41	0.69	4.72
		22189-ST	01	0.15	0	0.15
Total			**20**	**100.6**	**0.69**	**99.91**

Annexure-47
[Para 5.18]

Non-realization of minimum sales tax liability – Rs 31 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Multan	22557-ST	03	15.47
2	RTO Lahore	21816-ST	04	8.03
		21962-ST	07	6.42
3	RTO Abbottabad	21800-ST	01	1.21
		Total	**15**	**31.13**

Annexure-48
[Para 5.19]

Non-registration of potential taxpayers liable for registration - Rs 4,632 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Multan	22674-ST	09	231.79
		22685-ST	1198	107.82
		22559-ST	01	1.59
2	RTO Peshawar	22421-ST	01	134.98
		22422-ST	01	82.45
3	RTO Abbottabad	21799-ST	13	95.54
4	RTO Gujranwala	22171-ST	638	76.56
5	CTO Islamabad	22113-ST	01	12.24
6	CTO Lahore	22457-ST	01	2.96
		22467-ST	05	3.78
		22480-ST	02	0.95
7	RTO Lahore	21822-ST	01	0
		21943-ST	04	0
		21970-ST	01	0
		Total	**1876**	**750.66**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO-II Karachi	7193-ST	82	893.81
		7200-ST	80	2,987.77
		Total	**162**	**3,881.58**
		Grand Total	**2038**	**4,632.24**

Annexure-49
[Para 5.20]

Non-conduct of post-refund audit

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	RTO Faisalabad	22293-ST	501	17,004.95	0	17,004.95
2	LTO Lahore	22025-ST	50	14,415.78	0	14,415.78
		21864-ST	67	6,387.75	0	6,387.75
		Para-7 F-4748	16	3,192.15	0	3,192.15
3	RTO Gujranwala	22005-ST	724	6,122.32	213.55	5,908.77
		22177-ST	68	3,337.00	0	3,337.00
4	RTO Sialkot	22763-ST	02	83.21	0	83.21
		22762-ST	54	2,115.83	0	2,115.83
5	CTO Lahore	22761-ST	164	965.18	0	965.18
		22483-ST	355	5,390.73	0	5,390.73
6	RTO Multan	22669-ST	169	343.12	0	343.12
7	LTO Multan	22657-ST	02	17.62	0	17.62
		22607-ST	02	16.25	0	16.25
8	RTO Peshawar	22430-ST	20	89.17	0	89.17
9	RTO Lahore	21945-ST	24	46.69	0	46.69
		Total	**2218**	**59,527.75**	**213.55**	**59,314.20**

DGAIR&C, Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	CTO Karachi	7148-ST	221	1,542.83	0	1,542.83
2	RTO-I Karachi	7172-ST	40	88.82	0	88.82
		7219-ST	20	271.21	0	271.21
		Total	**281**	**1,902.86**	**0**	**1,902.86**
		Grand Total	**2499**	**61,430.61**	**213.55**	**61,217.06**

Annexure-50
[Para 6.1]

Non/short-realization of Federal Excise Duty - Rs 2,773 million

DGAIR&C, Lahore

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out
1	LTO Lahore	21848-FED	02	37.72
		21833-FED	02	22.87
		Total	**04**	**60.59**

DGAIR&C, Karachi

(Rs. in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out
1	LTO Karachi	7123-FED	1	1,348.17
		7124-FED	2	1,042.53
		7125-FED	1	321.49
		Total	**04**	**2,712.19**
		Grand Total	**08**	**2772.78**

Annexure-51

[Para 7.1]

Blockage of revenue due to non-disposal of confiscated goods/vehicles - Rs 13,556 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	Collectorate of Customs AIIA Lahore	8257	50	81.63	-	81.63
2		8258	73	43.63	-	43.63
3	Collectorate of Customs Appraisement Peshawar	8588	2	-	-	-
4	Collectorate of Customs Enforcement D.I.Khan	8616	26	73.30	-	73.30
5		8617	16	13.54	-	13.54
6		8622	86	110.86	-	110.86
7		8623	9	9.40	-	9.40
8		8627	10	29.55	-	29.55
9		8628	59	36.72	-	36.72
10	Collectorate of Customs Enforcement Lahore	8276	46	143.60	46.52	97.08
11		8277	63	693.77	243.30	450.47
12		8297	7	28.33	-	28.33
13		8459	78	121.47	20.46	101.01
14		8461	6	280.85	233.00	47.85
15		8462	13	175.74	55.82	119.92
16		8463	76	368.95	110.25	258.70
17		8464	9	37.31	7.96	29.35
18	Collectorate of Customs Enforcement Peshawar	8522	36	79.27	-	79.27
19		8528	6	1.25	-	1.25
20		8592	20	48.10	-	48.10
21		8593	86	154.32	51.03	103.29
22		8602	12	37.10	22.39	14.71
23		8603	27	98.70	16.08	82.62
24		8607	2	10.00	3.19	6.81
25		8608	17	23.70	6.49	17.21
26	Collectorate of Customs Islamabad	8774	15	15.27	4.96	10.32
27		8776	14	1.40	0.70	0.70
28		8780	3	16.70	16.70	-
29		8781	15	7.79	1.49	6.30
30	Directorate of Customs (I&I) Faisalabad	8439	42	138.03	24.52	113.51
31		8440	48	701.72	108.83	592.88
32	Directorate of Customs (I&I) Multan	8486	20	72.63	-	72.63
33		8487	77	665.80	121.95	543.84

34	Directorate of Customs (I&I) Peshawar	8610	21	34.16	-	34.16
35		8611	60	332.76	15.15	317.61
36	Directorate of Customs (I&I) Rawalpindi	8746	28	249.88	1.91	247.97
37		8760	7	19.62	7.07	12.55
38		8761	32	3.20	-	3.20
39	Directorate of Customs (I&I) Lahore	8242	77	2,020.94	844.51	1,176.43
		Sub-Total	**1294**	**6,980.95**	**1,964.27**	**5,016.68**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (PMBQ), Karachi	2929	1	78.17	62.82	15.35
02		2930	1	-	-	0.00
03		2932	1	26.44	9.13	17.31
04	CoC, Appraisement (SAPT), Karachi	2801	45	610.36	-	610.36
05		2804	54	235.29	12.52	222.77
06		2805	2	195.18	-	195.18
07	CoC, Appraisement (West), Karachi	3089	15	554.85	15.43	539.42
08		3091	34	-	-	0.00
09		3093	7	41.38	25.81	15.57
10		3094	26	-	-	0.00
11	CoC, Enforcement, Custom House, Karachi	2898	1	1.34	-	1.34
12		2899	1	-	-	0.00
13		3077	3	0.57	-	0.57
14		3082	1	3.106	-	3.11
15		3084	2	0.77	-	0.77
16		3180	6	25.32	-	25.32
17		3181	6	38.94	-	38.94
18		3182	10	84.22	-	84.22
19		3186	1	0.54	-	0.54
20		3187	3	42.62	-	42.62
21		3188	3	0.00	-	0.00
22		3189	1	-	-	0.00
23		3190	5	-	-	0.00

24		3191	1	-	-	0.00
25		3194	9	121.19	-	121.19
26		3197	3	23.30	-	23.30
27		3198	6	9.38	-	9.38
28		3199	1	0.39	-	0.39
29		3200	10	0.00	-	0.00
30		3201	10	0.00	-	0.00
31		3204	1	0.00	-	0.00
32	CoC, Enforcement, Quetta	2933	153	667.27	-	667.27
33		2934	45	45.41	-	45.41
34		2935	2	1.33	-	1.33
35		2936	5	16.04	-	16.04
36		2937	56	198.41	-	198.41
37		2938	9	7.32	-	7.32
38		2977	35	7.96	-	7.96
39		2978	11	3.02	-	3.02
40		2979	3	7.98	-	7.98
41		3057	967	2534.19	-	2534.19
42		3058	10	75.25	-	75.25
43		3059	6	30.67	-	30.67
44		3061	690	0.00	-	0.00
45		3063	614	0.00	-	0.00
46		3066	2	1.33	-	1.33
47	CoC, Gwadar	3017	6	34.96	-	34.96
48		3018	3	2.37	1.39	0.98
49		3019	17	-	-	0.00
50		3021	11	37.05	-	37.05
51		3022	1	577.35	-	577.35
52	CoC, Hyderabad	3049	4	10.00	-	10.00
53		3050	3	7.73	-	7.73
54		3051	1	1.05	-	1.05
55		3052	3	2.39	-	2.39
56		3053	1	6.97	-	6.97
57		3054	3	6.45	-	6.45
58		3055	13	79.93	-	79.93
59		3156	7	43.10	-	43.10

60		3157	6	8.43	-	8.43
61		3158	1	0.85	-	0.85
62		3159	5	11.09	-	11.09
63		3160	1	1.61	-	1.61
64		3161	1	6.97	-	6.97
65		3162	1	2.33	-	2.33
66	CoC, JIAP, Karachi	2663	3	24.42	-	24.42
67		2664	25	-	-	0.00
68		2665	25	-	-	0.00
69		2666	1	-	-	0.00
70		2667	20	-	-	0.00
71		2668	57	226.57	-	226.57
72		2676	13	42.83	-	42.83
73		2677	24	-	-	0.00
74		2679	25	-	-	0.00
75		2684	47	-	-	0.00
76		2685	1	6.04	-	6.04
77	CoC, Khuzdar	3031	5	12.88	-	12.88
78		3032	5	116.92	-	116.92
79		3033	1	8.09	-	8.09
80		3034	6	16.75	-	16.75
81		3035	7	21.53	-	21.53
82		3036	9	58.84	-	58.84
83		3047	1	0.00	-	0.00
84	Directorate of Customs (I&I), Gwadar	3002	18	331.96	-	331.96
85		3003	1	4.74	-	4.74
86		3004	7	29.86	-	29.86
87		3005	1	0.00	-	0.00
88	Directorate of Customs (I&I), Hyderabad	3148	3	2.87	-	2.87
89		3149	2	1.71	-	1.71
90		3150	3	9.70	-	9.70
91		3151	3	5.16	-	5.16
92		3152	2	12.88	-	0.63
93		3153	4	6.23	-	6.23
94		3154	1	1.77	-	1.77
95		3155	3	3.75	-	3.75

96		3164	16	71.58	-	71.58
97		3165	14	59.00	-	59.00
98		3166	2	5.45	-	5.45
99		3167	3	4.94	-	4.94
100		3168	1	2.10	-	2.10
101		2961	4	9.89	-	9.89
102		2965	1	2.06	-	2.06
103	Directorate of Customs (I&I), Quetta	2966	11	60.35	-	60.35
104		2967	4	21.70	-	21.70
105		2968	13	104.58	-	104.58
106		2969	6	2.85	-	2.85
107		2970	26	75.70	-	75.70
108	Directorate of Transit Trade, Karachi	2703	27	783.13	-	783.13
Total			**3417**	**8,666.72**	**127.09**	**8,539.62**
Grand Total			**4711**	**15,647.67**	**2,091.36**	**13,556.30**

Annexure-52
[Para 7.2]

Loss of revenue due to inadmissible exemptions/ concessions in duties and taxes – Rs 6,454 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8318	117	23.11	-	23.11
2		8341	72	8.86	-	8.86
3		8353	51	15.91	1.01	14.90
4		8358	13	2.02	0.07	1.94
5		8374	33	7.89	-	7.89
6		8382	2	94.66	-	94.66
7		8387	1	2.75	0.78	1.97
8		8408	1	6.11	-	6.11
9	CoC Appraisement (West) Lahore	8399	41	1,296.89	383.43	913.45
10		8405	1	0.13	-	0.13
11	Collectorate of Customs AIIA, Lahore	8211	188	11.59	2.80	8.79
12		8214	19	9.29	-	9.29
13		8223	32	0.77	-	0.77
14		8236	5	26.31	-	26.31
15	Collectorate of Customs Appraisement Peshawar	8591	14	2.54	-	2.54
16	Collectorate of Customs Islamabad	8686	21	0.82	-	0.82
Sub-Total			**611**	**1,509.63**	**388.09**	**1,121.53**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (East), Karachi	2571	4	4.15	-	4.15
02		2572	2	2.00	-	2.00
03		2573	13	1.40	-	1.40
04		2575	11	0.78	-	0.78
05		2578	11	0.40	-	0.40

06		2758	12	45.24	-	45.24
07		2759	4	0.70	-	0.70
08		2770	2	0.13	-	0.13
09		2772	9	22.16	-	22.16
10		2773	1	0.33	-	0.33
11		2774	3	0.28	-	0.28
12		2776	8	7.90	4.91	2.98
13		2777	8	4.46	0.93	3.53
14		2780	3	4.67	4.14	0.52
15		2781	4	0.78	-	0.78
16		2808	1	4.92	-	4.92
17		2812	1	1.57	-	1.57
18		2813	5	1.06	-	1.06
19		2816	1	0.08	-	0.08
20		2818	1	80.82	-	80.82
21		2819	1	68.33	-	68.33
22		2823	64	8.44	-	8.44
23		2825	1	0.22	-	0.22
24		2828	1	0.05	-	0.05
25		2845	1	9.39	-	9.39
26		2848	1	1.61	-	1.61
27		2849	1	0.22	-	0.22
28		3096	2	3.13	-	3.13
29		3098	8	1.45	-	1.45
30		3267	30	33.69	-	33.69
31	CoC, Appraisement (PMBQ), Karachi	2537	1	-	-	-
32		2538	3	3.09	-	3.09
33		2539	3	2.45	-	2.45
34		2542	4	0.51	-	0.51
35		2543	25	9.75	-	9.75
36		2544	47	3.56	2.72	0.84
37		2561	371	749.48	-	749.48
38		2562	411	603.60	-	603.60
39		2563	381	461.06	-	461.06
40		2565	173	81.97	-	81.97
41		2567	1	2.43	-	2.43

42		2568	1	2.40	-	2.40
43		2592	21	37.80	37.45	0.36
44		2615	2	9.68	-	9.68
45		2720	254	1138.39	-	1138.39
46		2721	137	989.19	-	989.19
47		2722	73	533.17	-	533.17
48		2724	26	133.12	-	133.12
49		2725	32	93.69	-	93.69
50		2743	4	0.14	0.09	0.05
51		2745	43	-	-	0.00
52	CoC, Appraisement (SAPT), Karachi	2830	14	40.59	-	40.59
53		2831	11	15.03	-	15.03
54		3115	1	2.72	-	2.72
55		3116	1	12.27	-	12.27
56		3123	1	0.09	-	0.09
57		3260	20	20.82	-	20.82
58	CoC, Appraisement (West), Karachi	2583	95	35.37	-	35.37
59		2586	21	61.48	-	61.48
60		2589	2	-	-	0.00
61		2631	1	0.18	-	0.18
62		2710	15	-	-	-
63		2714	2	2.58	-	2.58
64		2857	3	0.45	-	0.45
65		2858	1	0.30	-	0.30
66		2873	1	0.22	-	0.22
67		3111	4	1.35	-	1.35
68		3213	4	1.79	-	1.79
69		3225	1	0.61	-	0.61
70		3227	6	0.52	0.28	0.23
71		3228	9	0.38	-	0.38
72	CoC, Appraisement, Quetta	2787	7	0.49	-	0.49
73		2788	1	0.18	-	0.18
74		2794	3	0.11	-	0.11
75		2875	3	3.32	-	3.32
76		2882	3	0.14	-	0.14
77		2972	1	0.07	-	0.07

78	CoC, Gwadar	2656	2	0.66	-	0.66
79		3009	56	15.56	-	15.56
Total			**2516**	**5,383.11**	**50.53**	**5,332.58**
Grand Total			**3127**	**6,892.74**	**438.62**	**6,454.11**

Annexure-53

[Para 7.5]

Incorrect assessment of duties and taxes - Rs 1,002 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8388	1	0.22	-	0.22
2	Collectorate of Customs AIIA, Lahore	8215	206	473.09	167.51	305.58
3	Collectorate of Customs Appraisement Faisalabad	8448	2	152.03	-	152.03
4		8474	21	517.46	-	517.46
5	Collectorate of Customs Appraisement Peshawar	8497	1	1.27	-	1.27
6		8517	3	0.62	-	0.62
7		8518	7	0.76	-	0.76
8		8582	2	0.25	-	0.25
9		8587	94	11.65	-	11.65
10	Collectorate of Customs Enforcement D.I.Khan	8620	2	0.24	-	0.24
11		8632	1	0.11	-	0.11
12	Collectorate of Customs Enforcement Peshawar	8520	3	7.85	-	7.85
13	Collectorate of Customs GB	8734	23	0.16	0.07	0.09
14	Collectorate of Customs Islamabad	8716	1	0.34	-	0.34
15	Directorate of Customs (I&I) Rawalpindi	8749	1	0.74	-	0.74
16	Directorate of Customs (I&I) Lahore	8246	7	2.68	-	2.68
17		8248	1	0.24	-	0.24
		Total	**376**	**1,169.70**	**167.58**	**1,002.12**

Annexure-54
[Para 7.6]

Short-realization of duties and taxes due to under-valuation of imported goods – Rs 870 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8322	13	0.98	-	0.98
2		8326	5	1.57	-	1.57
3		8329	3	0.92	-	0.92
4		8335	2	1.95	1.31	0.64
5		8336	18	4.70	4.26	0.44
6		8338	5	6.57	-	6.57
7		8346	37	14.64	0.36	14.28
8		8356	18	23.85	-	23.85
9		8373	4	5.29	-	5.29
10	Collectorate of Customs AIIA Lahore	8256	19	0.22	-	0.22
11	Collectorate of Customs Appraisement Peshawar	8495	9	2.53	0.26	2.27
12		8496	8	1.74	-	1.74
13		8502	4	0.29	0.05	0.23
14		8503	9	0.27	0.06	0.21
15		8504	1	0.82	-	0.82
16		8505	2	0.19	-	0.19
17		8511	6	0.35	-	0.35
18		8514	105	1.93	0.37	1.56
19		8515	27	1.49	-	1.49
20		8537	19	1.17	0.28	0.89
21		8538	18	1.78	-	1.78
22		8539	11	2.18	-	2.18
23		8540	11	1.92	-	1.92
24		8541	17	3.22	-	3.22
25		8558	11	2.90	-	2.90
26		8561	30	12.64	-	12.64
27		8562	20	2.00	-	2.00
28		8564	18	2.05	0.37	1.68
29		8568	7	1.00	-	1.00
30		8569	5	2.17	0.62	1.56
31		8570	15	3.95	-	3.95
32		8571	18	2.74	-	2.74

33		8572	6	3.02	-	3.02
34		8574	4	2.43	-	2.43
35		8579	3	0.41	-	0.41
36	Collectorate of Customs Enforcement D.I.Khan	8621	2	0.15	-	0.15
37		8625	1	0.08	-	0.08
38		8631	3	1.01	-	1.01
39		8633	1	0.20	-	0.20
40	Collectorate of Customs Enforcement Peshawar	8521	4	26.49	0.03	26.46
41		8594	2	0.09	-	0.09
42		8595	2	5.00	-	5.00
43		8609	1	0.11	-	0.11
44	Collectorate of Customs GB	8722	3	1.39	0.26	1.13
45		8731	8	0.53	0.01	0.53
46		8733	6	0.65	-	0.65
47		8735	9	0.16	-	0.16
48	Collectorate of Customs Islamabad	8685	13	0.22	-	0.22
49		8691	27	0.67	-	0.67
50		8692	3	0.63	-	0.63
51		8694	47	6.64	-	6.64
52		8697	10	1.15	0.67	0.48
53		8699	501	21.40	-	21.40
54		8701	248	24.78	-	24.78
55		8702	1	5.61	-	5.61
56		8704	6	2.84	-	2.84
57		8707	12	1.02	-	1.02
58		8708	3	1.88	-	1.88
59		8709	49	2.40	-	2.40
60		8711	3	1.66	-	1.66
61		8713	6	0.79	-	0.79
62		8714	38	0.99	-	0.99
63		8715	1	0.69	-	0.69
64	Directorate of Customs (I&I) Peshawar	8612	1	0.10	0.03	0.07
65		8750	1	0.25	-	0.25
	Sub-Total		**1520**	**225.46**	**8.94**	**216.52**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (East), Karachi	2577	8	0.55	-	0.55
02		2580	1	0.24	-	0.24

03		2751	1	0.37	0.16	0.21
04		2754	1	0.44	-	0.44
05		2763	4	2.78	0.40	2.38
06		2814	1	0.54	-	0.54
07		2815	2	0.23	0.22	0.02
08		2843	1	126.23	-	126.23
09		2847	2	3.29	-	3.29
10		3100	5	0.21	-	0.21
11		3102	2	8.29	-	8.29
12		3103	5	4.96	3.74	1.22
13		3106	3	0.78	-	0.78
14		3268	11	18.99	-	19.00
15		3272	251	-	-	-
16	CoC, Appraisement (SAPT), Karachi	2832	1	6.704	-	6.70
17	CoC, Appraisement (SAPT), Karachi	3114	1	2.35	-	2.35
18		3122	2	6.15	-	6.15
19		3126	2	0.32	-	0.32
20		3129	6	7.91	-	7.91
21	CoC, Appraisement (West), Karachi	2632	8	1.37	1.08	0.29
22		2859	1	0.26	-	0.26
23		2981	7	1.12	-	1.20
24		2987	3	1.48	-	1.48
25		3090	2	-	-	-
26		3113	5	1.98	0.26	1.72
27		3208	3	8.59	-	8.59
28		3214	13	1.72	-	1.72
29		3262	4	18.02	-	18.02
30	CoC, Appraisement, Quetta	2785	67	56.88	-	56.88
31		2796	56	43.79	-	43.79
32		2797	50	40.36	-	40.36
33		2799	102	36.68	-	36.68
34		2800	67	90.25	-	90.25
35		2876	3	3.13	-	3.13
36		2879	3	0.55	-	0.55
37		2881	3	0.22	-	0.22
38		2886	5	0.03	-	0.03
39		2887	9	10.06	-	10.06

40		2889	11	2.74	-	2.74
41		2893	11	2.22	-	2.22
42		2993	32	15.30	-	15.30
43		2996	31	8.64	7.21	1.43
44	CoC, Enforcement, Custom House, Karachi	3078	4	0.19	-	0.19
45		3079	2	0.11	-	0.11
46		3085	3	0.19	-	0.19
47		3195	4	1.20	-	1.20
48	CoC, Exports PMBQ, Karachi	2921	22	0.41	0.17	0.24
49		2922	2	0.08	-	0.08
50		2923	1	0.10	-	0.10
51	CoC, Gwadar	2658	1	0.46	-	0.46
52		2659	2	0.25	-	0.25
53		3010	227	109.85	-	109.85
54		3011	55	2.83	-	2.83
55		3012	5	1.35	-	1.35
56		3013	8	1.33	-	1.33
57		3014	25	0.75	-	0.75
58		3026	10	3.92	-	3.92
59		3028	4	2.21	-	2.21
60		3029	42	1.94	-	1.94
61	CoC, Hyderabad	3132	2	0.26	-	0.26
62		3136	4	2.30	-	2.30
63		3139	1	0.02	-	0.02
Total			**1230**	**666.56**	**13.22**	**653.32**
Grand Total			**2750**	**892.02**	**22.16**	**869.84**

Annexure-55
[Para 7.7]

Short-realization of duties and taxes due to misclassification of imported goods - Rs 855 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8316	143	45.55	-	45.55
2		8317	39	8.26	1.37	6.89
3		8319	167	10.89	0.21	10.68
4		8320	120	19.93	-	19.93
5		8323	110	10.96	3.15	7.81
6		8327	13	1.61	-	1.61
7		8331	67	4.71	-	4.71
8		8334	16	10.95	-	10.95
9		8339	354	27.66	5.35	22.30
10		8340	5	2.24	0.94	1.30
11		8342	172	153.63	118.99	34.64
12		8343	17	1.19	-	1.19
13		8345	5	0.69	-	0.69
14		8347	48	5.19	2.65	2.54
15		8349	54	6.70	1.08	5.63
16		8351	111	3.65	-	3.65
17		8352	46	14.02	-	14.02
18		8365	26	5.49	-	5.49
19		8369	161	8.70	-	8.70
20		8372	22	1.11	-	1.11
21		8375	23	4.78	-	4.78
22		8377	8	7.22	-	7.22
23		8378	4	7.08	-	7.08
24		8379	24	3.69	-	3.69
25		8381	10	51.51	-	51.51
26		8385	9	1.15	-	1.15
27	Collectorate of Customs AIIA, Lahore	8218	283	142.53	-	142.53
28		8222	20	0.87	-	0.87
29		8224	21	2.09	1.50	0.59
30		8228	6	0.33	0.26	0.07
31		8229	26	3.25	0.85	2.40
32		8230	4	1.06	-	1.06
33		8231	3	0.45	0.43	0.03
34		8232	240	48.73	-	48.73

35		8233	168	22.50	-	22.50
36		8235	126	8.85	-	8.85
37		8238	210	55.76	-	55.76
38		8239	49	64.00	59.15	4.84
39		8241	68	107.68	13.12	94.56
40	Collectorate of Customs Appraisement Peshawar	8509	20	0.18	-	0.18
41		8536	2	0.37	-	0.37
42		8542	8	0.49	-	0.49
43		8543	76	3.22	-	3.22
44		8544	29	2.16	-	2.16
45		8545	27	2.03	-	2.03
46		8546	30	2.11	0.58	1.53
47		8547	47	1.33	0.16	1.16
48		8548	7	1.88	-	1.88
49		8549	25	2.00	-	2.00
50		8550	65	2.79	-	2.79
51		8551	43	2.71	-	2.71
52		8552	113	5.00	-	5.00
53		8553	2	1.66	0.64	1.02
54		8555	77	3.28	-	3.28
55		8556	8	2.30	1.10	1.20
56		8557	53	6.85	-	6.85
57		8559	72	1.86	0.16	1.70
58		8560	20	2.07	-	2.07
59		8563	20	2.82	1.05	1.77
60		8567	15	2.16	-	2.16
61		8573	4	0.62	-	0.62
62		8575	3	0.43	-	0.43
63		8576	4	2.87	-	2.87
64		8577	217	60.77	-	60.77
65		8578	9	2.65	-	2.65
66		8580	81	3.50	-	3.50
67		8581	148	7.53	-	7.53
68	Collectorate of Customs Enforcement D.I.Khan	8619	1	0.42	-	0.42
69		8626	1	0.23	-	0.23
70	Collectorate of Customs Enforcement Lahore	8278	1	1.58	-	1.58
71	Collectorate of Customs GB	8725	16	5.38	5.23	0.15
72		8726	31	2.19	-	2.19
73		8727	9	0.31	0.26	0.06
74	Collectorate of	8674	247	35.22	-	35.22

75	Customs Islamabad	8676	3	10.07	-	10.07
76		8678	37	2.74	-	2.74
77		8679	7	1.59	-	1.59
78		8682	14	1.57	-	1.57
79		8684	15	0.37	-	0.37
80		8689	68	0.44	-	0.44
81		8690	44	0.44	0.02	0.42
82		8693	1	0.39	-	0.39
83		8700	11	1.32	-	1.32
84		8710	29	1.08	-	1.08
85		8712	12	0.92	0.54	0.39
86		8718	1	0.52	-	0.52
87		8719	16	1.68	-	1.68
88		8720	10	0.98	-	0.98
Sub-Total			**4797**	**1,073.72**	**218.78**	**854.94**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement, Quetta	2795	1	0.21	-	0.21
Total			**1**	**0.21**	**-**	**0.21**
Grand Total			**4798**	**1073.93**	**218.79**	**855.15**

Annexure-56
[Para 7.8]

Non/short-realization of sales tax and value addition tax – Rs 776 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8324	65	2.76	0.01	2.75
2		8344	2	1.18	-	1.18
3		8348	31	3.87	2.95	0.92
4		8350	5	2.79	-	2.79
5		8357	82	4.19	-	4.19
6		8363	986	57.44	-	57.44
7		8366	35	3.43	-	3.43
8		8367	8	11.32	-	11.32
9		8384	2	21.09	-	21.09
10	Collectorate of Customs AIIA, Lahore	8213	1484	204.36	186.47	17.89
11		8217	233	14.98	2.24	12.74
12		8225	189	110.36	9.46	100.90
13	Collectorate of Customs Appraisement Faisalabad	8449	2	0.17	-	0.17
14	Collectorate of Customs Appraisement Peshawar	8494	37	5.41	1.09	4.32
15		8506	9	0.30	0.21	0.09
16		8510	21	0.42	0.37	0.05
17		8516	21	1.41	1.24	0.17
18		8583	575	6.43	-	6.43
19		8586	361	6.93	-	6.93
20		8590	36	0.30	-	0.30
21	Collectorate of Customs Enforcement D.I.Khan	8630	3	0.08	-	0.08
22	Collectorate of Customs Enforcement Peshawar	8597	7	0.22	-	0.22
23		8600	2	0.15	-	0.15
24	Collectorate of Customs Islamabad	8672	49	84.20	-	84.20
25		8673	16	44.92	32.78	12.15
26		8677	134	2.45	-	2.45
27		8696	134	34.75	-	34.75
28		8703	19	2.24	-	2.24
29		8717	129	0.57	-	0.57

30	Directorate of Customs (I&I) Peshawar	8614	2	0.23	-	0.23
31	Directorate of Customs (I&I) Rawalpindi	8751	1	0.14	-	0.14
	Sub-Total		**4680**	**629.05**	**236.81**	**392.24**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (East), Karachi	2574	5	1.34	1.27	0.07
02		2579	12	0.30	-	0.30
03		2752	2	1.33	-	1.33
04		2756	27	4.00	-	4.00
05		2762	14	19.18	-	19.18
06		2765	27	0.20	-	0.20
07		2767	1	0.12	-	0.12
08		2768	1	0.53	-	0.53
09		2806	35	4.127	3.05	1.08
10		2807	4	5.162	5.05	0.11
11		2811	8	2.140	-	2.14
12		2821	23	16.05	-	16.05
13		2826	9	0.18	-	0.18
14		3073	6	0.89	0.87	0.03
15	CoC, Appraisement (PMBQ), Karachi	2548	12	1.35	0.94	0.41
16		2550	14	1.13	0.27	0.86
17		2564	695	146.65	-	146.65
18		2566	2	24.10	-	24.10
19		2598	15	16.31	-	16.31
20		2599	9	27.45	2.66	24.78
21		2605	2	1.47	-	1.47
22		2726	2	18.88	-	18.88
23		2732	4	7.05	-	7.05
24		2733	2	3.34	-	3.34
25		2734	2	2.46	-	2.46
26		2735	2	3.07	-	3.07
27		2736	26	1.26	-	1.26
28	CoC, Appraisement	2838	3	0.762	-	0.76

29	(SAPT), Karachi	2953	1	1.045	-	1.04
30		2954	2	0.98	0.06	0.92
31		3120	1	0.29	-	0.29
32	CoC, Appraisement (West), Karachi	2584	5	1.61	-	1.61
33		2713	4	4.27	-	4.27
34		2715	4	1.69	-	1.69
35		2716	2	1.27	-	1.27
36		2717	1	1.01	-	1.01
37		2851	14	3.051	-	3.05
38		2852	10	1.67	-	1.67
39		2855	4	0.97	-	0.98
40		2986	1	0.74	-	0.74
41		3210	49	6.65	-	6.65
42		3216	86	1.53	-	1.53
43		3217	55	1.57	-	1.53
44		3221	67	1.18	-	1.19
45		3226	42	0.55	-	0.56
46		3231	1	0.06	-	0.07
47	CoC, Appraisement, Quetta	2792	196	9.01	-	9.01
48		2793	1	0.02	-	0.02
49		2878	2	0.84	-	0.85
50		2880	4	0.39	0.02	0.30
51		2971	2	0.12	-	0.11
52		2974	2	0.00	-	0.02
53		2975	1	0.07	-	0.08
54	CoC, Enforcement, Custom House, Karachi	2623	5	14.79	-	14.79
55		2625	3	22.76	-	22.76
56		3081	46	0.07	-	0.07
57		3083	9	0.09	-	0.09
58	CoC, Gwadar	2653	9	2.87	0.59	2.28
59		2654	4	1.68	-	1.68
60	CoC, Hyderabad	3134	28	0.17	-	0.17
61	CoC, JIAP, Karachi	2746	2	3.23	-	3.23
62		2747	4	1.65	-	1.65
63		2749	51	0.29	0.15	0.14
		Total	**1682**	**398.99**	**14.93**	**384.02**
		Grand Total	**6362**	**1,028.04**	**251.74**	**776.28**

<u>Annexure-57</u>
[Para-7.9]

Non-finalization of cases under adjudication - Rs 601 million

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Exports, Custom House, Karachi	2640	10	1.49	-	1.49
02	CoC, Appraisement (West), Karachi	2642	582	697.85	435.43	262.42
03	CoC, Appraisement (PMBQ), Karachi	2645	20	69.99	-	69.99
04	Directorate of Customs (I&I), Gwadar	3006	1	6.05	-	6.05
05	CoC, Adjudication, Quetta	3067	15	-	-	0.00
		3068	47	-	-	0.00
06	CoC, Enforcement, Custom House, Karachi	3196	3	46.93	-	46.93
07	CoC, Adjudication-I, Karachi	3236	28	213.94	-	213.94
		Total	**706**	**1,036.25**	**435.43**	**600.82**
		Grand Total	**706**	**1,036.25**	**435.43**	**600.82**

Annexure-58
[Para 7.10]

Non/short-collection of income tax – Rs 593 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8321	637	44.86	-	44.86
2		8330	1	0.06	-	0.06
3		8370	491	249.25	-	249.25
4	Collectorate of Customs AIIA, Lahore	8216	21	0.79	0.31	0.48
5	Collectorate of Customs Appraisement Peshawar	8498	48	1.08	0.71	0.37
6		8512	19	0.19	0.04	0.15
7		8584	127	1.67	-	1.67
8		8585	278	19.44	-	19.44
9	Collectorate of Customs Enforcement Lahore	8280	1	0.11	-	0.11
10		8599	1	0.46	-	0.46
11	Collectorate of Customs Islamabad	8687	7	0.12	-	0.12
12		8706	521	27.74	27.06	0.68
Sub-Total			**2152**	**345.76**	**28.11**	**317.65**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (East), Karachi	2576	12	0.74	-	0.74
02		2757	27	2.26	-	2.26
03		2809	37	3.68	-	3.68
04		2810	33	2.67	-	2.67
05		2820	43	34.81	-	34.81
06		2824	40	0.81	-	0.81
07		2846	21	7.44	-	7.44
08		3072	12	3.00	0.57	2.44
09		3097	5	1.92	-	1.92

10	CoC, Appraisement (PMBQ), Karachi	2555	16	1.07	-	1.07
11		2723	297	180.22	-	180.22
12		2730	153	5.25	4.63	0.63
13		2925	1	6.86	-	6.86
14	CoC, Appraisement (SAPT), Karachi	2836	30	3.56	-	3.56
15		2837	44	3.47	-	3.47
16		2955	3	0.45	-	0.45
17	CoC, Appraisement (West), Karachi	2711	274	8.55	5.16	3.39
18		2712	73	4.45	-	4.45
19		2853	13	1.02	-	1.02
20		2854	15	1.01	-	1.01
21		2872	46	0.21	0.17	0.06
22		2943	24	2.29	1.44	0.86
23		2944	22	2.01	1.77	0.24
24		2945	25	2.34	1.70	0.64
25		2983	111	20.04	18.81	1.23
26		3109	34	10.12	9.88	0.24
27		3212	321	1.84	-	1.84
28		3215	90	1.59	-	1.59
29		3218	70	1.52	-	1.52
30		3220	1	1.29	-	1.29
31		3223	26	0.83	-	0.83
32		3224	33	0.78	-	0.78
33		3229	10	0.25	-	0.25
34		3232	29	0.06	-	0.06
35	CoC, Appraisement, Quetta	2786	27	1.15	-	1.15
36		2883	10	0.13	-	0.13
37		2884	19	0.13	0.07	0.06
38		2885	35	0.12	-	0.12
39		2973	6	0.02	-	0.02
40	CoC, Enforcement, Quetta	2939	1	0.21	-	0.21
41	CoC, Hyderabad	3131	10	0.12	-	0.12
		Total	**2099**	**320.32**	**44.19**	**276.14**
		Grand Total	**4251**	**666.08**	**72.30**	**593.79**

<u>Annexure-59</u>
[Para 7.11]

Blockage of revenue due to non-clearance of overstayed bonded goods – Rs 392 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8333	18	136.00	-	136.00
2		8392	1	56.94	-	56.94
3	CoC Appraisement (West) Lahore	8400	1	5.00	-	5.00
4	Collectorate of Customs Appraisement Faisalabad	8451	13	23.33	1.53	21.80
5	Collectorate of Customs Islamabad	8785	2	21.52	-	21.52
6		8786	1	0.10	-	0.10
			36	**242.89**	**1.53**	**241.35**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (PMBQ), Karachi	2610	13	145.08	-	145.08
02	CoC, Enforcement, CH, Karachi	2621	1	3.06	-	3.06
03		2622	5	2.04	-	2.04
		Total	**19**	**150.19**	**-**	**150.19**
		Grand Total	**55**	**393.08**	**1.53**	**391.54**

Annexure-60
[Para 7.14]

Non-recovery of adjudged revenue – Rs 286 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8391	1	16.59	-	16.59
2		8411	2	52.58	-	52.58
Sub-Total			**3**	**69.17**	**-**	**69.17**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Adjudication-I, Karachi	3235	31	71.78	-	71.78
02		3237	27	58.62	-	58.62
03	CoC, Appraisement (PMBQ), Karachi	2802		42.74	-	42.74
04		2926	2	0.25	-	0.25
05	CoC, Appraisement (West), Karachi	2641	13	153.81	148.72	5.09
06		3088	1	17.30	-	17.30
07	CoC, Enforcement, CH, Karachi	3086	2	0.06	-	0.06
08	CoC, Exports, Custom House, Karachi	2639	52	13.02	2.98	10.04
09	CoC, JIAP, Karachi	2661	3	6.64	-	6.64
10		2662	1	3.50	-	3.50
11	Directorate of Customs (I&I), Quetta	2964	1	0.49	-	0.49
Total			**133**	**368.20**	**151.70**	**216.51**
Grand Total			**136**	**437.37**	**151.70**	**285.68**

Annexure-61
[Para 7.15]

Illegal retention of goods declaration processing fees – Rs 138 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8359	1	29.58	-	29.58
2	Collectorate of Customs Appraisement Faisalabad	8473	1	0.97	-	0.97
3	Collectorate of Customs Appraisement Peshawar	8589	1	87.36	-	87.36
4	Collectorate of Customs Enforcement Multan	8492	1	7.90	-	7.90
5	Collectorate of Customs GB	8736	1	0.44	-	0.44
6	Collectorate of Customs Islamabad	8705	1	11.30	-	11.30
		Total	**6**	**137.55**	**-**	**137.55**

Annexure-62
[Para 7.16]

Irregularities in auction of vehicles/goods – Rs 109 million

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC, Appraisement (West), Karachi	3087	2	4.80	-	4.80
		3095	14	0.82	-	0.82
2	CoC, Enforcement, Custom House, Karachi	3171	1	5.96	-	5.96
		3172	1	14.84	-	14.84
		3173	1	1.18	-	1.18
		3174	3	-	-	0.00
		3175	2	-	-	0.00
		3177	1	-	-	0.00
		3178	1	-	-	0.00
		3179	1	-	-	0.00
		3183	1	-	-	0.00
3	CoC, Hyderabad	3048	2	0.184	-	0.18
4	CoC, Khuzdar	3038	1	-	-	0.00
		3039	1	-	-	0.00
		3040	1	1.050	-	1.05
		3042	1	7.002	-	7.00
		3043	1	0.525	-	0.53
		3275	1	5.325	-	5.33
5	Directorate of Customs (I&I), Quetta	2957	1	24.030	-	24.03
		2958	2	30.340	-	30.34
		2959	1	-	-	0.00
		2960	1	0.147	-	0.15
		2963	1	12.549	-	12.55
		3287	0	-	-	0.00
		3288	0	-	-	0.00
		Total	**42**	**108.74**		**108.74**
		Grand Total	**42**	**108.74**		**108.74**

<u>Annexure-63</u>
[Para 7.19]

Inordinate delay in auction of confiscated goods – Rs 60 million

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Enforcement, Custom House, Karachi	3170	2	29.16	-	29.16
02	Directorate of Customs (I&I), Quetta	2956	3	29.29	-	29.29
03		2962	2	1.07	-	1.07
	Total		**07**	**59.52**		**59.52**
	Grand Total		**07**	**59.52**		**59.52**

Annexure-64
[Para 7.20]

Non-realization of revenue on unconsumed quantity – Rs 39 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	Collectorate of Customs Appraisement Faisalabad	8443	9	36.16	-	36.16
2		8465	1	2.23	1.78	0.45
3		8467	1	1.12	-	1.12
4	Collectorate of Customs Appraisement Peshawar	8533	1	3.14	2.79	0.35
		Total	**12**	**42.66**	**4.57**	**38.08**

Annexure-65
[Para 7.21]

Non-realization of anti-dumping duty – Rs 35 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	Collectorate of Customs Appraisement, Faisalabad	8472	1	0.21	-	0.21
		Sub-Total	**1**	**0.21**	**-**	**0.21**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (East), Karachi	3107	19	12.62	9.83	2.79
02	CoC, Appraisement (SAPT), Karachi	2950	8	11.04	-	11.04
		3125	7	6.79	-	6.79
03	CoC, Appraisement (West), Karachi	3209	16	7.87	-	7.87
		3211	7	6.01	-	6.01
		Total	**57**	**44.33**	**9.83**	**34.50**
		Grand Total	**58**	**44.54**	**9.83**	**34.71**

Annexure-66
[Para 7.22]

Non/short realization of federal excise duty – Rs 30 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8328	2	2.73	-	2.73
2	Collectorate of Customs AIIA, Lahore	8221	26	22.99	-	22.99
		Sub-Total	**28**	**25.71**	**-**	**25.71**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Gwadar	3015	21	0.48	-	0.48
02		3016	19	0.19	-	0.19
03		3027	207	2.59	-	2.59
04		3030	59	1.15	-	1.15
		Total	**306**	**4.42**	**-**	**4.42**
		Grand Total	**334**	**30.13**	**-**	**30.13**

Annexure-67
[Para 7.25]

Non-realization of capital value tax – Rs 21 million

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (East), Karachi	2822	20	11.24	-	11.24
02	CoC, Appraisement (SAPT), Karachi	2833	2	1.46	-	1.46
		2834	5	1.66	-	1.66
03	CoC, Appraisement (West), Karachi	2862	14	6.45	1.45	5.00
		2863	65	4.68	4.46	0.22
		2864	26	2.92	1.93	0.99
		2871	4	0.48	0.34	0.14
		Total	**136**	**28.89**	**8.18**	**20.71**
		Grand Total	**136**	**28.89**	**8.18**	**20.71**

Annexure-68
[Para 7.27]

Non/short-realization of redemption fine and penalty - Rs 8 million

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	Collectorate of Customs Enforcement Peshawar	8596	2	1.29	-	1.29
		Sub-Total	**2**	**1.29**	**-**	**1.29**

DGAIR&C, Karachi

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC, Appraisement (West), Karachi	3110	1	1.98	-	1.98
2	CoC, Hyderabad	3133	6	0.29	-	0.29
3		3135	22	0.99	-	0.99
4	CoC, Khuzdar	3273	1	3.80	-	3.80
Total			**30**	**7.07**	**-**	**7.07**
Grand Total			**32**	**8.36**	**-**	**8.36**

Annexure-69
[Para 7.28]

Short-realization of duties and taxes due to incorrect application of exchange rate – Rs 8 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	Collectorate of Customs Enforcement D.I.Khan	8624	1	0.38	-	0.38
2		8629	3	0.57	-	0.57
3	Collectorate of Customs Enforcement Peshawar	8598	11	0.97	-	0.97
4	Directorate of Customs (I&I) Peshawar	8613	1	0.22	-	0.22
5	Directorate of Customs (I&I) Rawalpindi	8747	1	3.30	-	3.30
6		8748	4	2.31	-	2.31
		Total	**21**	**7.75**	**-**	**7.75**

Annexure-70
[Para 7.29]

Blockage of revenue due to non-encashment of financial instruments

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8432	81	-	-	-
2		8433	8	-	-	-
3		8434	25	-	-	-
4		8435	83	-	-	-
5		8436	17	-	-	-
6	CoC Appraisement (West) Lahore	8431	1	3.78	-	3.78
7	Collectorate of Customs AIIA Lahore	8252	197	65.97	-	65.97
8	Collectorate of Customs Appraisement Faisalabad	8437	40	150.96	-	150.96
9		8438	21	128.39	-	128.39
10	Collectorate of Customs Islamabad	8784	6	2.22	2.09	0.13
Sub-Total			**479**	**351.32**	**2.09**	**349.23**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Appraisement (PMBQ), Karachi	2649	63	247.68	67.79	179.88
02		2650	270	724.36	602.43	121.93
03		2647	9	279.58	-	279.58
04	CoC, Appraisement (East), Karachi	2651	577	675.68	385.26	290.42
05		2652	197	452.24	429.70	22.54

06	CoC, JIAP, Karachi	2673	15	30.18	-	30.18
07		2688	4	12.26	2.72	9.54
08		2690	6	15.28	10.86	4.41
09		2686	7	24.82	3.46	21.36
10		2687	3	25.94	-	25.94
11		2691	2	2.64	2.33	0.31
12	Directorate of Transit Trade, Karachi	2701	37	-	-	0.00
13		2702	53	-	-	0.00
14	CoC, Enforcement, Custom House, Karachi	2904	1	-	-	0.00
15	CoC, Appraisement (West), Karachi	3092	1	-	-	0.00
16		2643	896	1,219.62	176.58	1,043.04
17		3234	77	135.46	-	135.47
		Total	**1624**	**3,845.73**	**1,681.13**	**2,164.64**
		Grand Total	**2103**	**4,197.05**	**1,683.22**	**2,513.87**

Annexure-71
[Para 7.30]

Non-conduct of post-exportation audit of DTRE users

DGAIR&C, Lahore

(Rs in million)

S. No	Name of Collectorate	DP No	No. of Cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East) Lahore	8394	52	-	-	-
2		8414	21	-	-	-
3	Collectorate of Customs Appraisement Faisalabad	8441	20	-	-	-
4		8468	6	-	-	-
5		8475	7	-	-	-
			106	**-**	**-**	**-**

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Gwadar	2705	1	1711.43	-	1711.43
02		2706	1	49.06	-	49.06
03		2707	1	10.36	-	10.36
04		2708	3	-	-	-
05		2709	3	-	-	-
06	CoC, Exports PMBQ, Karachi	2908	1	65.97	23.85	42.13
07		2909	8	-	-	-

08		2911	1	3.29	-	3.29
09	CoC, Exports, Custom House, Karachi	2988	18	228.63	-	228.63
10		2990	5	-	-	-
11	CoC, Hyderabad	3141	1	9.35	-	9.35
12		3142	3	39.40	-	39.40
13		3143	1	20.24	-	20.24
14		3144	1	5.38	-	5.38
15		3147	2	-	-	-
Total			**50**	**2,143.11**	**23.85**	**2,119.26**
Grand Total			**156**	**2,143.11**	**23.85**	**2,119.26**

Annexure-72
[Para 7.32]

Non-compliance of prescribed procedures for State Warehouses

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
01	CoC, Enforcement, CH, Karachi	3184	4	-	-	0.00
		3185	1	-	-	0.00
		3192	1	-	-	0.00
		3193	1	-	-	0.00
		3202	1	-	-	0.00
		3203	1	-	-	0.00
		3205	1	-	-	0.00
		3206	1	-	-	0.00
02	CoC, Enforcement, Quetta	2980	1	-	-	0.00
		3060	1	-	-	0.00
		3062	87	917.07	-	917.08
		3064	1	775.94	-	775.94
		3065	117	11.27	-	11.28
03	CoC, Gwadar	3023	1	-	-	0.00
		3024	1	-	-	0.00
		3025	1	-	-	0.00
04	CoC, Hyderabad	3056	1	-	-	0.00
		3163	9	-	-	0.00
05	CoC, JIAP, Karachi	2678	0	-	-	0.00
06	CoC, Khuzdar	3037	1	-	-	0.00
		3041	1	-	-	0.00
		3044	1	-	-	0.00
		3045	1	-	-	0.00
		3046	1	-	-	0.00
		3274	1	-	-	0.00
07	Directorate of Customs (I&I)	3289	0	-	-	0.00

	Quetta					
08	Directorate of Customs (I&I), Gwadar	3008	1	-	-	0.00
09	Directorate of Customs (I&I), Hyderabad	3169	0	-	-	0.00
		Total	**238**	**1704.30**		**1704.30**
		Grand Total	**238**	**1704.30**		**1704.30**

<u>Annexure - 73</u>

[Para 8.1]

Inadmissible payment on account of cash reward - Rs 1,539 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1.	AEOI Lahore	21880	1	4.73
2.	RTO Lahore	21920	1	3.69
		21955	4	0.49
3.	Commissioner Appeal Lahore	21950	1	0.69
4.	FBR HQ Islamabad	22347	01	497.56
		22363	04	0.58
		22364	115	6.03
		22365	3449	579.90
5.	LTO Islamabad	22553	1	75.08
		22767	03	0.65
6.	Directorate of Customs IPR Enforcement Lahore	8289	1	2.76
7.	Collectoate of Customs Appraisement Lahore	8429	3	0.15
8.	Collectorate of Customs (Enforcement Multan)	8477	46	7.73
		8478	01	0.94
		8480	80	1.90
9.	Director I&I (Customs) Multan	8491	01	0.11
10.	Collectorate of Customs (Appraisement) Peshawar	8645	3	0.58
		8646	02	0.34
11.	Directorate of I&I Customs Peshawar	8660	05	0.25
12.	Collectorate of Customs (Enforcement) D.I.Khan	8661	01	0.50
		8664	01	0.09
		8666	26	0.05
13.	Collectorate of Customs Islamabad	8763	01	0.38
		8764	01	0.42
		8765	01	0.18
		8766	01	0.12
		8770	01	0.58
		8773	01	0.36
		Sub-Total	3756	1186.84

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount
1	CoC (Enforcement) , Quetta	1296-Exp/Cus	1	5.40
2	CoC Adjudication-II, Karachi	1092-Exp/Cus	12	1.05
3	CoC Export, PMBQ, Karachi	1077-Exp/Cus	1	10.10
4	CoC, Adjudication-I, Karachi	1084-Exp/Cus	1	0.66
5	CoC, Appraisement (WEST), Karachi	1295-Exp/Cus	1	0
6	CoC, Appraisement , Quetta	1148-Exp/Cus	1	18.28
7	CoC, JIAP, Karachi	1143-Exp/Cus	1	30.18
8	Commissioner-IR, Appeal, Hyderabad	1110-Exp/IR	1	0.9 3
9	DG Customs Academy Karachi	1236-Exp/Cus	1	9.12
10	Director I&I, Quetta	984-Exp/Cus	19	5.48
11	Director Reforms & Automation, Karachi	1262-Exp/Cus	1	1.84
12	Directorate of Customs, Risk Management, Karachi	961-Exp/Cus	1	1.07
13	Directorate of Internal Audit-Customs, Karachi	1171-Exp/Cus	1	3.14
14	MCC Enforcement, Karachi	1220-Exp/Cus	1	8.70
15	DG Customs Valuation, Karachi	1132-Exp/Cus	1	11.90
18	Director IOCO, Karachi	1268-Exp/Cus	1	0.48
19	MTO Karachi	1054-Exp/IR	1	10.14
20	CTO, Karachi	1082-Exp/IR	1	126.91
21	RTO Hyderabad	1072-Exp/IR	1	66.31
22	RTO-I, Karachi	1020-Exp/IR	1	24.48
23	RTO-II Karachi.	1042-Exp/IR	1	5.69
24	Directorate I & I Hyderabad (IRS)	1064-Exp/IR	1	4.24
25	Commissioner Anti-Benami Initiative, Karachi	1114-Exp/IR	1	4.45
		971-Exp/IR	1	1.60
		Sub-Total	**53**	**352.15**
		Grand Total	**3809**	**1538.99**

Annexure -74
[Para 8.2]

Irregular expenditure due to non-observance of Public Procurement Rules - Rs 827 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1.	Commissioner Appeal 1 Lahore	21824	01	1.00
2.	AEOI Lahore	21888	01	0.00
3.	LTO Lahore	22065	01	0.50
4.	FBR HQ Islamabad	22344	01	1.165
		22349	01	57.93
		22353	01	579.25
5.	DG I&I (IR) Islamabad	22367	03	0.18
6.	LTO Multan	22552	01	0.89
7.	CTO Lahore	22689	01	3.07
8.	LTO Islamabad	22766	01	0.84
9.	Collector of Customs AIIA, Lahore	8260	01	3.29
10.	Directorate of Customs IOCO, Lahore	8283	01	1.00
11.	DOT Customs Lahore	8293	01	2.47
12.	Collectorate of Customs E&C Lahore	8301	01	1.78
13.	Collectorate of Customs, (Adjudication) Lahore	8308	01	0.30
14.	Collectorate of Customs, Appraisement (East) Lahore	8415	01	0.13
		8416	01	0.50
		8417	02	0.13
15.	Collectorate of Customs Enforcement Multan	8479	01	2.92
		8483	1	0.37
16.	Directorate of I&I Customs Multan	8489	07	1.98
17.	Collectorte of Customs (Enforcement) Peshawar	8644	1	0.05
18.	Collectorte of Customs (Enforcement) D.I.Khan	8662	1	0.61
		8663	1	1.24
		Sub-Total	**33**	**661.59**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount
1	Chief Collector of Customs, Quetta	1054-Exp/Cus	1	0.00
		1055-Exp/Cus	1	0.00
		1056-Exp/Cus	1	0.00
		1057-Exp/Cus	1	0.00
		1058-Exp/Cus	1	0.00
2	CoC (Enforcement) , Quetta	1297-Exp/Cus	2	3.08
		1300-Exp/Cus	1	5.52
		1308-Exp/Cus	1	0.00
3	CoC Export, C.H, Karachi	1001-Exp/Cus	1	0.07
		1314-Exp/Cus	1	0.00
		1315-Exp/Cus	1	0.00
		1316-Exp/Cus	1	0.00
		1317-Exp/Cus	1	0.00
		1318-Exp/Cus	1	0.00
		995-Exp/Cus	1	2.00
		996-Exp/Cus	2	0.93
4	CoC Export, PMBQ, Karachi	1070-Exp/Cus	1	0.82
		1071-Exp/Cus	2	0.70
		1074-Exp/Cus	1	0.00
		1075-Exp/Cus	1	0.00
		1079-Exp/Cus	1	0.50
5	CoC, Appraisement (WEST), Karachi	1279-Exp/Cus	3	3.92
		1280-Exp/Cus	3	0.00
		1290-Exp/Cus	7	0.00
6	CoC, Appraisement , Quetta	1157-Exp/Cus	3	2.17
7	CoC, JIAP, Karachi	1141-Exp/Cus	1	3.04
		1147-Exp/Cus	1	0.00
8	Collectorate of Customs (Adjudication), Quetta	1044-Exp/Cus	1	0.00
		1047-Exp/Cus	2	0.00
		1048-Exp/Cus	1	0.00
		1049-Exp/Cus	1	0.00
		1050-Exp/Cus	1	0.00
		1334-Exp/Cus	1	0.00
9	Collectorate of Customs , Appeals, Karachi	956-Exp/Cus	1	0.02
		957-Exp/Cus	1	0.03
10	DG Customs Academy Karachi	1239-Exp/Cus	1	3.34
		1240-Exp/Cus	1	1.30
		1244-Exp/Cus	1	0.54
		1248-Exp/Cus	1	0.00
11	DG IOCO Karachi	1275-Exp/Cus	2	0.23

12	DG of PCA and Internal Audit Karachi	1116-Exp/Cus	1	0.00
13	Director I&I Gwadar	1168-Exp/Cus	2	1.05
14	Director I&I, Hyderabad	1040-Exp/Cus	1	0.57
		1041-Exp/Cus	1	0.00
		1042-Exp/Cus	1	0.00
		1043-Exp/Cus	1	0.00
15	Director I&I, Karachi	1186-Exp/Cus	1	0.04
		1189-Exp/Cus	1	0.00
16	Director I&I, Quetta	992-Exp/Cus	5	0.16
17	Director Reforms & Automation, Karachi	1252-Exp/Cus	1	2.24
		1253-Exp/Cus	1	1.60
		1256-Exp/Cus	1	0.40
		1259-Exp/Cus	1	0.00
		1260-Exp/Cus	5	3.03
		1261-Exp/Cus	1	0.00
		1263-Exp/Cus	1	0.00
		1265-Exp/Cus	1	0.00
18	Director Transit Trade Karachi	1319-Exp/Cus	1	0.00
		1320-Exp/Cus	1	0.00
		1321-Exp/Cus	1	0.00
19	Director Transit Trade Karachi (HQ)	1117-Exp/Cus	1	0.00
		1118-Exp/Cus	1	0.00
		1119-Exp/Cus	1	0.00
		1322-Exp/Cus	1	0.00
		1323-Exp/Cus	1	0.00
20	Director Transit Trade Karachi (Operation)	1324-Exp/Cus	1	0.00
		1325-Exp/Cus	1	0.00
		1326-Exp/Cus	1	0.00
		1327-Exp/Cus	1	0.00
21	Director Transit Trade, Gwader	1123-Exp/Cus	1	0.00
22	Director Transit Trade, Quetta	1017-Exp/Cus	38	0.00
		1328-Exp/Cus	1	0.00
		1329-Exp/Cus	1	0.01
		1330-Exp/Cus	1	0.01
		1331-Exp/Cus	1	0.00
		1332-Exp/Cus	1	0.00
		1333-Exp/Cus	1	0.00
23	Director, Transit Trade, Gwadar	943-Exp/Cus	2	0.16
24	Directorate of Customs, IPR, Karachi	1343-Exp/Cus	1	0
25	Directorate of Customs, Risk Management, Karachi	1344-Exp/Cus	1	0.00
		1348-Exp/Cus	1	0.00
		1350-Exp/Cus	1	0.00

		960-Exp/Cus	11	1.52
		965-Exp/Cus	1	0.23
		973-Exp/Cus	1	0.04
26	IPR Enforcement (South), Karachi	934-Exp/Cus	16	1.30
		936-Exp/Cus	9	0.70
		937-Exp/Cus	1	0.52
27	MCC Appraisement (East), Karachi	1198-Exp/Cus	1	16.08
		1200-Exp/Cus	1	0.81
		1201-Exp/Cus	1	0.79
		1202-Exp/Cus	1	0.70
		1206-Exp/Cus	1	0.00
28	MCC Enforcement, Karachi	1209-Exp/Cus	1	0.63
		1212-Exp/Cus	9	0.00
		1221-Exp/Cus	2	0.34
		1230-Exp/Cus	1	2.40
		1232-Exp/Cus	1	0.00
		1233-Exp/Cus	1	0.00
		1234-Exp/Cus	1	0.00
		1235-Exp/Cus	12	0.00
29	MCC Hyderabad	1033-Exp/Cus	1	0.19
		1034-Exp/Cus	4	0.00
		1035-Exp/Cus	1	0.00
		1036-Exp/Cus	1	0.00
		1037-Exp/Cus	1	0.00
30	MTO Karachi	1057-Exp/IR	1	0.79
		1059-Exp/IR	1	0.37
		1060-Exp/IR	1	0.23
		1172-Exp/IR	1	0.20
		1179-Exp/IR	1	0.00
		1181-Exp/IR	2	0.00
		1182-Exp/IR	1	0.00
31	RTO Hyderabad	1073-Exp/IR	2	1.47
		1075-Exp/IR	1	0.53
		1185-Exp/IR	1	0.29
32	RTO Sukkur	1000-Exp/IR	1	1.16
		1002-Exp/IR	1	1.41
		1004-Exp/IR	1	5.22
		1005-Exp/IR	1	16.66
		1006-Exp/IR	1	2.77
		1008-Exp/IR	1	0.04
		1009-Exp/IR	1	0.07
		1012-Exp/IR	1	0.00
		1013-Exp/IR	1	0.39
33	RTO-I, Karachi	1021-Exp/IR	1	2.53

		1022-Exp/IR	1	2.09
		1023-Exp/IR	1	1.50
		1025-Exp/IR	1	1.13
		1032-Exp/IR	1	0.22
		1152-Exp/IR	5	0.00
		1153-Exp/IR	1	0.00
		1155-Exp/IR	5	0.00
34	RTO-II Karachi.	1045-Exp/IR	1	0.95
		1047-Exp/IR	1	0.53
		1050-Exp/IR	1	0.32
35	Commissioner-IR, Appeal, Hyderabad	1135-Exp/IR	1	0.39
		1136-Exp/IR	1	0.11
		1138-Exp/IR	1	0.04
		1139-Exp/IR	1	0.04
		1141-Exp/IR	1	0.02
		1143-Exp/IR	1	0.01
		1144-Exp/IR	1	0.01
		1145-Exp/IR	1	0.00
		1146-Exp/IR	1	0.01
		1147-Exp/IR	1	0.00
		1148-Exp/IR	1	0.00
		1149-Exp/IR	1	0.00
		994-Exp/IR	1	0.46
		996-Exp/IR	1	0.03
		997-Exp/IR	50	0.00
		998-Exp/IR	1	0.00
		999-Exp/IR	1	0.00
36	Commissioner Anti-Benami Initiative, Karachi	1115-Exp/IR	5	4.40
		1116-Exp/IR	1	1.83
		1119-Exp/IR	1	1.24
		1121-Exp/IR	1	0.73
		1122-Exp/IR	1	0.67
		1123-Exp/IR	1	0.50
		1124-Exp/IR	1	0.46
		1125-Exp/IR	1	0.44
		1126-Exp/IR	1	0.44
		1127-Exp/IR	1	0.44
		1128-Exp/IR	1	0.38
		1129-Exp/IR	1	0.37
		1131-Exp/IR	1	0.27
		1132-Exp/IR	1	0.27
		1133-Exp/IR	1	0.23
		1134-Exp/IR	1	0.18
		1167-Exp/IR	1	0.00

		967-Exp/IR	1	5.14
		969-Exp/IR	1	2.78
		972-Exp/IR	1	1.50
		974-Exp/IR	1	1.20
		975-Exp/IR	1	1.14
		976-Exp/IR	1	1.00
		977-Exp/IR	1	0.66
		978-Exp/IR	1	0.50
		981-Exp/IR	1	0.14
37	Commissioner-IR, Automatic Exchange of Information, Karachi	1016-Exp/IR	1	2.35
		985-Exp/IR	1	1.85
		986-Exp/IR	1	1.50
		987-Exp/IR	1	1.44
		988-Exp/IR	1	1.40
		990-Exp/IR	1	1.14
38	CTO, Karachi	1081-Exp/IR	1	8.15
		1083-Exp/IR	1	0.00
		1084-Exp/IR	1	2.11
		1086-Exp/IR	1	8.38
		1088-Exp/IR	1	0.00
		1089-Exp/IR	1	0.00
		1094-Exp/IR	1	0.97
39	Directorate I & I Hyderabad (IRS)	1067-Exp/IR	1	0.47
		1068-Exp/IR	1	0.26
		1169-Exp/IR	4	0.01
		1170-Exp/IR	1	0.00
		1183-Exp/IR	1	0.00
		1184-Exp/IR	1	0.00
40	Directorate I & I Karachi (IRS)	1159-Exp/IR	1	0.00
		1160-Exp/IR	1	0.00
41	LTO, Karachi	1103-Exp/IR	1	0.00
		1106-Exp/IR	1	0.22
		1107-Exp/IR	1	2.23
		Sub-Total	**389**	**165.11**
		Grand Total	**422**	**826.70**

Annexure-75
[Para 8.3]

Inadmissible expenditure on account of pay and allowances - Rs 249 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered / Not due	Balance
1.	RTO Lahore	21952	01	1.04	0	1.04
		21954	17	0.53	0	0.53
2.	RTO Gujranwala	22050	45	0.31	0.27	0.04
		22051	04	0.29	0	0.29
3.	CTO Islamabad	22128	01	0.54	0	0.54
4.	RTO Sialkot	22199	18	1.18	0	1.18
		22201	01	0.34	0	0.34
		22202	60	0.23	0	0.23
5.	RTO Faisalabad	22279	58	0.65	0.02	0.63
		22283	100	0.30	0.06	0.24
6.	FBR HQ Islamabad	22334	05	2.92	1.6	1.32
		22338	07	0.23	0	0.23
		22339	17	0.39	0	0.39
		22352	08	205.50	0	205.50
		22362	01	0.18	0	0.18
		22373	03	0.05	0	0.05
7.	DG I&I Islamabad	22370	02	0.07	0	0.07
		22374	02	0.03	0	0.03
		22378	44	5.71	0	5.71
8.	RTO Peshawar	22385	43	0.15	0.13	0.02
		22390	01	0.04	0.02	0.02
9.	Director I&I (IR) Lahore	22490	03	0.12	0	0.12
10.	Directorate of Internal Audit Lahore	22492	01	0.49	0	0.49
		22494	01	0.15	0	0.15
11.	RTO Multan	22547	02	0.51	0.09	0.42
		22549	01	0.32	0	0.32
		22550	02	0.16	0.10	0.06
12.	CTO Lahore	22690	01	1.15	0.08	1.07
		22695	33	0.12	0	0.12
		22696	01	0.11	0	0.11
		22699	01	0.06	0	0.06
13.	LTO Islamabad	22771	05	0.12	0	0.12

		22772	02	0.10	0	0.10
14.	Collectorate of Customs AIIA, Lahore	8263	07	0.42	0	0.42
		8265	01	0.12	0	0.12
		8267	02	0.11	0.07	0.05
15.	Director I&I Customs Lahore	8270	08	0.84	0.31	0.53
16.	Directorate of Customs IOCO, Lahore	8286	01	2.37	0.04	2.33
17.	Collectorate f Customs (Appeals) Lahore	8309	01	0.79	0	0.79
18.	Collectorate of Customs, Appraisement (East) Lahore	8425	02	0.07	0.01	0.06
		8426	01	0.71	0	0.71
		8427	01	0.20	0	0.20
19.	Collectorate of Customs (Appraisement) Faisalabad	8455	01	1.22	0.08	1.14
		8456	01	0.57	0.02	0.55
		8458	01	0.59	0.13	0.46
20.	Collectorate of Customs (Enforcement) Multan	8485	18	0.19	0.01	0.18
21.	Collectorate of Customs (Appraisement) Peshawar	8653	01	0.13	0.02	0.11
		8654	14	0.06	0	0.06
22.	Collectorate of Customs (Enforcement) D.I Khan	8670	01	0.81	0	0.81
23.	Collector of Customs Gilgat Baltistan	8744	06	0.13	0	0.13
24.	Directorate I&I (Customs) Rawalpindi	8755	03	0.35	0	0.35
25.	DG I&I (Customs) Islamabad	8758	02	0.14	0.01	0.13
26.	Collectorate of Customs Islamabad	8772	03	0.16	0.02	0.14
Sub-Total			**566**	**234.07**	**3.09**	**230.99**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount Recovered/ Not due	Balance Amount
1	CoC Export, C.H, Karachi	1000-Exp/Cus	1	0.13	-	0.13
		1002-Exp/Cus	1	0.05	-	0.05
		1003-Exp/Cus	1	0.03	-	0.03
		1004-Exp/Cus	1	0.01	-	0.01
2	CoC, Appraisement (WEST), Karachi	1288-Exp/Cus	18	0.20	-	0.20
		1292-Exp/Cus	2	0.55	-	0.55
3	CoC, Appraisement , Quetta	1155-Exp/Cus	1	0.56	-	0.56
4	DG of PCA and Internal Audit Karachi	1112-Exp/Cus	1	0.06	-	0.06
5	CoC, JIAP, Karachi	1142-Exp/Cus	10	0.38	-	0.38
		1144-Exp/Cus	1	0.25	0.12	0.13
6	DG Customs Valuation, Karachi	1130-Exp/Cus	6	0.39	-	0.39
		1131-Exp/Cus	2	2.21	-	2.21
7	Director I&I, Karachi	1179-Exp/Cus	1	0.01	-	0.01
		1178-Exp/Cus	1	0.02	-	0.02
8	Director I&I, Quetta	1311-Exp/Cus	2	0.01	-	0.01
9	Director Reforms & Automation, Karachi	1264-Exp/Cus	7	0.01	-	0.01
		1255-Exp/Cus	6	0.34	-	0.34
10	Director Transit Trade Karachi (Operation)	1013-Exp/Cus	4	0.04	-	0.04
		1014-Exp/Cus	1	0.06	-	0.06
		1015-	1	0.08	-	0.08

		Exp/Cus				
11	MCC Appraisement (East), Karachi	1204-Exp/Cus	9	0.02	-	0.02
		1203-Exp/Cus	2	0.01	-	0.01
12	MCC Enforcement, Karachi	1207-Exp/Cus	5	0.17	-	0.17
		1208-Exp/Cus	16	0.79	0.42	0.37
		1210-Exp/Cus	1	0.43	-	0.43
		1213-Exp/Cus	1	0.10	-	0.10
		1214-Exp/Cus	11	0.24	-	0.24
		1215-Exp/Cus	11	0.17	-	0.17
		1216-Exp/Cus	10	0.00	-	0.00
		1217-Exp/Cus	1	0.24	-	0.24
		1218-Exp/Cus	1	0.01	-	0.01
		1219-Exp/Cus	4	0.01	-	0.01
		1222-Exp/Cus	1	0.02	-	0.02
		1227-Exp/Cus	4	1.03	-	1.03
		1228-Exp/Cus	26	0.14	-	0.14
13	MCC Hyderabad	1025-Exp/Cus	4	0.20	-	0.20
		1026-Exp/Cus	1	0.06	-	0.06
		1027-Exp/Cus	43	0.12	-	0.12
		1028-Exp/Cus	43	0.30	-	0.30
		1029-Exp/Cus	43	0.50	-	0.50
		1030-Exp/Cus	4	0.01	-	0.01
14	LTO, Karachi	1101-Exp/IR	10	0.34	0.02	0.32

15	MTO Karachi	1063-Exp/IR	1	0.01	-	0.01
		1171-Exp/IR	1	0.28	-	0.28
		1173-Exp/IR	1	0.10	-	0.10
		1175-Exp/IR	1	0.03	-	0.03
		1176-Exp/IR	1	0.02	-	0.02
		1178-Exp/IR	1	0.01	-	0.01
16	RTO Hyderabad	1077-Exp/IR	10	0.05	-	0.05
		1078-Exp/IR	60	0.04	-	0.04
		1187-Exp/IR	1	0.01	-	0.01
		1188-Exp/IR	1	0	-	0
17	RTO-I, Karachi	1026-Exp/IR	1	1.10	-	1.10
		1150-Exp/IR	1	0.08	-	0.08
18	RTO-II Karachi.	1044-Exp/IR	1	1.34	-	1.34
		1046-Exp/IR	1	0.91	-	0.91
		1053-Exp/IR	1	0.03	-	0.03
19	Commissioner-IR, Appeal, Hyderabad	1109-Exp/IR	1	0.82	-	0.82
		1111-Exp/IR	1	0.54	-	0.54
		1112-Exp/IR	3	0.41	-	0.41
		1113-Exp/IR	10	0.54	-	0.54
		1142-Exp/IR	1	0.02	-	0.02
20	Commissioner Anti-Benami Initiative, Karachi	1118-Exp/IR	1	0.79	-	0.79
		1166-Exp/IR	1	0.06	-	0.06
21	CTO, Karachi	1087-	79	0.24	-	0.24

		Exp/IR				
		1092-Exp/IR	2	0.18	-	0.18
22	Directorate I & I Karachi (IRS)	1037-Exp/IR	1	0.40	-	0.40
		1040-Exp/IR	1	0.15	0.13	0.02
		1157-Exp/IR	3	0.02	-	0.02
		Sub-Total	**506**	**18.48**	**0.68**	**17.79**
		Grand Total	**1073**	**252.66**	**3.89**	**248.76**

<u>Annexure-76</u>
[Para 8.4]

Irregular expenditure on POL and unauthorized use of official vehicles
Rs 212 million

DGAIR&C, Lahore

(Rs in million)

S. No	Office	DP No	No of cases	Amount	Amount recovered	Balance Amount
1.	AEOI Lahore	21881	01	1.58	-	1.58
		21884	01	0.45	-	0.45
2.	LTO Lahore	22062	01	0.45	-	0.45
3.	FBR HQ Islamabad	22336	01	7.00	-	7.00
		22357	01	3.30	-	3.30
4.	DG I&I (IR) Islamabad	22380	01	3.60	-	3.60
5.	DG I&I (IR) Lahore	22484	01	5.10	-	5.10
		22485	01	0.65	-	0.65
6.	RTO Multan	22551	01	0.13	-	0.13
7.	LTO Islamabad	22686	01	9.22	-	9.22
8.	CTO Lahore	22697	01	0.10	0.02	0.08
9.	Directorate of Customs IOCO, Lahore	8284	05	2.02	-	2.02
10.	Directorate of IPR, Enforcement Customs Lahore	8288	01	1.40	-	1.40
11.	Directorate of PCA, Customs Lahore	8294	08	11.16	-	11.16
		8296	01	1.29	-	1.29
12.	Chief Collector (Enforcement) Lahore	8298	02	1.95	-	1.95
13.	Chief collector (Appraisement),Lahore	8300	02	1.83	-	1.83
14.	Collectorate of Customs, (Enforcement) Lahore	8305	33	16.70	-	16.70
15.	Collectorate of Customs Adjudication Lahore	8307	04	2.19	-	2.19
16.	Collectorate of	8310	01	1.75	-	1.75

	Customs Appeal Lahore					
17.	Collectorate of Customs (Appraisement) Lahore	8422	04	1.31	-	1.31
		8428	20	0.37	-	0.37
18.	Collectorate of Customs, Appraisement (East) Lahore	8424	01	0.75	-	0.75
19.	Collectorate of Customs (Appraisement) Faisalabad	8454	01	3.00	-	3.00
20.	Collectorate of Customs (Appraisement) Multan	8481	06	4.25	-	4.25
21.	Directorate of I&I (Customs) Multan	8488	02	2.91	-	2.91
22.	Collectorate of Customs (Enforcement) Peshawar	8637	05	1.89	-	1.89
23.	Collectorate of Customs (Appraisement) Peshawar	8648	05	0.96	-	0.96
24.	Directorate of I&I (Customs) Peshawar	8658	02	0.83	-	0.83
25.	Collectorate of Customs (Enforcement) D.I Khan	8665	04	2.44	-	2.44
26.	Collectorate of Customs Gilgit Baltistan	8738	09	4.02	-	4.02
		8741	01	0.27	-	0.27
27.	Directorate I&I (Customs) Rawalpindi	8752	15	3.42	-	3.42
28.	Collectorate of Customs Islamabad	8771	01	7.40	-	7.40
		Sub-Total	**144**	**105.69**	**0.02**	**105.67**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount Recovered/ Not due	Balance Amount
1	Chief Collector of Customs, Quetta	1052-Exp/Cus	2	0.00	-	0.00
2	CoC (Enforcement) , Quetta	1298-Exp/Cus	1	19.11	-	19.11
		1299-Exp/Cus	1	0.00	-	0.00
		1303-Exp/Cus	9	0.99	-	0.99
		1306-Exp/Cus	2	0.00	-	0.00
3	CoC Export, PMBQ, Karachi	1076-Exp/Cus	1	2.03	-	2.03
		1081-Exp/Cus	5	2.96	-	2.96
4	CoC, Appraisement (WEST), Karachi	1287-Exp/Cus	7	2.72	-	2.72
5	CoC, JIAP, Karachi	1139-Exp/Cus	4	0.17	-	0.17
		1140-Exp/Cus	3	1.49	-	1.49
6	DG Customs Valuation, Karachi	1129-Exp/Cus	2	3.92	-	3.92
7	Director I&I Gwadar	1163-Exp/Cus	4	0.21	-	0.21
8	Director I&I, Hyderabad	1038-Exp/Cus	4	2.38	-	2.38
		1039-Exp/Cus	1	0.20	-	0.20
9	Director I&I, Karachi	1185-Exp/Cus	1	0.87	-	0.87
10	Director I&I, Quetta	986-Exp/Cus	13	1.36	-	1.36
11	Director Reforms & Automation, Karachi	1254-Exp/Cus	1	0.90	-	0.90
		1257-Exp/Cus	1	0.45	-	0.45

12	Directorate of Customs, IPR, Karachi	978-Exp/Cus	1	1.64	-	1.64
13	Directorate of Customs, Risk Management, Karachi	962-Exp/Cus	2	0.89	-	0.89
		963-Exp/Cus	1	0.42	-	0.42
14	IPR Enforcement (South), Karachi	932-Exp/Cus	9	1.50	-	1.50
15	MCC Enforcement, Karachi	1223-Exp/Cus	1	0.39	-	0.39
		1225-Exp/Cus	1	1.79	-	1.79
16	MCC Hyderabad	1022-Exp/Cus	15	5.95	-	5.95
		1031-Exp/Cus	1	0.81	-	0.81
17	MTO Karachi	1055-Exp/IR	1	3.84	-	3.84
18	RTO Hyderabad	1079-Exp/IR	3	0.00	-	0.00
		1080-Exp/IR	1	5.07	-	5.07
19	RTO Sukkur	1003-Exp/IR	1	4.20	-	4.20
20	RTO-I, Karachi	1028-Exp/IR	1	0.67	-	0.67
21	RTO-II Karachi.	1041-Exp/IR	1	6.95	-	6.95
22	Commissioner Anti-Benami Initiative, Karachi	1117-Exp/IR	1	1.78	-	1.78
		1165-Exp/IR	1	0.00	-	0.00
		968-Exp/IR	1	3.34	-	3.34
23	Commissioner-IR, Automatic Exchange of Information, Karachi	1015-Exp/IR	1	1.33	-	1.33
24	CTO, Karachi	1090-Exp/IR	1	4.67	-	4.67
		1091-	1	4.67	-	4.67

		Exp/IR				
		1095-Exp/IR	4	0.63	-	0.63
25	Directorate I & I Hyderabad (IRS)	1065-Exp/IR	1	1.87	-	1.87
26	Directorate I & I Karachi (IRS)	1036-Exp/IR	1	0.61	-	0.61
27	LTO, Karachi	1108-Exp/IR	1	14.00	-	14.00
		Sub-Total	**114**	**106.78**	**-**	**106.78**
		Grand Total	**258**	**212.47**	**0.02**	**212.45**

Annexure-77
[Para 8.5]

Excess/inadmissible expenditure – Rs 80 million

DGAIR&C, Lahore

(Rs in million)

S. No	Office	DP No	No of cases	Amount
1.	LTO Lahore	22064	01	0.61
2.	CTO Islamabad	22130	01	0.50
		22134	01	0.26
3.	RTO Faisalabad	22282	01	0.40
		22285	01	0.21
4.	FBR HQ Islamabad	22343	01	26.03
5.	LTO Islamabad	22631	01	14.19
		22764	01	2.29
		22768	01	0.41
		22769	01	0.33
6.	Directorate of PCA, Customs Lahore	8295	01	2.54
7.	Collectorate of Customs E&C Lahore	8302	01	1.16
		8304	01	1.17
8.	Collectorate of Customs, Appraisement (East) Lahore	8418	01	0
9.	Collectorate of Customs Enforcement, Multan	8484	01	0.20
10.	Collectorate of Customs (Enforcement) D.I Khan	8668	01	0.18
Sub-Total			**16**	**50.48**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount
1	CoC (Enforcement) , Quetta	1304-Exp/Cus	4	0.00
2	CoC, Gwadar	1194-Exp/Cus	3	4.49
3	CoC, JIAP, Karachi	1138-Exp/Cus	1	1.03
4	DG Customs Academy Karachi	1241-Exp/Cus	1	2.40
5	RTO Sukkur	1007-Exp/IR	1	21.59
6	Commissioner-IR, Appeal, Hyderabad	1137-Exp/IR	1	0.10
Sub-Total			**11**	**29.61**
Grand Total			**27**	**80.09**

Annexure-78
[Para 8.6]

Unauthorized disbursement of funds in cash - Rs 77 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered / Not due	Balance Amount
1.	FBR HQ Islamabad	22358	668	18.11	-	18.11
2.	DG I&I (IR) Islamabad	22371	01	9.31	-	9.31
3.	Collectorate of Customs (Enforcement) Peshawar	8643	02	0.09	0.01	0.08
		Sub-Total	**671**	**27.51**	**0.01**	**27.50**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount Recovered / Not due	Balance Amount
1	RTO Sukkur	1010-Exp/IR	1	8.19	-	8.19
2	CoC (Enforcement) , Quetta	1302-Exp/Cus	6	41.79	-	41.79
		Sub-Total	**7**	**49.98**		**49.98**
		Grand Total	**678**	**77.49**		**77.48**

Annexure-79

[Para 8.7]

Non-deduction of tax on payment of goods and services - Rs 56 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered/ Not due	Balance
1.	LTO Lahore	22061	01	18.92	-	18.92
2.	RTO Sialkot	22206	01	0.02	-	0.02
3.	FBR HQ Islamabad	22350	02	0.48	-	0.48
		22366	48	27.05	-	27.05
4.	DG I&I (IR) Islamabad	22377	03	0.25	-	0.25
5.	LTO Islamabad	22687	01	7.51	-	7.51
6.	Director I&I (Customs) Lahore	8271	17	0.11	0.04	0.07
7.	Collectorate of Customs (Appraisement) Peshawar	8649	7	0.32	-	0.32
		8651	8	0.08	-	0.08
8.	Collectorate of Customs (Enforcement) D.I.Khan	8667	6	0.10	-	0.10
9.	Collectorate of Customs Islamabad	8762	04	1.27	-	1.27
		Sub-Total	**98**	**56.11**	**0.04**	**56.07**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount Recovered/ Not due	Balance Amount
1	Directorate I & I Karachi (IRS)	1156-Exp/IR	1	0.07	-	0.07
		Sub-Total	**1**	**0.07**	**-**	**0.07**
		Grand Total	**108**	**56.18**	**0.04**	**56.14**

Annexure-80

[Para 8.8]

Un-authorized payment to contingent paid / Daily wagers staff - Rs 44 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Balance
1.	FBR HQ Islamabad	22359	07	2.19
		22360	97	28.87
2.	DG I&I (IR) Islamabad	22379	06	0.95
3.	Collectorate of Customs (appraisement) Peshawar	8647	06	2.00
4.	Directorate I&I Customs Peshawar	8657	03	0.96
5.	Collectorate of Customs Gilgit Baltistan	8740	03	0.94
		8742	03	0.80
		8745	01	0.11
6.	Director I&I (Customs) Rawalpindi	8753	07	2.62
7.	Director General I&I (Customs) Islamabad	8757	01	2.97
8.	Collectorate of Customs Islamabad	8768	05	1.68
		Total	**139**	**44.09**

Annexure-81
[Para 8.9]

Inadmissible payment of hired residential accommodations – Rs 17 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered / Not due	Amount
1.	FBR HQ Islamabad	22351	01	0.37	-	0.37
2.	DG I&I (IR) Islamabad	22376	01	0.40	-	0.40
3.	RTO Peshawar	22383	30	0.78	0.11	0.67
		22388	01	0.24	-	0.24
4.	RTO Multan	22392	03	0.05	0.01	0.04
5.	Director I&I(IR) Lahore	22487	05	0.22	-	0.22
		22491	06	0.07	-	0.07
6.	Chief Collector Enforcement Lahore	8299	01	0.50	-	0.50
7.	Collectorate of Customs (Appraisement) Peshawar	8650	03	0.12	0.01	0.11
	Sub-Total		**51**	**2.75**	**0.13**	**2.62**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount Recovered/ Not due	Balance Amount
1	CoC, Appraisement , Quetta	1151-Exp/Cus	11	1.39	-	1.39
2	Directorate of Internal Audit-Customs, Karachi	1170-Exp/Cus	1	0.03	-	0.03
3	Director I&I,	985-	2	4.11	-	4.11

	Quetta	Exp/Cus				
4	MTO Karachi	1174-Exp/IR	1	0.05	-	0.05
5	RTO-I, Karachi	1030-Exp/IR	1	0.38	-	0.38
		1033-Exp/IR	1	0.14	-	0.14
6	RTO-II Karachi.	1049-Exp/IR	1	0.38	-	0.38
		1051-Exp/IR	1	0.14	-	0.14
		1052-Exp/IR	1	0.05	-	0.05
7	Commissioner Anti-Benami Initiative, Karachi	980-Exp/IR	1	0.16	-	0.16
		982-Exp/IR	1	0.14	-	0.14
8	Commissioner-IR, Automatic Exchange of Information, Karachi	993-Exp/IR	1	0.63	-	0.63
		983-Exp/IR	1	6.41	-	6.41
Sub-Total			**24**	**14.01**	**-**	**14.01**
Grand Total			**75**	**16.85**	**0.13**	**16.63**

Annexure-82
[Para 8.11]

Non-recovery of loans/advances and interest from employees – Rs 13 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered / not due	Balance Amount
1.	RTO Lahore	21953	23	3.02	0	3.02
2.	RTO Gujranwala	22048	01	0.49	0.03	0.45
		22049	08	0.51	0.21	0.30
		22448	15	0.36	0.20	0.16
3.	RTO Sialkot	22198	08	2.92	0	2.92
4.	FBR HQ Islamabad	22354	15	2.30	0	2.30
5.	DG I&I (IR) Islamabad	22368	06	0.43	0	0.43
6.	RTO Peshawar	22384	03	0.72	0	0.72
		22386	01	0.14	0.01	0.13
		22387	01	0.10	0	0.10
7.	Director I&I (IR) Peshawar	22391	03	0.21	0.01	0.20
8.	Director I&I (IR) Lahore	22488	01	0.15	0	0.15
9.	RTO Multan	22545	04	1.17	0.31	0.86
10.	CTO Lahore	22693	01	0.30	0.08	0.22
11.	Collectorte of Customs Gilgit Baltistan	8743	01	0.16	0	0.16
12.	Director I&I (Customs) Rawalpindi	8754	02	1.18	0.76	0.42
13.	Collectorate of Customs Islamabad	8769	03	0.93	0	0.93
		Sub-Total	**96**	**15.09**	**1.62**	**13.47**

Annexure-83
[Para 8.12]

Irregular expenditure due to mis-classification of head of account – Rs 14 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1.	LTO, Lahore	22066	01	2.10
2.	FBR HQ Islamabad	22361	01	7.04
3.	DG I&I (IR) Islamabad	22375	01	0.05
4.	Directorate of Customs IOCO, Lahore	8287	01	0.25
Sub-Total			**04**	**9.44**

DGAIR&C, Karachi (Rs in million)

S. No	Office	DP No	Number of Cases	Balance Amount
1	Chief Collector, Customs Enforcement, (South), Karachi	949-Exp/Cus	1	0.01
2	Chief Collector, Customs Appraisement, (South), Karachi	952-Exp/Cus	1	0.07
3	Directorate of Customs, IPR, Karachi	983-Exp/Cus	1	0.02
4	Collectorate of Customs (Adjudication), Quetta	1051-Exp/Cus	1	0.03
5	CoC Export, PMBQ, Karachi	1082-Exp/Cus	1	0.04
6	MCC Appraisement (East), Karachi	1199-Exp/Cus	2	0.45
7	MCC Enforcement, Karachi	1211-Exp/Cus	2	2.10
8	Collectorate of Customs , Appeals, Karachi	1335-Exp/Cus	1	0.00
9	RTO-II Karachi.	1043-Exp/IR	1	1.78
10	LTO, Karachi	1105-Exp/IR	1	0.13
11	Directorate I & I Hyderabad (IRS)	1168-Exp/IR	1	0.07
12	RTO Hyderabad	1186-Exp/IR	1	0.04
		Sub-Total	**14**	**4.74**
		Grand Total	**18**	**14.18**

Annexure-84
[Para 8.13]

Non-disposal of condemned vehicles and un-serviceable store items - Rs 4 million

DGAIR&C, Lahore

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount Recovered/ Not due	Balance Amount
1	RTO Peshawar	22389	14	0.31	-	031
2	Directorate of I&I Lahore	22489	12	0.13	-	0.13
		Sub-Total	**26**	**0.44**		**0.44**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount recovered / Not due	Balance Amount
1	CoC Export, C.H, Karachi	1313-Exp/Cus	1	0	-	0
2	CoC Export, PMBQ, Karachi	1083-Exp/Cus	1	0.93	-	0.93
3	CoC, Appraisement (WEST), Karachi	1281-Exp/Cus	16	2.00	-	2.00
4	DG of PCA and Internal Audit Karachi	1107-Exp/Cus	3	2.23	1.35	0.88
5	MTO Karachi	1180-Exp/IR	1	0	-	0
		Sub-Total	**22**	**5.16**	**1.35**	**3.81**
		Grand Total	**48**	**5.60**	**1.35**	**4.25**

Annexure-85
[Para 8.14]

Irregular reimbursement of medical charges - Rs 5 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered / Not due	Amount
1.	AEOI Lahore	21886	01	0.11	0	0.11
2.	LTO Lahore	22060	03	0.56	0.55	0.01
3.	RTO Sialkot	22200	01	0.55	0	0.55
4.	RTO Peshawar	22382	03	0.12	0	0.12
5.	RTO Multan	22546	14	0.84	0	0.84
6.	LTO Islamabad	22765	05	1.23	0	1.23
7.	Collectorate of Customs, AIIA, Lahore	8268	03	1.05	0	1.05
8.	Collectorate of Customs, Appraisement (East) Lahore	8420	01	0.85	0	0.85
		8421	03	0.05	0	0.05
9.	Collectorate of Customs, Customs House Islamabad	8767	08	0.18	0	0.18
		Sub-Total	**42**	**5.54**	**0.55**	**4.99**

Annexure-86
[Para 8.15]

Irregular expenditure on account of publication & printing – Rs 4 million

DGAIR&C, Lahore

(Rs in million)

S. No	Office	DP No	Number of Cases	Balance Amount
1	CTO Islamabad	22129	01	0.15
2	RTO Multan	22548	01	0.38
		Sub-Total	**02**	**0.53**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Balance Amount
1	CoC (Enforcement) , Quetta	1307-Exp/Cus	1	0.25
2	MCC Hyderabad	1024-Exp/Cus	4	0.08
3	Commissioner-IR, Appeal, Hyderabad	995-Exp/IR	1	0.10
4	Commissioner Anti-Benami Initiative, Karachi	970-Exp/IR	1	2.75
5	Directorate I & I Karachi (IRS)	1035-Exp/IR	1	0.62
		Sub-Total	**8**	**3.8**
		Grand Total	**10**	**4.33**

Annexure-87
[Para 8.16]

Non-deduction of sales tax on goods - Rs 4 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1.	CTO Islamabad	22131	21	0.47
		Sub-Total	**21**	**0.47**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount
1	CoC, Appraisement (WEST), Karachi	1283-Exp/Cus	5	1.22
2	Commissioner-IR, Automatic Exchange of Information, Karachi	984-Exp/IR	1	2.23
3	CTO, Karachi	1093-Exp/IR	1	0.12
4	MTO Karachi	1062-Exp/IR	1	0.03
		Sub-Total	**8**	**3.6**
		Grand Total	**29**	**4.07**

Annexure-88
[Para 8.17]

Non-deduction of house rent allowance/charges - Rs 3 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered / Not due	Balance amount
1.	RTO Gujranwala	22052	05	0.15	-	0.15
		22445	07	0.46	0.08	0.38
2.	FBR HQ Islamabad	22335	06	0.69	-	0.69
		22337	07	0.64	-	0.64
		22355	01	0.35	-	0.35
3.	RTO Faisalabad	22284	02	0.29	-	0.29
4.	RTO Sialkot	22204	01	0.12	-	0.12
5.	CTO Lahore	22694	01	0.13	-	0.13
6.	Collectorate of Customs, Appraisement (East) Lahore	8419	14	0.41	-	0.41
Total			**44**	**3.24**	**0.08**	**3.16**

Annexure-89
[Para 8.18]

Non-collection of sales tax on services Rs 2 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount	Amount recovered / Not due	Balance Amount
1.	RTO Faisalabad	22280	1	0.04	0.03	0.01
2.	FBR HQ Islamabad	22345	1	0.04	-	0.04
3.	Collectorate of Customs (Enforcement) D.I Khan	8669	1	0.16	-	0.16
		Sub-Total	**3**	**0.24**	**0.03**	**0.21**

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount Pointed out	Amount Recovered/ Not due	Balance Amount
1	CoC Imports, PMBQ, Karachi	1069-Exp/Cus	1	0.26	-	0.26
2	CoC, Appraisement (WEST), Karachi	1285-Exp/Cus	3	0.11	-	0.11
3	CoC, JIAP, Karachi	1145-Exp/Cus	4	0.08	-	0.08
4	Collectorate of Customs , Appeals, Karachi	959-Exp/Cus	1	0.05	-	0.05
5	DG Customs Valuation, Karachi	1135-Exp/Cus	1	0.02	-	0.02
6	DG of PCA and Internal Audit Karachi	1111-Exp/Cus	1	0.50	-	0.50
7	Director I&I, Karachi	1180-Exp/Cus	1	0.18	-	0.18

		1181-Exp/Cus	1	0.01	-	0.01
		1182-Exp/Cus	1	0.02	-	0.02
		1183-Exp/Cus	1	0.01	-	0.01
8	Director Reforms & Automation, Karachi	1258-Exp/Cus	2	0.03	-	0.03
9	Directorate of Customs, Risk Management, Karachi	968-Exp/Cus	1	0.10	-	0.10
10	MTO Karachi	1177-Exp/IR	4	0.01	-	0.01
11	RTO Sukkur	1001-Exp/IR	1	0.14	-	0.14
12	Commissioner Anti-Benami Initiative, Karachi	1130-Exp/IR	2	0.29	-	0.29
Sub-Total			**25**	**1.81**	**-**	**1.81**
Grand Total			**28**	**2.05**	**0.03**	**2.02**

<u>Annexure-90</u>
[Para 8.19]

Non/Short deduction of group insurance & benevolent fund - Rs 1 million

DGAIR&C, Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered / Not due	Balance amount
1.	RTO Sialkot	22205	06	0.05	0	0.05
2.	RTO Gujranwala	22057	03	0.03	0.02	0.01
3.	FBR HQ Islamabad	22356	14	0.16	0.12	0.04
4.	DG I&I (IR) Islamabad	22369	04	0.05	0	0.05
5.	RTO Peshawar	22381	91	1.01	0.04	0.97
6.	RTO Gujranwala	22053	15	0.13	0.12	0.01
		22447	56	0.23	0.22	0.01
7.	Collectorate of Customs (Enforcement) D.I. Khan	8671	21	0.08	0	0.08
		Total	**210**	**1.74**	**0.52**	**1.22**

Annexure-91
[Para 8.20]

Irregular expenditure on account of courier services – Rs 1 million

DGAIR&C, Karachi

(Rs in million)

S. No	Office	DP No	Number of Cases	Amount
1	Chief Collector of Customs, Quetta	1053-Exp/Cus	3	0.03
2	CoC Imports, PMBQ, Karachi	1059-Exp/Cus	1	0.13
3	LTO, Karachi	1102-Exp/IR	1	0.20
4	MCC Hyderabad	1032-Exp/Cus	1	0.13
5	MTO Karachi	1058-Exp/IR	1	0.60
6	Commissioner-IR, Appeal, Hyderabad	1140-Exp/IR	1	0.03
		Total	**8**	**1.12**

Annexure-92
[Para 4.3.3]

FASTER PAID CLAIMANT WISE DETAILS FROM 01-JUL-2019 TILL 30-JUN-2023

S.No	TIME PERIOD	TAX OFFICE	BUSINESS NAME	status	CLAIM NO	CHEQUE NOS	CHEQUE DATES	PAID AMOUNT
1	July-2022 ~ Jun-2023	RTO-II KARACHI	GLOBAL ENTERPRISES	BL w.e.f. 11.01.2002	T330822103682	RST230233568	01-FEB-23	38,618,637
2	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111222102745	RST230144339	03-APR-23	35,932,422
3	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110422100319	RST220106661,RST220214770	30-JUN-22,12-SEP-22	29,625,860
4	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110322100295	RST220101733,RST220105371,RST230155626	09-MAY-22,08-JUN-22,07-JUL-23	4,063,802
5	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110521100254	RST210161313,RST210163725	05-JUL-21,23-JUL-21	1,031,718
6	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110722100261	RST220115964,RST220218495	13-SEP-22,19-OCT-22	157,343
7	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111022100329	RST230224335	13-JAN-23	23,764,676
8	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111121100408	RST220280295,RST220188884	11-JAN-22,06-APR-22	5,620,769
9	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110222100271	RST220191701	11-APR-22	26,192,632
10	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110822100197	RST220218495	19-OCT-22	20,545,251
11	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111021100351	RST210176710,RST220186126	07-DEC-21,09-MAR-22	20,478,463
12	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111221100164	RST220184212,RST220185761	25-FEB-22,07-MAR-22	23,267,724

13	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110122 100287	RST220186 812	18-MAR-22	22,907,781
14	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110121 100145	RST210148 668	05-MAR-21	22,516,150
15	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110922 100313	RST220221 564,RST220 221564,RST 230224335	01-DEC-22,01-DEC-22,13-JAN-23	16,978,774
16	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110621 100378	RST210164 622	03-AUG-21	21,891,000
17	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110421 100200	RST210157 342,RST210 158898	01-JUN-21,14-JUN-21	20,216,044
18	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111020 100208	RST200139 879	04-DEC-20	20,740,000
19	July-2022 ~ Jun-2023	RTO-II KARACHI	GLOBAL ENTERPRISES	BL w.e.f. 11.01.2002	T330722 103916	RST230233 568	01-FEB-23	20,489,703
20	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110622 100180	RST220112 541,RST220 214770	16-AUG-22,12-SEP-22	14,604,285
21	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110921 100475	RST210173 894	11-NOV-21	18,208,999
22	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110320 100324	RST200128 062,RST220 280295	13-JUL-20,11-JAN-22	16,084,140
23	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110721 100443	RST210167 226	09-SEP-21	16,928,224
24	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110220 100477	RST200126 389	21-MAY-20	16,877,300
25	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111122 100649	RST230132 294	01-FEB-23	13,217,364
26	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111220 100401	RST210146 412	09-FEB-21	15,510,000
27	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110321 100325	RST210154 418	04-MAY-21	15,367,958
28	July-	CTO	M/s TAJ	Suspended	T110221	RST210151	02-APR-21	14,558,000

	2020 ~ Jun-2021	KARACHI	INDUSTRIES	w.e.f. 26.05.2015	100271	491		
29	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110123 101332	RST230147 676	03-MAY-23	11,485,698
30	July-2021 ~ Jun-2022	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110821 100285	RST210169 748	06-OCT-21	14,200,000
31	July-2021 ~ Jun-2022	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL w.e.f. 15.12.2021	T320222 103338	RST220208 131	30-JUN-22	14,068,427
32	July-2022 ~ Jun-2023	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL w.e.f. 15.12.2021	T321022 102898	RST230133 478	01-FEB-23	13,334,185
33	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATIO N	Suspended w.e.f. 17.09.2021	T330620 102982	RST210546 011	02-FEB-21	11,222,906
34	July-2022 ~ Jun-2023	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL w.e.f. 15.12.2021	T320922 102827	RST230125 798	13-JAN-23	12,438,613
35	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110520 100563	RST200130 196,RST210 151159	04-AUG-20,30-MAR-21	169,612
36	July-2022 ~ Jun-2023	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL w.e.f. 15.12.2021	T320822 101527	RST220120 777	01-NOV-22	12,066,922
37	July-2021 ~ Jun-2022	RTO-I KARACHI	HASHIR TRADERS	BL 23.01.2015	T320122 100785	RST220102 472	09-MAY-22	12,007,180
38	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111119 101159	RST200119 485	25-MAR-20	11,429,280
39	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110120 100344	RST200120 875,RST200 131751	08-APR-20,25-AUG-20	9,608,556
40	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110522 100328	RST220109 564,RST220 110613	13-JUL-22,20-JUL-22	9,889,952
41	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111120 100278	RST210142 541	04-JAN-21	10,730,000
42	July-2022 ~ Jun-2023	RTO-I KARACHI	YOUSUF ENTERPRISES	Suspended w.e.f. 19.01.2017	T321222 103904	RST230249 660	03-MAY-23	10,111,554
43	July-2022 ~ Jun-	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL 15.12.2021	T320422 102041	RST220109 119	01-JUL-22	9,827,429

	2023							
44	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111219 100618	RST200120 156	31-MAR-20	9,265,371
45	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110920 100346	RST200137 676	10-NOV-20	8,814,013
46	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATIO N	Suspended w.e.f. 17.09.2021	T330720 102911	RST210546 011	02-FEB-21	7,198,056
47	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110719 103643	RST200119 669	27-MAR-20	6,654,040
48	July-2021 ~ Jun-2022	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320422 100559	RST220108 451	30-JUN-22	7,826,500
49	July-2021 ~ Jun-2022	RTO-I KARACHI	AYESHA IMPEX	BL w.e.f. 15.02.2020	T321121 102578	RST220184 042	14-FEB-22	6,264,918
50	July-2022 ~ Jun-2023	RTO-I KARACHI	AL NOOR ENTERPRISES	Suspended w.e.f. 16.06.2017	T321222 104646	RST230149 378	03-MAY-23	7,025,444
51	July-2021 ~ Jun-2022	RTO-I KARACHI	SAFIA ENTERPRISES	BL w.e.f. 09.11.2021	T320122 100784	RST220202 493	09-MAY-22	7,042,070
52	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110919 100470	RST190113 913	03-DEC-19	6,552,843
53	July-2022 ~ Jun-2023	RTO-I KARACHI	YOUSUF ENTERPRISES	Suspended w.e.f. 19.01.2017	T320123 101657	RST230249 660	03-MAY-23	6,343,950
54	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110819 100475	RST190113 411,RST220 192891	18-NOV-19,15-APR-22	4,588,128
55	July-2021 ~ Jun-2022	RTO-I KARACHI	SAFIA ENTERPRISES	BL w.e.f. 09.11.2021	T320322 100587	RST220103 537	17-MAY-22	6,164,117
56	July-2019 ~ Jun-2020	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T111019 101091	RST200116 829	24-JAN-20	5,482,195
57	July-2022 ~ Jun-2023	RTO-I KARACHI	YOUSUF ENTERPRISES	Suspended w.e.f. 19.01.2017	T321122 100826	RST230133 765	01-FEB-23	5,263,638
58	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110720 100331	RST200133 155,RST210 155482	11-SEP-20,06-MAY-21	4,938,188

59	July-2022 ~ Jun-2023	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL 15.12.2021	T320522 102007	RST220112 099	04-AUG-22	5,189,138
60	July-2022 ~ Jun-2023	CTO KARACHI	BILLION LINK (SMC-PRIVATE) LIMITED	BL w.e.f. 16.09.2020	T111222 104603	RST230149 287	03-MAY-23	5,116,345
61	July-2021 ~ Jun-2022	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320322 100030	RST220202 494	09-MAY-22	4,927,734
62	July-2021 ~ Jun-2022	RTO-I KARACHI	SAFIA ENTERPRISES	BL w.e.f. 09.11.2021	T320222 100022	RST220202 493	09-MAY-22	4,738,553
63	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATION	Suspended w.e.f. 17.09.2021	T330520 102802	RST210245 519	28-JAN-21	4,724,362
64	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110820 100254	RST200135 188,RST200 136157	08-OCT-20,20-OCT-20	4,501,493
65	July-2022 ~ Jun-2023	RTO-I KARACHI	YOUSUF ENTERPRISES	Suspended w.e.f. 19.01.2017	T321022 100991	RST230126 126	13-JAN-23	4,483,425
66	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110420 100549	RST200129 421	24-JUL-20	4,428,825
67	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATION	Suspended w.e.f. 17.09.2021	T330920 102669	RST210546 011	02-FEB-21	3,876,783
68	July-2021 ~ Jun-2022	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL 15.12.2021	T320322 102877	RST220208 131	30-JUN-22	4,131,828
69	July-2021 ~ Jun-2022	RTO-I KARACHI	YOUSUF ENTERPRISES	Suspended w.e.f. 19.01.2017	T321221 102099	RST220187 529	18-MAR-22	4,042,432
70	July-2022 ~ Jun-2023	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110722 100570	RST220116 074	13-SEP-22	3,726,925
71	July-2022 ~ Jun-2023	CTO KARACHI	BILLION LINK (SMC-PRIVATE) LIMITED	BL w.e.f. 16.09.2020	T111122 100821	RST230133 473	01-FEB-23	2,225,495
72	July-2021 ~ Jun-2022	RTO-I KARACHI	AYESHA IMPEX	BL w.e.f. 15.02.2020	T321221 101287	RST220186 556	10-MAR-22	2,830,956
73	July-2021 ~ Jun-2022	CTO KARACHI	BILLION LINK (SMC-PRIVATE) LIMITED	BL w.e.f. 16.09.2020	T110322 102778	RST220108 123	30-JUN-22	3,446,251
74	July-2022 ~	CTO KARACHI	BILLION LINK (SMC-	BL w.e.f. 16.09.2020	T110422 102635	RST220110 288	13-JUL-22	3,399,749

	Jun-2023		PRIVATE) LIMITED					
75	July-2021 ~ Jun-2022	CTO KARACHI	OVATION IMPORT	BL w.e.f. 24.06.2019	T111219 103294	RST220184 054	14-FEB-22	2,043,221
76	July-2022 ~ Jun-2023	RTO-I KARACHI	AL NOOR ENTERPRISES	Suspended w.e.f. 16.06.2017	T111022 101472	RST230125 873	13-JAN-23	2,770,770
77	July-2022 ~ Jun-2023	RTO-I KARACHI	YOUSUF ENTERPRISES	Suspended w.e.f. 19.01.2017	T320922 101046	RST220123 720	01-DEC-22	3,153,835
78	July-2021 ~ Jun-2022	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110122 102324	RST220193 242	15-APR-22	2,974,064
79	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATIO N	Suspended w.e.f. 17.09.2021	T330820 102806	RST210546 011	02-FEB-21	2,504,754
80	July-2022 ~ Jun-2023	RTO-I KARACHI	AL NOOR ENTERPRISES	Suspended w.e.f. 16.06.2017	T321122 104308	RST230147 130	03-APR-23	1,785,989
81	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110122 103505	RST220107 685	30-JUN-22	2,166,689
82	July-2021 ~ Jun-2022	RTO-II KARACHI	NAVID & SONS	BL w.e.f 16.05.2020	T330721 100326	RST210168 855	17-SEP-21	2,500,000
83	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T111221 101581	RST220192 258	11-APR-22	2,359,381
84	July-2022 ~ Jun-2023	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110223 101005	RST230152 166	01-JUN-23	2,127,730
85	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110521 102263	RST210165 313	06-AUG-21	1,569,546
86	July-2020 ~ Jun-2021	CTO KARACHI	M/s TAJ INDUSTRIES	Suspended w.e.f. 26.05.2015	T110620 100032	RST200131 028,RST200 132386	19-AUG-20,01-SEP-20	1,831,096
87	July-2022 ~ Jun-2023	RTO-I KARACHI	SHEIKH METALS RECYCLING	BL 15.12.2021	T320622 102043	RST220115 665	12-SEP-22	1,792,048
88	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATIO N	Suspended w.e.f. 17.09.2021	T330420 102685	RST210245 519	28-JAN-21	1,558,824
89	July-2021 ~ Jun-2022	CTO KARACHI	OVATION IMPORT	BL w.e.f. 24.06.2019	T110120 103313	RST220306 183	16-JUN-22	1,389,297

90	July-2020 ~ Jun-2021	CTO KARACHI	M/S. BISMA SOURCING	Suspended w.e.f. 13.02.2023	T110121 103028	RST210259 835	18-JUN-21	1,363,526
91	July-2022 ~ Jun-2023	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110522 102955	RST220215 280	12-SEP-22	1,285,120
92	July-2021 ~ Jun-2022	RTO-II KARACHI	NAVID & SONS	BL from 16.05.2020	T330821 100222	RST210170 565	06-OCT-21	1,237,989
93	July-2022 ~ Jun-2023	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110422 103271	RST220113 048	16-AUG-22	1,215,556
94	July-2021 ~ Jun-2022	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T111021 101355	RST210178 277	13-DEC-21	1,148,345
95	July-2021 ~ Jun-2022	CTO KARACHI	NOVELTY TRADE IMPEX	BL w.e.f. 24.05.2022	T110320 103223	RST210178 719	13-DEC-21	797,856
96	July-2020 ~ Jun-2021	RTO-I KARACHI	M/S FAIZAN APPAREL	BL w.e.f. 06.03.2014	T320220 102933	RST200242 279	30-DEC-20	1,114,540
97	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110921 102450	RST210178 401	13-DEC-21	1,053,614
98	July-2021 ~ Jun-2022	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T111121 102084	RST220183 172	01-FEB-22	1,032,435
99	July-2021 ~ Jun-2022	CTO KARACHI	OVATION IMPORT	BL w.e.f. 24.06.2019	T110220 103312	RST220306 183	16-JUN-22	942,215
100	July-2021 ~ Jun-2022	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110721 100151	RST210167 482,RST210 169302,RST 210170191	09-SEP-21,22-SEP-21,06-OCT-21	385,747
101	July-2021 ~ Jun-2022	RTO-I KARACHI	YOUSUF ENTERPRISES	Suspended w.e.f. 19.01.2017	T320921 103358	RST220182 959	24-JAN-22	870,234
102	July-2020 ~ Jun-2021	RTO-I KARACHI	M/S FAIZAN APPAREL	BL w.e.f. 06.03.2014	T321119 103081	RST200141 798	24-DEC-20	847,833
103	July-2022 ~ Jun-2023	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110622 101999	RST220215 280	12-SEP-22	774,100
104	July-2021 ~ Jun-2022	CTO KARACHI	M/S. BISMA SOURCING	Suspended w.e.f. 13.02.2023	T110721 101502	RST210170 560	06-OCT-21	763,168
105	July-2020 ~	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f.	T111019 103601	RST210144 643	18-JAN-21	737,199

	Jun-2021			26.05.2015				
106	July-2020 ~ Jun-2021	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110120 103097	RST210146 829	09-FEB-21	710,639
107	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110721 103069	RST210176 046	22-NOV-21	673,551
108	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321220 100880	RST210146 962	12-FEB-21	248,774
109	July-2020 ~ Jun-2021	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110421 101728	RST210160 265	23-JUN-21	601,490
110	July-2020 ~ Jun-2021	RTO-I KARACHI	M/S FAIZAN APPAREL	BL w.e.f. 06.03.2014	T321219 102925	RST200242 279	30-DEC-20	205,410
111	July-2021 ~ Jun-2022	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110921 101746	RST210175 998	22-NOV-21	582,437
112	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321219 102855	RST200441 145	21-DEC-20	483,187
113	July-2020 ~ Jun-2021	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T111119 103082	RST200141 781	24-DEC-20	271,843
114	July-2021 ~ Jun-2022	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320222 100010	RST220202 494	09-MAY-22	523,874
115	July-2021 ~ Jun-2022	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321221 101475	RST220286 683	18-MAR-22	492,005
116	July-2021 ~ Jun-2022	RTO-I KARACHI	SAFIA ENTERPRISES	BL w.e.f. 09.11.2021	T320422 100020	RST220105 341	23-MAY-22	455,800
117	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110621 102176	RST210168 191	13-SEP-21	452,186
118	July-2021 ~ Jun-2022	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320122 100515	RST220286 683	18-MAR-22	410,743
119	July-2022 ~ Jun-2023	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320622 100811	RST220213 739	16-AUG-22	450,000
120	July-2022 ~ Jun-2023	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320822 101072	RST220221 040	01-NOV-22	440,080

121	July-2020 ~ Jun-2021	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110919 104067	RST200242 257	30-DEC-20	169,544
122	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110821 102781	RST210176 416	25-NOV-21	409,767
123	July-2020 ~ Jun-2021	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110221 102401	RST210157 161	27-MAY-21	364,890
124	July-2020 ~ Jun-2021	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T330819 103610	RST200134 130	22-SEP-20	330,140
125	July-2020 ~ Jun-2021	CTO KARACHI	M/S. BISMA SOURCING	Suspended w.e.f. 13.02.2023	T110221 102783	RST210259 835	18-JUN-21	330,188
126	July-2022 ~ Jun-2023	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320522 102422	RST220213 739	16-AUG-22	328,999
127	July-2020 ~ Jun-2021	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T111020 102665	RST210249 057	05-MAR-21	287,560
128	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320720 100813	RST200238 782	24-NOV-20	270,181
129	July-2021 ~ Jun-2022	CTO KARACHI	M/S. BISMA SOURCING	Suspended w.e.f. 13.02.2023	T110321 102913	RST210164 292	27-JUL-21	256,220
130	July-2022 ~ Jun-2023	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321022 101681	RST230124 049	13-JAN-23	240,328
131	July-2022 ~ Jun-2023	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110822 103552	RST230125 156	13-JAN-23	216,514
132	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320320 100425	RST200233 883	22-SEP-20	212,644
133	July-2021 ~ Jun-2022	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T111021 102305	RST220180 954	11-JAN-22	197,874
134	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATIO N	Suspended w.e.f. 17.09.2021	T331120 101862	RST210146 925	09-FEB-21	187,559
135	July-2021 ~ Jun-2022	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110322 102760	RST220107 470	30-JUN-22	165,020
136	July-2022 ~	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320922 100035	RST220123 858	01-DEC-22	163,916

	Jun-2023							
137	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320220 101339	RST200233 883	22-SEP-20	155,465
138	July-2021 ~ Jun-2022	CTO KARACHI	OVATION IMPORT	BL w.e.f. 24.06.2019	T110320 103240	RST220306 183	16-JUN-22	135,053
139	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321020 100378	RST200140 196	08-DEC-20	110,444
140	July-2020 ~ Jun-2021	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T111120 102885	RST210153 926	19-APR-21	102,972
141	July-2020 ~ Jun-2021	CTO KARACHI	MEESHAL CORPORATIO N	Suspended w.e.f. 17.09.2021	T331020 102304	RST210546 011	02-FEB-21	99,190
142	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320620 102678	RST200441 145	21-DEC-20	95,352
143	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321120 101305	RST210144 900	25-JAN-21	94,358
144	July-2020 ~ Jun-2021	CTO KARACHI	ALI ENTERPRISES	Suspended w.e.f. 30.06.2013	T110320 102890	RST200242 257	30-DEC-20	85,477
145	July-2022 ~ Jun-2023	RTO-I KARACHI	ZAM ENTERPRISES	BL w.e.f. 12.01.2022	T320722 102503	RST220221 040	01-NOV-22	81,457
146	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320920 100199	RST200238 782	24-NOV-20	70,882
147	July-2020 ~ Jun-2021	CTO KARACHI	PREMIER EXPORTS	Suspended w.e.f. 26.05.2015	T110920 102932	RST210249 057	05-MAR-21	65,785
148	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320420 100294	RST200137 103	04-NOV-20	61,322
149	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320121 101570	RST210150 669	26-MAR-21	57,613
150	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321019 100268	RST200441 145	21-DEC-20	41,096
151	July-2020 ~ Jun-2021	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320120 100494	RST200441 145	21-DEC-20	9,280

152	July-2021 ~ Jun-2022	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T321021 101180	RST210277 648	13-DEC-21	36,749
153	July-2022 ~ Jun-2023	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320222 103723	RST220121 249	01-DEC-22	16,180
154	July-2021 ~ Jun-2022	RTO-I KARACHI	AFN ENTERPRISES	BL w.e.f. 08.01.2004	T320821 103094	RST210277 648	13-DEC-21	11,166
							TOTAL	**904,759,023**

Annexure-93
[Para 12.3]

Mis-declaration and over invoicing of imported solar panels resulted in trade base money laundering – Rs 74 Billion

DGAIR&C, Karachi

(Rs in million)

S. No.	Name of formation	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	Directorate of Post Clearance Audit, Karachi	3277	1	73,830.00	-	73,830.00
2		3278	1	-	-	-
3		3279	1	-	-	-
4		3280	1	-	-	-
5		3286	0	-	-	-
Total			**4**	**73,830.00**	-	**73,830.00**