



**AUDIT REPORT
ON
THE ACCOUNTS OF
FEDERAL BOARD OF REVENUE
(INLAND REVENUE & CUSTOMS)
AUDIT YEAR 2022-23**

AUDITOR-GENERAL OF PAKISTAN

Preface

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

The report is based on audit of receipts of Inland Revenue, Customs and expenditure of the Federal Board of Revenue for the Financial Year 2021-22. The Report also includes observations relating to previous year. The Directorates General Audit Inland Revenue and Customs, Lahore and Karachi conducted audit during the audit year 2022-23 on test check basis with a view to reporting significant findings to the stakeholders. The main body of the Audit Report includes the systemic issues and material audit findings. Relatively less significant issues are listed in the Annexure-I of the Audit Report which shall be pursued with the Principal Accounting Officer separately at the DAC level and in significant cases where the PAO does not initiate appropriate action, the audit observations will be brought to the notice of the Public Accounts Committee through next year's audit report.

Thematic Audit – a new concept, has been introduced and made part of this report at Chapter-10 and 11. It is an attempt to improve organization's performance through critically reviewing its business processes by identifying those risks which are hindering it from achieving its intended objectives.

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

Audit observations included in this report have been finalized in the light of departmental replies and discussions in DAC meetings held in May, June, December 2022 and January 2023.

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

Islamabad
Dated: 20 February 2023

Muhammad Ajmal Gondal
Auditor General of Pakistan

TABLE OF CONTENTS

		Page
ABBREVIATIONS & ACRONYMS		i
EXECUTIVE SUMMARY		iii
CHAPTER-1	PUBLIC SECTOR FINANCIAL MANAGEMENT ISSUES	1
CHAPTER-2	FEDERAL BOARD OF REVENUE	7
2.1	<i>Introduction</i>	7
2.2	<i>Classified Summary of Audit Observations</i>	14
2.3	<i>Comments on the Status of Compliance with PAC Directives</i>	15
CHAPTER-3	EMBEZZLEMENT/MISAPPROPRIATIONS	19
CHAPTER-4	NON-PRODUCTION OF RECORD	21
CHAPTER-5	INCOME TAX	23
CHAPTER-6	SALES TAX	41
CHAPTER-7	FEDERAL EXCISE DUTY	56
CHAPTER-8	CUSTOMS DUTY	59
CHAPTER-9	EXPENDITURE	82
CHAPTER-10	THEMATIC AUDIT: TAX EVASION/AVOIDANCE IN TAX SYSTEM	93
CHAPTER-11	THEMATIC AUDIT: VALUATION OF IMPORTED GOODS – GOVERNING LAWS, RULES, REGULATIONS AND VARIATIONS IN APPLICABILITY	112
CHAPTER-12	PARAS FROM SPECIAL/PERFORMANCE AUDIT REPORTS/STUDIES FOR INCLUSION IN THE MAIN AUDIT REPORT	136
Annexure-1	MFDAC	140
Annexures (2-69)	PERTAINING TO AUDIT PARAS	165

ABBREVIATIONS & ACRONYMS

AGP	Auditor General of Pakistan
AGPR	Accountant General Pakistan Revenues
AC	Assistant Commissioner/Collector
AFU	Air Freight Unit
AOP	Association of Persons
CGO	Custom General Order
CoC	Collectorate of Customs
CTO	Corporate Tax Office
DAC	Departmental Accounts Committee
DAGP	Department of Auditor General of Pakistan
DC	Deputy Commissioner/Collector
DDO	Drawing and Disbursing Officer
DISCOs	Distribution Companies
DR&S	Director Research and Statistics
EOU	Export Oriented Unit
FBR	Federal Board of Revenue
FIA	Federal Investigation Agency
FIR	First Information Report
FY	Financial Year
GD	Goods Declaration
GDP	Gross Domestic Product
GFR	General Financial Rules
HQ	Head Quarters
IDT	Indirect Taxes
I&I	Intelligence and Investigation
INTOSAI	International Organization of Supreme Audit Institutions
IOCO	Input Output Coefficient Organization
ITMS	Integrated Tax Management System
ITP	Import Trade Price
IPO	Import Policy Order

IRIS	Inland Revenue Information System
LC	Letter of Credit
LTO	Large Taxpayers Office
MFDAC	Memorandum for Departmental Accounts Committee
PCA	Post Clearance Audit
PMBQ	Port Muhammad Bin Qasim
POS	Point of Sale
PRA	Post Refund Audit
PAC	Public Accounts Committee
PAO	Principal Accounting Officer
PCT	Pakistan Customs Tariff
POL	Petroleum Oil & Lubricants
PRAL	Pakistan Revenue Automation Limited
RTO	Regional Tax Office
SAP/R3	Systems Applications and Products
SBP	State Bank of Pakistan
SDGs	Sustainable Development Goals
SNGPL	Sui Northern Gas Pipelines Limited
SRO	Statutory Regulatory Order
SWH	State Warehouse
SSGCL	Sui Southern Gas Company Limited
VAT	Value Addition Tax
VR	Valuation Ruling
WeBOC	Web-based One Customs
WPPF	Workers' Profit Participation Fund
WWF	Workers' Welfare Fund

EXECUTIVE SUMMARY

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

Directorates General Audit had a human resource of 147 with 37,485 available man-days during the audit year. The expenditure incurred by Directorates General was Rs 266.23 million for the Financial Year 2021-22. Directorates General are mandated to conduct Regularity Audit (Financial Attest Audit and Compliance with Authority Audit), Performance/Special Audit and audit of Foreign Aided Projects pertaining to FBR.

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

a. Scope of Audit

Directorates General Audit are mandated to conduct audit of 505 formations working under one PAO. Total expenditure and receipts of these formations were Rs 33.96 billion and Rs 6,149 billion respectively for Financial Year 2021-22. Audit coverage relating to receipts for the current audit year comprises 139 formations having a total receipts of Rs 2,686.20 billion and audit coverage relating to expenditure for the current audit year comprises of 89 formations having a total expenditure of Rs 25.77 billion for the FY 2021-22. In terms of percentage, the audit coverage for receipts is 10% of auditable receipts and for expenditure is 25% of auditable expenditure.

The audit report also includes audit observations from previous Financial Year 2020-21 pertaining to the audit of expenditure of fourteen (14) formations

with expenditure of Rs 4.65 billion and sixty five (65) formations of receipts with revenue of Rs 745.95 billion.

In addition to this compliance audit report, Directorate General Audit Inland Revenue & Customs, Lahore conducted performance audit of “newly created RTOs of Sahiwal, Sargodha and Bahawalpur”. Moreover, sectoral analysis of “provisional assessments made by customs authorities” was also undertaken. Although, reports of these audits have been published separately, however, summaries of these audits are included in this report for PAC’s consumption.

b. Recoveries at the Instance of Audit

As a result of audit, a recovery of Rs 425,474.86 million was pointed out in this report. Recovery effected from January to December 2022 was Rs 21,873.80 million which was verified by Audit.

c. Audit Methodology

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

d. Comments on Internal Audit and Internal Controls

INTOSAI defines the internal control structure as the plans and actions of an organization, including management's attitude, methods, procedures, and other measures that provide reasonable assurance that the objectives of an organization are achieved.¹

This office requisitioned internal audit report for the Financial Year 2021-22. Department, however, replied that the report was under finalization and

¹ Financial Audit Manual

would be submitted after completion. In the absence of information in respect of internal audit, the Audit cannot directly comment on the performance of the internal audit functions of FBR. However, the recurrence of audit observations on similar issues over the years indicates weaknesses in internal audit mechanism of FBR.

FBR collects revenue through a collective mechanism of various functions like assessment, collection and prevention of tax evasion. Internal controls like internal audits must be in place to achieve this goal as well as to avoid revenue leakages. The Audit, however, observed that similar violations have been repeated by the auditee in the previous years, which is reflective of weak internal control systems in the department.

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

e. Key Audit Findings of the Report

- i) Embezzlement of government property – Rs 411.26 million.¹
- ii) Concealment of facts through non-production of record.²
- iii) Non-recovery of tax demand – Rs 107,889.14 million.³
- iv) Short-realization of income tax due to claims of inadmissible expenses - Rs 62,721.08 million.⁴
- v) Incorrect claims of tax credits – Rs 13,094.69 million.⁵
- vi) Non-deduction/recovery of withholding tax – Rs 11,622.82 million.⁶
- vii) Short-realization of super tax – Rs 3,772.24 million.⁷
- viii) Short-realization of sales tax due to inadmissible adjustments of input tax credits – Rs 18,960.08 million.⁸
- ix) Non-withholding of sales tax – Rs 12,356.02 million.⁹
- x) Loss of government revenue due to inadmissible payment of sales tax refunds – Rs 4,791.77 million.¹⁰

¹Para 3.1; ²Para 4.1; ³Para 5.1; ⁴Para 5.2; ⁵Para 5.4; ⁶Para 5.5; ⁷Para 5.9; ⁸Para 6.2; ⁹Para 6.3; ¹⁰Para 6.4,

- xi) Short-realization of sales tax due to non-apportionment of input tax - Rs 3,865.68 million.¹¹
- xii) Non-realization of the federal excise duty on goods and services – Rs 1,462.03 million.¹²
- xiii) Loss of government revenue due to inadmissible exemptions and concessions in duties and taxes – Rs 5,405.54 million.¹³
- xiv) Loss of government revenue due to under-valuation of imported goods – Rs 232.47 million.¹⁴
- xv) Irregular expenditure due to splitting of purchases – Rs 1,090.50 million.¹⁵
- xvi) Irregular payment on account of cash rewards - Rs 164.46 million.¹⁶
- xvii) Non-realization of income tax due to concealment of income – Rs 8,564.78 million.¹⁷
- xviii) Inadmissible adjustments of input tax credits against sales tax deducted by withholding agents – Rs 2,192.64 million.¹⁸
- xix) Loss of revenue due to non-registration of persons/potential taxpayers to be compulsorily registered – Rs 1,023.59 million.¹⁹

¹¹Para 6.6, ¹²Para 7.1, ¹³Para 8.4, ¹⁴Para 8.13, ¹⁵Para 9.1, ¹⁶Para 9.2, ¹⁷Para 6.2.3.2, ¹⁸Para 6.2.3.9, ¹⁹Para 6.2.3.12

f. Audit recommendations

- i) Department should ensure recovery of embezzled amount from the quarters concerned besides initiating departmental proceedings against the persons at fault under E&D Rules in vogue.
- ii) Record may be produce to audit for scrutiny besides initiating disciplinary action against the persons at fault.
- iii) Department should ensure recovery of tax demand besides initiating departmental proceedings where recoverable amounts could not be effected.
- iv) Department must ensure effective system of internal controls which could prevent the claim of inadmissible expenses under the law.
- v) Department should ensure the validity of tax credit with reconciliation of actual investment made in the plant and machinery.
- vi) Department should ensure recovery of withholding taxes through adherence to Key Performance Indicators as per notified instructions regarding monitoring of withholding of income tax.
- vii) Payment of super tax must be ensured from the banking companies.
- viii) Recovery of inadmissible input tax should be ensured besides introduction of missing validation checks to stop input tax adjustments on purchase of items not used in taxable supplies.
- ix) Department should ensure adherence to Key Performance Indicators as per notified instructions regarding monitoring of withholding of sales tax.
- x) Department must introduce missing online verification checks regarding verification of payments through banking channel and extent of consumption of raw materials in supply of zero rated goods while sanctioning refund.
- xi) Department should ensure determination of apportionment of input tax through identifying registered persons which either deal in both taxable and non taxable supplies or made supplies to unregistered persons.
- xii) Department should ensure recovery of federal excise duty on payment of royalty, technical fee and franchise fee, etc., appearing in the financial statements of the taxpayers.

- xiii) Admissibility of exemptions/concessions from customs duty must be ensured through fulfilment of specific conditions of relevant Schedules/SROs besides recovery of government revenue.
- xiv) Department should introduce a mechanism to ensure uniformity for valuation of imported goods across the country through fixation of value of the goods.
- xv) Department must follow the laid down rules, regulations and procedures as enunciated in the PPRA Act 2004 amended in 2020.
- xvi) System of payment of cash rewards needs to be strictly monitored so that reward should only be given to persons who fulfill the eligibility criteria.
- xvii) Department should ensure recovery of income tax besides introduction of online checks in the system to monitor declaration of sales in income tax and sales tax records.
- xviii) Cross match the withholding sales tax claimed by the registered person with the tax record of withholding agent.
- xix) Identify and register the potential persons in coordination with different stakeholders i.e. DISCOs, SNGPL, SSGCL, Boards of Revenue, Excise & Taxation etc. which fulfil the criteria for registration in sales tax regime.

CHAPTER-1 PUBLIC SECTOR FINANCIAL MANAGEMENT ISSUES

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

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

01. Variation in figures of refund/rebate between FBR & SBP - Rs 30,697 million

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

Audit scrutiny of refund issuance figures for the Financial Year 2021-22 revealed that the Directorate of Research & Statistics (DR&S) FBR, reported refunds of an amount of Rs 341,200 million, whereas, the amount reported by SBP was Rs 310,503 million. This showed significant variation of Rs 30,697 million between the figures reported by FBR and SBP.

The detail is tabulated as under: -

(Rs in million)

Head of account	Figures of refund/rebate of FBR*(a)	Figures of refund/rebate of SBP **(b)	Variation (a-b)
Income Tax	16,489	17,547	(1,058)
Customs Duty	36,273	4,143	32,130
Sales Tax	288,437	288,762	(325)
Federal Excise Duty	1	51	(50)
Total	341,200	310,503	30,697

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

** Source: Figures provided by SBP.

This does not present a true and fair picture of financial statements because the refund issuance figures from the external source, i.e. SBP were on lower side.

When pointed out, the management replied that after adjustments, the overall variations in refund/rebate figures remained at only Rs 420 million and might be due to adjustment made by the SBP against different heads of account. Moreover, there was no proper mechanism of reconciliation of any error/discrepancy in the SBP system. SBP made the corrections/rectifications by adjustment against refunds of the relevant head of accounts. Audit is of the view that DR&S is entrusted with the responsibility of reconciliation with the external source i.e. SBP. So, the DR&S should devise a system to reconcile the refund/rebate figures with SBP on quarterly basis to eliminate variations.

The matter was reported to the PAO for convening DAC meeting. The DAC in its meeting held on 06.12.2022 discussed the matter in detail and directed the DR&S to take up the matter with Finance Division and request them to develop a mechanism of reconciliation of refund/rebate between FBR and SBP at the macro level and report progress to Audit within six weeks. No further progress was reported till the finalisation of this report.

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

02. Variation in tax receipts between FBR and SBP - Rs 8,918 million

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

Scrutiny of the figures of tax receipts of SBP and the figures reported in the reconciliation statements provided by DR&S FBR for the Financial Year 2021-22, showed that there was a variation of Rs 8,918 million between figures of FBR and SBP as tabulated below:-

(Rs in million)

Head of Account	Collection figures of FBR ** (a)	Collection figures of SBP *(b)	Variation (a-b)
Income Tax	2,269,856	2,253,609	16,247
Customs Duty	1,010,694	1,029,395	(18,701)
Sales Tax	2,532,228	2,520,552	11,676
Federal Excise Duty	320,658	320,962	(304)
Total	6,133,436	6,124,518	8,918

* Source: Figures provided by SBP

** Source: Reconciliation Statement of FBR with AGPR June (Final) 2022.

This does not present a true and fair picture of financial statements because revenue receipts figures from an external source, i.e. SBP were on the lower side than the figure reported by FBR.

When pointed out, the management replied that DR&S had no proper mechanism of reconciling revenue receipts between FBR and SBP at the macro level. DR&S was only bound to reconcile the revenue receipts figures with the office of AGPR Islamabad, and the same was done regularly. The department further informed that after the inclusion/exclusion of adjustments/transfer entries, the overall net variation was Rs 3,694 million. Moreover, the DR&S had reconciled an amount of Rs 6,148,500 million for the Financial Year 2021-22. Audit is of the view that DR&S is entrusted with the responsibility of reconciliation with the external source i.e. SBP. So, the DR&S should devise a system to reconcile tax collection figures with SBP on quarterly basis to eliminate variations.

The matter was reported to the PAO for convening DAC meeting. The DAC in its meeting held on 06.12.2022 discussed the matter in detail and directed the DR&S to take up the matter with Finance Division and request them to develop a mechanism of reconciliation of revenue receipts between FBR & SBP at the macro level and report progress to Audit within six weeks. No further progress was reported till the finalisation of this report.

Audit recommends quarterly reconciliation of revenue receipts between FBR and SBP to accurately report on the Federal Government accounts.

03. Variation in figures of refund/rebate between AGPR & FBR - Rs 1,607 million

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

Scrutiny of refund/rebate figures reconciled by the DR&S, FBR and AGPR for the Financial Year 2021-22 revealed variations in figures of refunds/rebate on account of income tax, customs duty, sales tax and federal excise duty of Rs 1,607 million, as tabulated below:

(Rs in million)

Head of account	Figures of refund/rebate of AGPR* (a)	Figures of refund/rebate of FBR ** (b)	Variation (a-b)
Income Tax	17,432	16,489	943
Customs Duty	36,937	36,273	664
Sales Tax	288,437	288,437	0
Federal Excise Duty	1	1	0
Total	342,807	341,200	1,607

* Source: Federal Civil Accounts for June (Final) 2022 provided by AGPR.

** Source: Figures provided by DR&S, FBR for FY 2021-2022.

This does not present true and fair picture of financial statements because refund/rebate figures of FBR were on the lower side than the figures reported by AGPR.

When pointed out, the management replied that DR&S undertook reconciliation of revenue receipts with the office of AGPR Islamabad on a net basis at an amount of Rs 6,148,500 million had been reconciled at national level for the Financial Year 2021-22 with “zero” variation as evident from the reconciliation statement of revenue receipts duly signed by the both representative of FBR and AGPR. Audit is of the view that after adjusting all transfer entries, there should be no variations left between the FBR/AGPR/SBP figures.

The matter was reported to the PAO for convening DAC meeting. The DAC in its meeting held on 06.12.2022 discussed the issue in detail and directed the DR&S to take up the matter with AGPR Islamabad to clarify/reconcile the variation of Rs 1,607 million between reconciled amount and the financial statements of the Federal Government. No further progress was reported till the finalisation of this report.

Audit recommends quarterly reconciliation of refund/rebate between FBR and AGPR to accurately report on the Federal Government accounts.

04. Wrong reporting of refund/rebate figures in reconciliation statements – Rs 609 million

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

Scrutiny of financial statements provided by AGPR and reconciliation statements of FBR for the Financial Year 2021-22 revealed that Collectorate of Customs Islamabad, reported total refund/rebate payment for the month of June 2022 amounting to Rs 609 million. However, the progressive figures for the whole year up to June 2022 was reported at Rs 348 million in reconciliation conducted between AGPR and FBR. AGPR reconciled and reported the same figures in the financial statements of the Federal Government.

This does not present true and fair picture of financial statements as there is a discrepancy in refund/rebate payments.

When pointed out, the management replied that Collectorate of Customs, Islamabad reconciled refund/rebate figures in May, 2022 at Rs 957 million by

incorporating the duty drawback figures paid through an automated system amounting to Rs 609 million by the centralized treasury, Collectorate of Appraisalment (West), Karachi, as was evident from the reconciliation statement reconciled with the office of AGPR, Islamabad for the said month. Audit holds that an amount of Rs 609 million depicted in the Federal Civil Accounts prepared by AGPR requires adjustment in the Federal Government's financial statements, to depict a true and fair picture.

The matter was reported to the PAO for convening DAC meeting. The DAC in its meeting held on 06.12.2022 discussed the issue in detail and directed the DR&S to take up the matter with AGPR Islamabad to clarify/reconcile the variation of Rs 609 million between the reconciled amount and the financial statements of the Federal Government. No further progress was reported till the finalisation of this report.

Audit recommends quarterly reconciliation and compilation of revenue receipts and adjustments 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 Finance Acts/Ordinances to implement budget proposals of the Federal Government. FBR operates as an attached department of the Revenue Division as per Rules of Business 1973, in the hierarchy of the Federal Government.

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). Besides, 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.

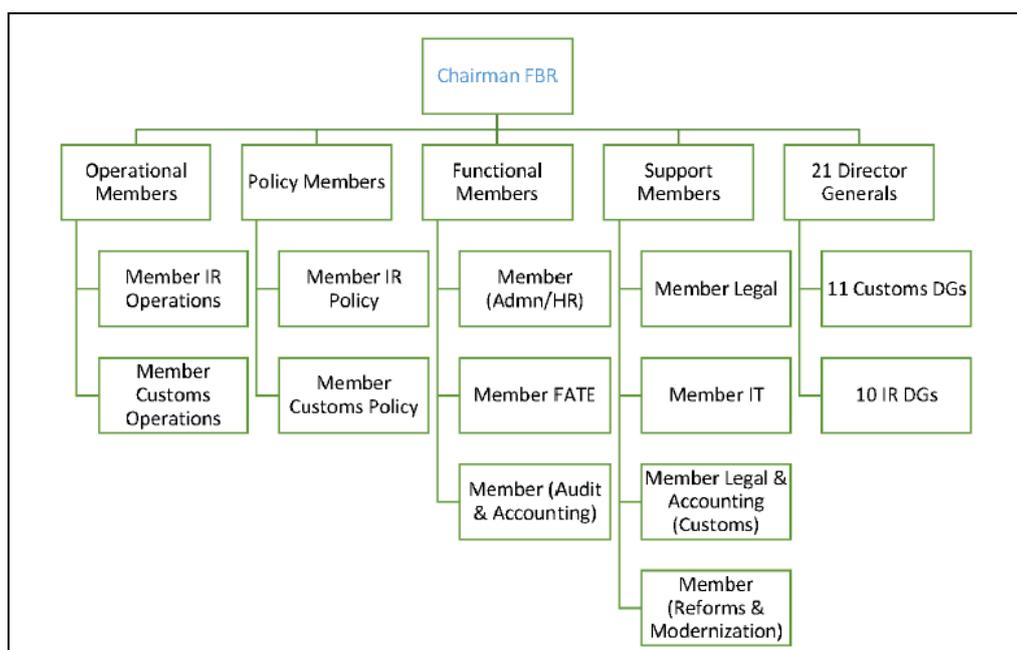
Significant powers and functions of FBR are as follows:

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

- v. To set up mechanisms and processes that facilitate the removal of grievances and complaints of the taxpayers;
- vi. To direct or advise, where necessary, investigations and inquiries into suspected duty tax evasion, tax and commercial fraud, money laundering, and financial crimes and to coordinate with the relevant law enforcement agencies;
- vii. To take appropriate measures, including devising internal controls to combat corruption within the organisations under the Board and provide 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. To grant additional allowances or any other incentives and rewards to the employees and members of the Board; and
- ix. To prepare an annual report of its activities and present it to the Prime Minister, the National Assembly and the Senate.

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

Figure 1: Organogram of Federal Board of Revenue



B. Comments on Budget and Accounts (Variance Analysis)

As per reconciliation between FBR and AGPR, for the Financial Year 2021-22, the FBR collected tax revenue of Rs 6,148.50 billion which included an amount of Rs 14.95 billion on account of WWF and WPPF. Original budget grant of Rs 28.80 billion was sanctioned to FBR, however, after obtaining supplementary grant total expenditure increased to Rs 33.96 billion to collect this revenue.

Audit observed that budgeted employees related expenses were increased to Rs 24.28 billion through re-appropriation which were later on reduced to Rs 18.28 billion. Similarly, budget on account of physical assets was allocated to Rs 0.18 billion but incurred expenditure of Rs 2.39 billion after re-allocation of further funds. This depicts poor budgetary planning on the part of FBR.

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

The sectoral analysis has been done regarding the achievement of revenue against targets agreed upon by the FBR regarding collection of taxes and duties. The purpose of this analysis was to review FBR's overall performance towards the collection of taxes during the Financial Year 2021-22 viz-a-viz performance and then highlight certain areas of concern.

FBR is responsible for collecting federal tax receipts, besides the collection of the Workers Welfare Fund (WWF) and the Workers Profit Participation Fund (WPPF). A total expenditure of Rs 33.96 billion was incurred in the collection of Rs 6,148.50 billion in revenue for the Financial Year 2021-22.

(i) FBR's Performance for Financial Year 2021-22

The original target of FBR collection under all heads was Rs 5,829.00 billion, revised upwards to Rs 6,100.00 billion for the Financial Year 2021-22. FBR achieved the target with a total collection of Rs 6,148.50 billion. However, the Audit observed that FBR was not able to meet the revised revenue target in respect of sales tax and federal excise duty and lagged by Rs 43.80 billion and Rs 16.30 billion, respectively, as shown in the table-1 given below:-

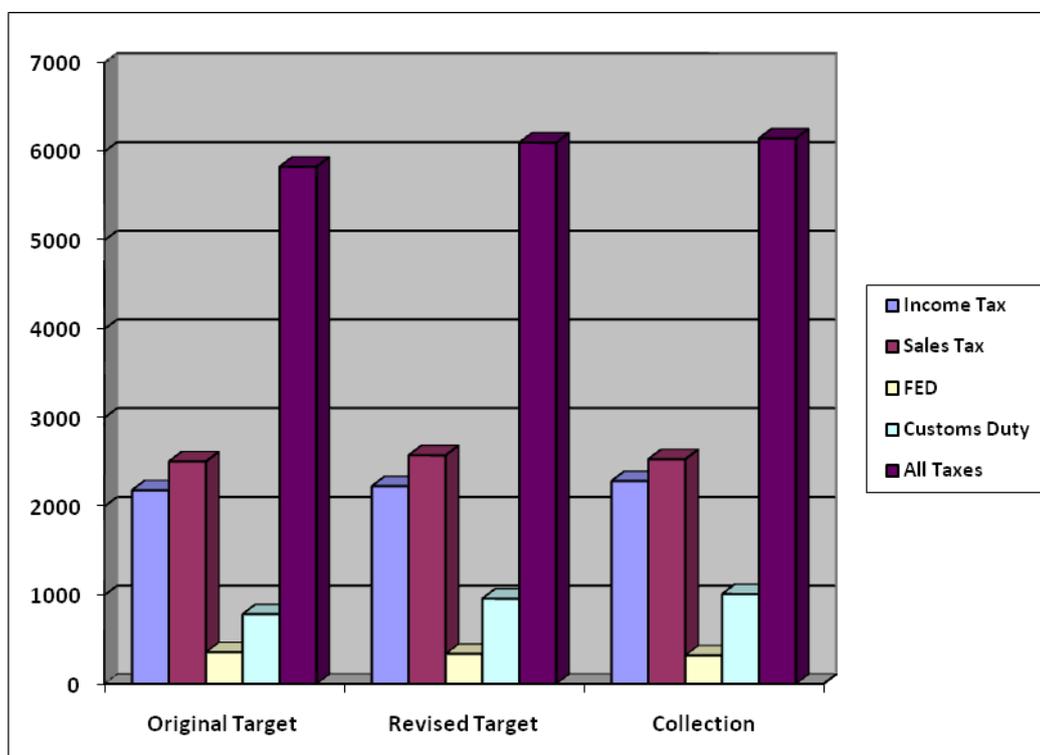
Table 1: FBR Collection Target FY 2021-22

(Rs in billion)

Head of account	Target		Collection	Achievement (Revised Target)	
	Original	Revised		Absolute	Percentage
Direct Tax (including WWF)	2,182.00	2,227.00	2,284.90	57.90	102.60
Indirect Taxes					
Sales Tax	2,506.00	2,576.00	2,532.20	-43.80	98.30
FED	356.00	337.00	320.70	-16.30	95.20
Customs Duty	785.00	960.00	1,010.70	50.70	105.30
Total (IDT)	3,647.00	3,873.00	3,863.60	-9.40	99.75
All Taxes	5,829.00	6,100.00	6,148.50	48.50	100.80

Sources: FBR Year Book 2021-22

Figure 1 presents FBR's Targets and the collection as a bar chart:



(ii) Overall Performance

Although FBR was able to meet the revised upward target of Rs 6,100 billion after a period of almost five years, however, the collection in respect of sales tax and federal excise duty remained less than the revised target by 43.82% and 16.30%, respectively, for the Financial Year 2021-22.

(iii) Direct and Indirect Taxes

Indirect taxes are intrinsically regressive and easy to collect, being transaction based, as opposed to direct taxes, which are based on earning taxable income. Although, FBR managed to increase number of tax filers substantially in the Financial Year 2021-22, however, contribution of direct taxes in the total collection has been stagnant since Financial Year 2017-18, despite the implementation of various policies geared towards increasing direct tax collection.

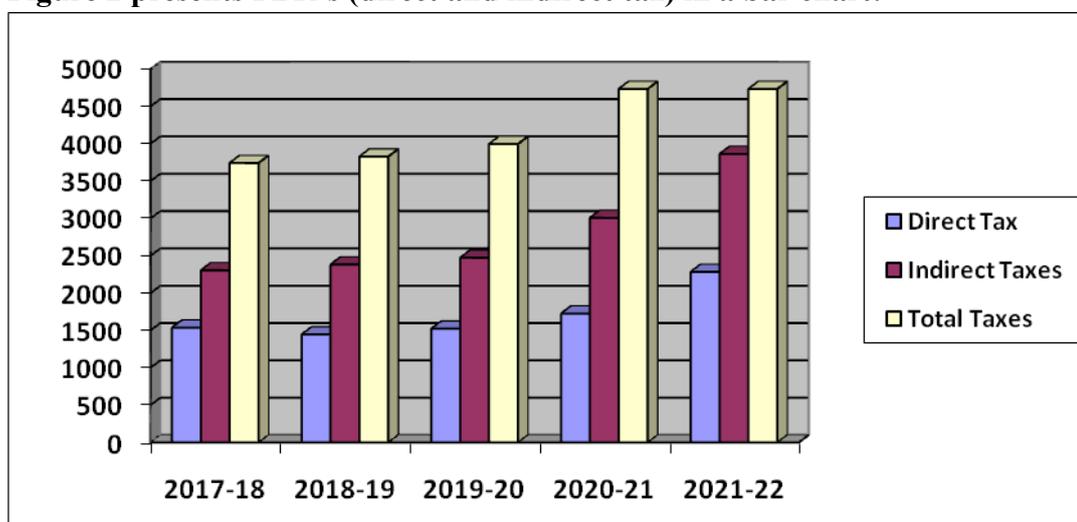
Table 2: Comparison of Direct and Indirect Taxes

(Rs in billion)

	2017-18	2018-19	2019-20	2020-21	2021-22
Direct Tax	1,536.60	1,445.50	1,523.10	1,726.00	2,284.90
Indirect Taxes	2,305.50	2,383.00	2,473.60	3,008.20	3,863.60
Total Collection	3,842.10	3,828.50	3,996.70	4,734.20	6,148.50

Sources: FBR's Year Books

Figure 2 presents FBR's (direct and indirect tax) in a bar chart:-



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

Tax collection on account of income tax consists of advance payment of tax as per law, including withholding tax under various provisions of the Income Tax Ordinance 2001. The department also unearthed cases of tax evasion and recovery of relevant taxes under the law. The direct tax collection category is a litmus test of the department's actual performance for which the FBR spent billions of rupees on infrastructure, salaries and other emoluments.

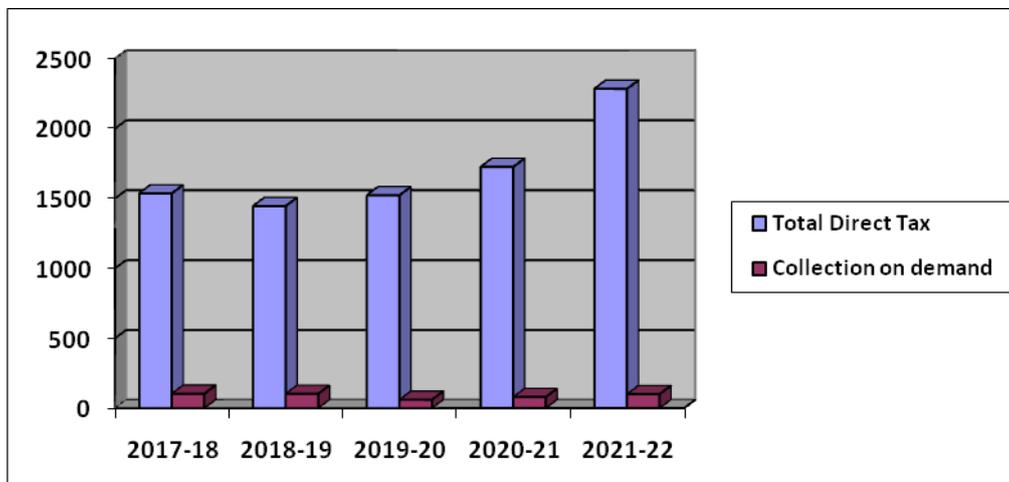
The Audit observed that FBR collected total direct taxes, including withholding taxes, of Rs 2,284.90 billion for the Financial Year 2021-22. However, the demand for tax collection created by the department was reported at Rs 101.09 billion for the Financial Year 2021-22, which was only 4.42% of the total direct tax collection. Furthermore, the Audit observed that the contribution of direct taxes in the total collection has been stagnant since Financial Year 2017-18.

Table 3: Comparison of total Direct Tax Collection and Collection on Demand
(Rs in billion)

	2017-18	2018-19	2019-20	2020-21	2021-22
Total Direct Tax	1,536.60	1,445.50	1,523.10	1,726.00	2,284.90
Collection on demand	104.13	102.93	60.81	80.14	101.09

Sources: FBR's Year Books

Figure 3 presents FBR's collection on demand as a bar chart:-



(v) **Withholding Taxes**

Tax collection under the withholding tax regime relies on the persons making payments by treating them as withholding agents. In other words, there is no active participation of FBR regarding tax collection under this head. As the tax collection under this head is somewhat easier, therefore, withholding taxes form a major part of the total tax collection of FBR. Rather than increasing its capacity to capture tax evaders and strengthening audit mechanisms to monitor the self-assessment system, FBR has increasingly relied on the withholding regime over the years.

FBR collection on account of withholding taxes was Rs 1,534.37 billion as against the total direct tax collection of Rs 2,284.90 billion for the Financial Year 2021-22. In terms of the proportion of withholding taxes to total direct taxes, the current percentage was 67%.

However, in the preceding Financial Year, the percentage was 72%. This shows that collection through withholding tax lagged by 5% even though the withholding tax collection in ten major heads has increased substantially.

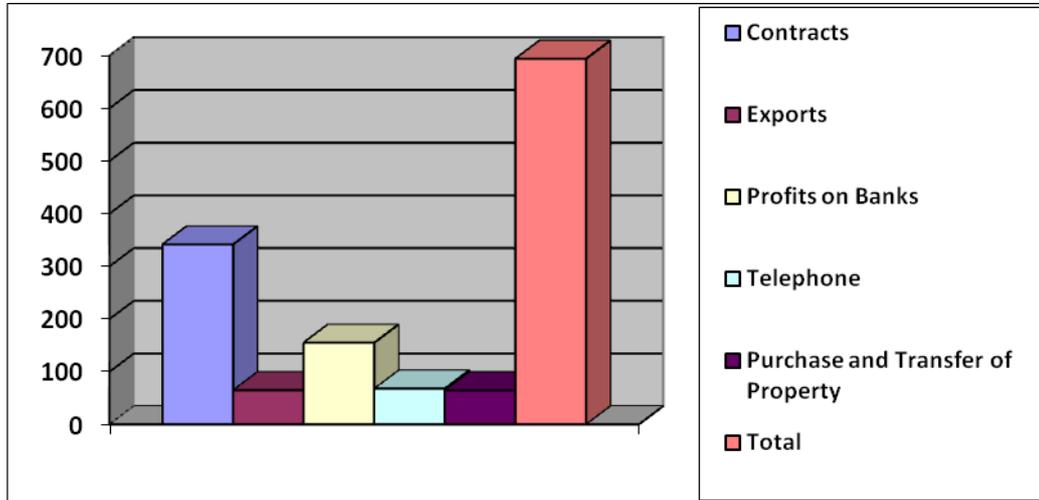
Among the ten major components, withholding taxes on contractual receipts, exports, bank interest and other various items fall under minimum tax or final tax regime. Audit observed that collections under these heads are indirect instead of direct, but the same are being collected/treated as direct taxes. FBR collected withholding tax at Rs 693.82 billion for the Financial Year 2021-22, which is Rs 132.57 billion more than the preceding Financial Year. The detail is tabulated under: -

Table 4: Showing withholding tax of main heads

(Rs in billion)			
Heads	FY 2021-22	FY 2020-21	Difference
Contracts	341.42	271.99	69.43
Export	64.97	42.25	22.72
Profit on Bank	154.96	134.93	20.03
Telephone bills	67.89	63.17	4.72
Purchase and Transfer of property	64.58	48.91	15.67
Total	693.82	561.25	132.57

The information is presented in a bar chart as follows:

Figure 4 showing withholding tax of main heads:-



2.2 Classified Summary of Audit Observations

Audit observations amounting to Rs 425,474.86 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. Embezzlement/Misappropriations	411.26
	ii. Direct Taxes (Income Tax)	255,071.40
	iii. Indirect Taxes (Sales Tax and FED)	90,543.63
	iv. Customs Duty	53,861.80
	v. Expenditure	1,797.16
3	Thematic Audits	23,789.61
Total		425,474.86

2.3 Comments on the status of compliance with the PAC directives

The aggregate mean from the table below shows that only 42.06 % compliance with the PAC directives was made. This reflects a lack of seriousness on the part of the FBR. Resultantly, audit observations involving substantial revenue have been piling up year after year, and there has been little action on the part of the FBR to address them. The situation is alarming as chances of recovery of revenue diminish with time.

Direct Taxes

S. No.	Year of Audit Report	Total Paras	Compliance Received	Compliance not Received	Percentage of Compliance (%)
1	1987-88	14	12	02	85
2	1988-89	39	27	12	69
3	1989-90	32	09	23	28
4	1990-91	41	18	23	43
5	1991-92	50	13	37	26
6	1992-93	64	35	29	54
7	1993-94	74	12	62	16
8	1994-95	46	07	39	15
9	1995-96	94	41	53	43
10	1996-97	71	21	50	29
11	1997-98	108	41	67	38
12	1998-99	64	08	56	12
13	1999-00	69	33	36	48
14	2000-01	88	54	34	61
15	2001-02	72	15	57	21
16	2002-03	49	12	37	24
17	2003-04	21	03	18	14
18	2004-05	36	17	19	47
19	2005-06	30	28	02	93
20	2006-07	29	05	24	17
21	2007-08	37	10	27	27
22	2008-09	54	22	32	41
23	2009-10	39	09	30	23

24	2010-11	34	14	20	41
25	2011-12	50	02	48	4
26	2012-13	32	04	28	12
27	2013-14	27	00	27	0
28	2014-15	56	02	54	3
29	2015-16	37	01	36	22
30	2016-17	42	07	35	17
31	2017-18	38	02	36	5
32	2018-19	42	00	42	0
33	2019-20	32	00	32	0
34	2020-21	15	Not yet Discussed in PAC		
35	2021-22	31	Not yet Discussed in PAC		

Indirect Taxes and Expenditure

S. No.	Audit Report Year	Total Paras	Compliance Received	Compliance Not Received	Percentage of Compliance (%)
1	1987-88	43	10	33	23
2	1988-89	32	27	05	84
3	1989-90	217	147	70	68
4	1990-91	67	49	18	73
5	1991-92	45	42	03	93
6	1992-93	99	44	55	44
7	1993-94	77	30	47	39
8	1994-95	72	15	57	21
9	1995-96	83	44	39	53
10	1996-97 Spl 1997	92	60	32	65
11	1997-98 Spl 1998	115	85	30	74
12	1998-99	99	65	34	66
13	1999-00	105	66	39	63
14	2000-01	125	81	44	65
15	2001-02	111	72	39	65
16	2002-03	90	36	54	40

17	2003-04	47	18	29	38
18	2004-05	39	22	17	56
19	2005-06	66	38	28	57
20	2006-07	63	30	33	48
21	2007-08	138	54	84	39
22	2008-09	119	36	83	30
23	2009-10	142	58	84	41
24	2010-11	82	19	63	23
25	2011-12	81	24	57	29
26	2012-13	72	17	55	24
27	2013-14	66	04	62	6
28	2014-15	100	05	95	5
29	2015-16	70	10	60	14
30	2016-17	72	16	56	22
31	2017-18	73	11	62	15
32	2018-19	89	08	81	9
33	2019-20	64	00	64	0
34	2020-21	17	Not yet discussed in PAC		
35	2021-22	31	Not yet discussed in PAC		

Customs

S. No.	Audit Report Year	Total Paras	Compliance Received	Compliance Not Received	Percentage of Compliance (%)
1	1985-86	32	29	3	91
2	1986-87	32	15	17	47
3	1987-88	26	0	26	0
4	1988-89	132	78	54	59
5	1989-90	10	7	3	70
6	1990-91	63	22	41	35
7	1991-92	53	46	7	87
8	1992-93	66	48	18	73
9	1993-94	9	3	6	33
10	1994-95	50	21	29	42

11	1995-96	45	23	22	51
12	1996-97 Special- 97	44	36	8	82
13	1997-98 Special- 98	69	51	18	74
14	1998-99	69	64	5	93
15	1999-00	30	24	6	80
16	2000-01	26	24	2	92
17	2001-02	23	19	4	83
18	2002-03	30	21	9	70
19	2003-04	39	25	14	64
20	2004-05	13	8	5	62
21	2005-06	25	19	6	76
22	2006-07	22	16	6	73
23	2007-08	35	19	16	54
24	2008-09	37	24	13	65
25	2009-10	82	65	17	79
26	2010-11	47	29	18	62
27	2011-12	122	62	60	51
28	2012-13	120	36	84	30
29	2013-14	83	50	33	60
30	2014-15	103	18	85	17
31	2015-16	59	15	44	25
32	2016-17	85	25	60	29
33	2017-18	76	13	63	17
34	2018-19	52	5	47	10
35	2019-20	35	7	28	20
36	2020-21	10	Not yet discussed in PAC		
37	2021-22	23	Not yet discussed in PAC		

CHAPTER-3 EMBEZZLEMENT/MISAPPROPRIATIONS

3.1 Embezzlement of government property – Rs 411.26 million

According to Rule-23 of GFR Vol-I, every government officer should realize fully and clearly that he will be held personally responsible for any loss sustained by Government through fraud or negligence on his part and that he will also be held personally responsible for any loss arising from fraud or negligence on the part of any other Government officer to the extent to which it may be shown that he contributed to the loss by his own action or negligence. Further, Para 104 of the Customs General Order 12/2002 read with Rule 20 of GFR Vol-I provides that any loss of public money and other property held by or on behalf of government, caused by defalcation or otherwise, should immediately be reported to the Audit.

During audit for the Financial Year 2020-21, Audit observed that:

- (i) In one (01) field office of FBR at Lahore forty-three (43) Detained Articles comprising of precious metals i.e. gold and silver valuing Rs 7.85 million were stolen, however, no FIR was lodged as per law despite the serious nature of the crime. Further, foreign currencies amounting to Rs 140.00 million were stolen and an FIR was lodged with Federal Investigation Agency (FIA) on 08.01.2020.
- (ii) In one (01) field office of FBR at Karachi, goods were removed from two (02) warehouses without payment of stipulated duty & taxes of Rs 263.41 million.

This resulted in loss to the public exchequer amounting to Rs 411.26 million due to possible involvement of customs officials in both the above mentioned instances. Furthermore, Audit was also not informed as required under the law.

When pointed out, the management replied that in cases amounting to Rs 140 million an FIR had been lodged with FIA. Furthermore, cases involving Rs 263.41 million are pending in the court of law and case of missing gold and silver worth Rs 7.85 million was under process.

In DAC meetings held in June 2022 and January 2023, the department was directed to pursue the cases in the court of law and report compliance to Audit.

Audit recommends recovery of the embezzled amount/articles besides initiating departmental inquiry followed by registration of FIR against the persons responsible for the defalcation.

[DP Nos. 7747, 7751-Cus & 1918, 1925-CD/K]

CHAPTER-4 NON-PRODUCTION OF RECORD

4.1 Non-production of auditable record

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

Further, under Section 216(1)(d) of Income Tax Ordinance 2001, Section 56B of Sales Tax Act 1990, and Section 47B of Federal Excise Act 2005 the Auditor General of Pakistan is empowered to obtain auditable record to discharge his functions under the constitution of Pakistan.

During audit of two (02) field formations under the jurisdiction of FBR, auditable records related to sales tax of Rs 4,249.53 million and FED Rs 977.59 million were not provided to Audit for the Financial Year 2019-2020 in respect of CTO & RTO-I, Karachi.

Non-production of record is a violation of law, as it creates hindrance in discharging the constitutional role of the Auditor General of Pakistan.

Due to non-production of record, the Audit is not in a position to provide assurance that revenue was properly assessed, collected and deposited in government exchequer.

These observations were reported to the department from time to time during the audit year. Department replied that external auditors do not have jurisdiction over the record of private enterprises registered under the Sales Tax Act 1990. Hence, whole exercise conducted by them was illegal and without jurisdiction, hence, coram-non-judice. Reliance in this regard is placed on the judgments reported as (2007 PTD (Trib.) 1600), 2008 PTD (Trib.) 261) and (2010 PTD 1355). Taxpayer's data is confidential under Section 56B of the Sales Tax Act 1990, any information acquired under any provision of this Act shall be confidential and no public servant shall disclose any such information. Therefore, access to taxpayer's record is out of the ambit of external auditors.

In DAC meeting held in January 2023, the department was directed to fix responsibility on the persons at fault and provide requisite record to Audit by 31.01.2023. No further progress was reported till the finalization of this report.

Audit demands that production of record should be ensured and disciplinary proceedings to be initiated against the responsible persons involved in the non-production of the record.

[DP 6980, 6981, 7088-ST/K]

CHAPTER-5 INCOME TAX

5.1 Non-recovery of tax demands – Rs 107,889.14 million

Section 138 of the Income Tax Ordinance 2001, provides procedure for recovery of the due tax from any person in accordance with the prescribed law including attachment and sale of any movable and immovable property of the taxpayer.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that two thousand eight hundred eighty seven (2887) cases in twelve (12) field offices of FBR did not recovered due tax. Audit further observed that department did not initiate recovery proceedings under the law. This resulted in non-recovery of tax amounting to Rs 107,889.14 million due to inaction by the department.

Non-recovery cases were reported to the department from February to November 2022. The department replied that Rs 22.20 million had been recovered, Rs 123.90 million had been charged but recovery was awaited, proceedings for Rs 107,729.42 million were initiated under the law but not yet finalized, and Rs 35.82 million was subjudice.

In DAC meetings held in June 2022 and January 2023, the department was directed to recover the amounts, finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends proactive follow up and monitoring of recovery of charged amounts by the department.

[Annexure-2]

5.2 Short-realization of income tax due to claims of inadmissible expenses - Rs 62,721.08 million

Section 20 and 21 of the Income Tax Ordinance 2001, provides that certain deductions and expenditures such as donations, capital nature expenses, lease finance charges, provisional expenses etc. incurred by taxpayers in a tax year shall be allowed in computing taxable income under the head “Income from Business”.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in fifteen (15) field offices of FBR, one thousand nine hundred and six (1906) taxpayers claimed inadmissible expenses such as donations, capital nature expenses, lease finance charges, provisional expenses etc., while computing taxable income. The department did not take corrective action to recover the revenue. This resulted in short-realization of tax amounting to Rs 62,721.08 million due to claim of inadmissible expenses.

These short-realizations were reported to the department from February to November 2022. The department replied that Rs 1,521.81 million had been recovered, Rs 548.86 million had been charged but recovery awaited, and proceedings for Rs 60,258.44 million had been initiated but not finalized. The department further replied that amount of Rs 1,913.78 million was subjudice in courts of law.

In DAC meetings held in June 2022 and January 2023, the department was directed to recover charged amounts, finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing corrective and detective controls to disallow such inadmissible expenses.

[Annexure-3]

5.3 Short-realization of tax due to non-treatment of withholding tax as minimum tax liability – Rs 15,124.47 million

Sections 148, 152(2A), 153(3), and 233 of the Income Tax Ordinance 2001, provide that tax deducted at source while making payments to the vendors shall be treated as minimum tax liability of the taxpayer for the tax year.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that ninety seven (97) taxpayers under the jurisdiction of fourteen (14) field offices of FBR incorrectly adjusted withholding tax against tax payable under the normal tax regime, even though the tax was required to be treated as a minimum tax liability. The department did not take remedial action under the law to recover the due tax from the taxpayers. This resulted in short-realization of tax, amounting to Rs 15,124.47 million.

These short-realizations were reported to the department from February to November 2022. The department replied that Rs 419.56 million had been recovered, and proceedings of Rs 15,124.47 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing systematic checks to identify cases where withholding taxes are adjusted against minimum tax liability.

[Annexure-4]

5.4 Inadmissible claims of tax credit – Rs 13,094.69 million

Section 65 of the Income Tax Ordinance 2001, provides tax credits to corporate industrial undertakings at prescribed rates for investing in existing plant and machinery through equity. Moreover, Section 100C provides for a tax credit to non-profit organisations on specified income on fulfilment of specified conditions.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that various corporate taxpayers under the jurisdiction of ten (10) field offices of FBR claimed inadmissible tax credits against payable tax. In ten (10) cases, taxpayers, who were not industrial undertakings, claimed tax credits on the purchase of plant and machinery or the plant and machinery was not purchased out of new equity. In other four hundred seventeen (417) cases, inadmissible tax credits were claimed by non-profit organisations. This inadmissible tax credit was required to be disallowed under the law to recover the due tax from the taxpayers. However, the department failed to do the needful. This caused a revenue loss of Rs 13,094.69 million.

These inadmissible claims of tax credits were reported to the department from February to November 2022. The department replied that credit of Rs 8.70 million had been recovered, Rs 375.52 million had been charged but recovery awaited, and proceedings of Rs 12,719.17 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to recover charged amounts, finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls to monitor self-assessed income effectively.

[Annexure-5]

5.5 Non-deduction/recovery of withholding tax - Rs 11,622.82 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.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in eighteen (18) field offices of FBR, five hundred and eighty four (584) 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 taxpayers but no action was initiated by the department. This resulted in non-deduction/recovery of withholding tax amounting to Rs 11,622.82 million.

These non-deductions/recoveries were reported to the department from February to November 2022. The department replied that Rs 1.15 million had been recovered, proceedings for Rs 11,622.82 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing preventive and detective controls to monitor withholding regime effectively.

[Annexure-6]

5.6 Non-imposition of penalties on non-filers – Rs 10,876.09 million

Section 182 of the Income Tax Ordinance 2001, provides for the realization of penalty at applicable rates where a taxpayer fails to furnish the return or other required documents later than the specified time.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that eleven thousand seventy nine (11079) taxpayers in twelve (12) field offices of FBR did not file income tax returns or withholding statements as required under the law. The department neither initiated corrective action to enforce the filing of returns nor imposed penalties amounting to Rs 10,876.09 million.

Cases of non-imposition of penalties were reported to the department from February to November 2022. The department replied that proceedings of Rs 10,876.09 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and proactive use of incentives/penalties by tax authorities to ensure timely submission of income tax returns.

[Annexure-7]

5.7 Non/short-realization of minimum tax – Rs 8,578.65 million

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that one thousand and six (1006) taxpayers assessed in eighteen (18) field offices of FBR did not pay 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. The department initiated no legal proceedings to recover the said tax. This resulted in non/short-realization of tax amounting to Rs 8,578.65 million.

Instances of non/short-realizations of minimum tax were reported to the department from February to November 2022. The department replied that Rs 0.60 million had been recovered, Rs 1.07 million had been charged but recovery was awaited, and proceedings for Rs 8,026.10 million had been initiated but not yet finalized. The department further replied that Rs 551.48 million was subjudice in the courts of law.

In DAC meetings held in June 2022 and January 2023, the department was directed to recover charged amounts, finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and active follow up to monitor recovery of minimum tax effectively.

[Annexure-8]

5.8 Excess adjustments of withholding tax deductions – Rs 6,039.58 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 the withholding tax deduction in computing his tax liability.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that six hundred nineteen (619) taxpayers under the jurisdiction of fourteen (14) field offices of FBR claimed withholding tax deductions against payable tax in excess of the amount of tax collected or deducted. The department failed to identify such cases of inadmissible tax deductions and retrieve due tax from the taxpayers. This resulted in short-realization of tax amounting to Rs 6,039.58 million due to excess adjustments of withholding tax deductions.

Excess adjustments were reported to the department from February to November 2022. The department replied that Rs 2.38 million had been recovered, proceedings for Rs 6,039.58 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report

compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls to monitor claims only admissible tax deductions.

[Annexure-9]

5.9 Short-realization of super tax - Rs 3,772.24 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 in case of banking company and at the rate of three percent other than a banking company having income equal to or exceeding Rs 500 million.

In three (03) field formations of FBR, Audit observed that the super tax was not paid with return by thirty (30) taxpayers for the tax year 2021, within the stipulated time period. It was further observed in ten (10) more cases of taxpayers, the department, while finalizing / revision of orders pertaining to Tax Years 2015 to 2018, did not work out super tax which was required to be charge and recover as per law. The taxation authorities did not initiate legal proceedings to recover the same. This resulted in short-realization of super tax amounting to Rs 12,334.12 million as tabulated below:

S. No.	Formation	PDP No	Tax Year	No. of cases	Amount	Remarks
1	LTO Karachi	2563	2021	20	11,647.45	Rs 8,561.88 Recovered Rs 515.36 Recovery awaited, Rs 736.17 Subjudice Rs 1,834.04 under process
2	CTO, Karachi	2527	2016-18	5	419.13	Under Process
3	RTO Hyderabad	2728	2015-18	5	267.55	Under Process
Total				30	12,334.12	
Recovered					8,561.88	
Balance					3,772.24	

These short-realizations were reported to the department from February to November 2022. The department replied that Rs 8,561.88 million had been recovered, Rs 515.36 million had been charged but recovery was awaited and proceedings for Rs 2,520.71 million had been initiated but not finalized and Rs 736.17 million was subjudice

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls to monitor self-assessed income effectively.

5.10 Non-taxation of income earned from other sources – Rs 3,552.77 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.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in ten (10) field offices of FBR, one hundred fifty eight (158) taxpayers derived taxable income under the head “Income from Other Sources” but did not declare the income in income tax return. The assessing authorities also did not initiate legal action to recover the tax. This resulted in lesser tax realization amounting to Rs 3,552.77 million due to non-taxation of other income.

Cases of non-taxation were reported to the department from February to November 2022. The department replied that proceedings for Rs 3,552.77 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls in the system to check and flag these violations to monitor self-assessed income effectively.

[Annexure-10]

5.11 Irregular adjustments of refund – Rs 3,050.10 million

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in twelve (12) field offices, one hundred twenty four (124) taxpayers claimed excess refund, i.e. credit of tax payments was given without verification of challans, adjustments of prior year's refunds were made in the absence of refund assessment orders, or outstanding liabilities were not accounted while granting tax credits. The department did not take corrective action to recover the government dues. This resulted in irregular adjustments of refund amounting to Rs 3,050.10 million due to non-compliance of codal formalities.

Irregular adjustments of refund were reported to the department from February to November 2022. The department replied that the amount of Rs 1.36 million was charged and recovery awaited and proceedings for Rs 3,033.27 million had been initiated but not finalized. The department further replied that an amount of Rs 15.47 million was subjudice.

In DAC meetings held in June 2022 and January 2023, the department was directed to recover charged amounts, finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and strengthening post refund audit to monitor self-assessed income effectively.

[Annexure-11]

5.12 Non-realization of default surcharge on late payment of tax – Rs 2,163.60 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 shall be liable to pay default surcharge at the prescribed rate on the unpaid amount of tax.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in nine (09) field offices of FBR, two thousand nine hundred nine (2909) taxpayers did not pay the due tax within the prescribed time under the law. However, tax authorities failed to recover the default surcharge from the taxpayers. This resulted in the non-realization of a default surcharge amounting to Rs 2,163.60 million due to weak internal controls.

Instances of non-realization of default surcharge were reported to the department from February to November 2022. The department replied that proceedings of Rs 2,163.60 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery, finalising legal proceedings and follow up by higher authorities to ensure enforcement of tax laws.

[Annexure-12]

5.13 Non-realization workers' welfare fund – Rs 1,938.75 million

Under Section 4 of the Workers' Welfare Fund Ordinance 1971, prescribed industrial establishment must contribute to the workers' welfare fund at the rate of two per cent (2%) of its total income.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that one thousand six hundred and thirty-eight (1638) prescribed taxpayers, under the jurisdiction of sixteen (16) field offices of FBR, did not pay WWF. The department did not initiate legal proceedings for the recovery of the same. This resulted in non-realization of WWF amounting to Rs 1,938.75 million.

Non-realizations were reported to the department from February to November 2022. However, the department replied that Rs 10.06 million had been recovered, Rs 11.53 million was charged and recovery awaited, and proceedings of Rs 1,927.23 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implement preventive controls to monitor self-assessment system.

[Annexure-13]

5.14 Non-recovery of tax on sales to retailers, wholesalers and distributors - Rs 1,262.95 million

Section 236 of the Income Tax Ordinance 2001, provides for the collection of advance tax by manufacturers, distributors, dealers, wholesalers or commercial importers at prescribed rates while making sales to specified persons.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in fourteen (14) field offices of FBR, one thousand four hundred seventy four (1474) taxpayers did not collect advance tax from retailers, wholesalers and distributors at the time of sales. The department failed to initiate proceedings to recover the due tax from the taxpayers. This resulted in the non-recovery of advance tax on supplies amounting to Rs 1,262.95 million.

Non-recoveries were reported to the department from February to November 2022. The department replied that Rs 1.09 million had been recovered and proceedings of Rs 1,262.95 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls to monitor self-assessed income effectively.

[Annexure-14]

5.15 Non-recovery of withholding tax on income from property - Rs 1,144.63 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 shall enforce the payment of tax through invoking relevant provision of law.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in fourteen (14) field offices of FBR, four hundred ninety three (493) taxpayers did not withheld the tax while making rent payments to property owners. However, the department failed to identify such cases. This resulted in non-recovery of withholding tax amounting to Rs 1,144.63 million.

These non-recoveries were reported to the department from February to November 2022. The department replied that Rs 3.66 million had been recovered, proceedings for Rs 1,143.48 million had been initiated but not finalized, and Rs 1.15 million was subjudice.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls to monitor withholding regime effectively.

[Annexure-15]

5.16 Non-realization of withholding tax on dividend - Rs 722.05 million

Section 150, read with Section 161 of the Income Tax Ordinance 2001, provides that every person paying a dividend must deduct tax from the gross amount of the dividend at the specified rates. Moreover, it is provided that in case of non-compliance, the person responsible for the tax deduction will pay the tax. In case of non deduction, the Commissioner shall enforce the payment of tax through invoking relevant provision of law.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in two (02) field offices of FBR, six (06) persons did not deduct tax while making payments of dividends. On the other hand, the department also failed to recover the tax through remedial action under the law. This resulted in the non-realization of tax amounting to Rs 722.05 million.

These instances of non-realization were reported to the department from February to November 2022. The department replied that proceedings of Rs 722.05 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings besides fixing of responsibility against the persons at fault.

[Annexure-16]

5.17 Non/short-recovery of withholding tax on salaries – Rs 513.24 million

According to Section 149, read with Section 161 of the Income Tax Ordinance 2001, every employer paying salary to an employee must deduct tax from the salary at the time of payment. The deduction is to be made at an average rate of tax computed at specified rates. In case of non deduction, the Commissioner shall enforce the payment of tax through invoking relevant provision of law.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in seven (07) field offices of FBR, one hundred eleven (111) taxpayers being withholding agents either did not deduct tax or short-deducted tax from the salaries of the employees. However, the tax authorities did not take remedial action under the law to recover the tax. This resulted in non/short recovery of withholding tax on salaries amounting to Rs 513.24 million.

Non/short-recovery cases were reported to the department from February to November 2022. The department replied that Rs 0.11 million had been recovered and proceedings of Rs 513.14 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings besides fixing of responsibility against the persons at fault.

[Annexure-17]

5.18 Short-realization of tax due to claims of inadmissible tax depreciation allowance – Rs 344.76 million

Section 23 of the Income Tax Ordinance 2001, provides that a taxpayer shall be allowed depreciation allowance in a tax year on the purchase of plant and machinery used for the first time in the business at the specified rate.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that nineteen (19) taxpayers in seven (07) field offices of FBR claimed initial depreciation allowance on assets which were not allowed under the law. The department did not take action to undo this inadmissible allowance to recover the due tax from the taxpayers. This resulted in a short-realization of income tax amounting to Rs 344.76 million.

Short-realizations were reported to the department from February to November 2022. The department replied that Rs 1.13 million had been charged, but recovery awaited and proceedings for Rs 343.63 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to recover charged amounts, finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and strengthening of internal checks in the system to disallow such inadmissible allowance.

[Annexure-18]

5.19 Non-realization of tax on payment of royalties – Rs 205.35 million

According to Section 153B(1) of the Income Tax Ordinance 2001, every person paying an amount of royalty to a resident shall deduct tax from the gross amount payable at the rate specified in First Schedule.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that four (04) taxpayers, falling under the jurisdiction of LTO Islamabad, made royalty payments but did not deduct the due amount of tax as required under the law. However, department did not initiate legal action to realize the tax. This resulted in non-realization of tax of Rs 205.35 million.

Non-realizations were reported to the department from February to November 2022. The department replied that proceedings of Rs 205.35 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls to monitor withholding taxes effectively.

[DP No.21626, 21321-IT]

5.20 Short-realization of tax due to non-apportionment of expenses - Rs 157.73 million

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that two (02) taxpayers in two (02) field offices of FBR had earned income under normal and fixed tax regimes. However, the apportionment of expenses in proportion to sales was made incorrectly, and higher expenses were claimed under the normal income tax regime, resulting in lesser assessments of taxable income. The department did not take action to amend the assessments of income which resulted in a short-realization of revenue amounting to Rs 157.73 million.

Non-apportionment of expenses cases were reported to the department from February to November 2022. The department replied that proceedings of Rs 157.73 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing controls to monitor self-assessed income effectively.

[DP No.21617, 21551-IT]

5.21 Non-recovery of tax on brokerages and commissions – Rs 140.24 million

Section 233, read with Section 161 of the Income Tax Ordinance 2001, provides that tax will be deducted at a prescribed rate while making payment of brokerage or commission. Section 161 provides that the person responsible for the tax deduction will pay the tax.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that nine (09) taxpayers under the jurisdiction of three (03) field offices of FBR did not deduct the due amount of tax while making payments of brokerages and commissions. However, the department did not take corrective action to recover the said tax. This resulted in a lesser recovery of tax amounting to Rs 140.24 million.

Cases of non-taxation of brokerages and commissions were reported to the department from February to November 2022. The department replied that proceedings for Rs 140.24 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and strengthening desk audits after submission of returns to monitor self-assessed income effectively.

[Annexure-19]

5.22 Non-recovery of advance income tax on fees collected by educational institutions – Rs 107.47 million

Section 236-I, read with Section 161 of the Income Tax Ordinance 2001, provides that advance tax shall be collected from a person not appearing on the active taxpayers' list at the rate of 5% on the amount of fee paid to an educational institution which exceeds two hundred thousand rupees.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of three (03) field offices of FBR, fee was received by the six (06) educational institutions but did not collect the taxes at prescribed rate. However, the department failed to collect the tax from the educational institutions despite the fact that tax collection was not appeared in the withholding statements. This resulted in non-recovery of tax amounting to Rs 107.47 million.

Cases of non-recovery of advance tax were reported to the department from February to November 2022. The department replied that Rs 0.83 million had been recovered and proceedings of Rs 107.47 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings and implementing detective/preventive controls to monitor withholding taxes effectively.

[DP No. 20966, 21033, 21237-IT]

5.23 Incorrect adjustments of carry forward losses – Rs 49.00 million

Section 57 of the Income Tax Ordinance 2001, provides that if a taxpayer sustains a loss under the head "Income from Business" for a tax year,

the loss would be carried forward to six following tax years and would be adjusted only against income earned under the head “Income from Business” of such business.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in one (01) field office of FBR, three (03) taxpayers claimed adjustments of carried forward losses against income earned under the head “other income” instead of “income from business”. However, the department did not initiate legal proceedings to recover the due tax from the taxpayers. This resulted in a short recovery of tax amounting to Rs 49.00 million due to incorrect adjustment of carry forward losses.

Incorrect adjustment cases were reported to the department from February to November 2022. The department replied that proceedings of Rs 49.00 million had been initiated but not finalized.

In DAC meetings held in June 2022 and January 2023, the department was directed to finalize legal proceedings by 10th February 2023 and report compliance to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of legal proceedings besides fixing of responsibility against the persons at fault.

[DP No.21363, 21394-IT]

CHAPTER-6 SALES TAX

6.1 Non-recovery of adjudged dues/arrears – Rs 34,038.32 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.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of six (06) field offices of FBR, in one hundred forty nine (149) cases, the authorities did not take prescribed measures for recovery of adjudged government dues. This resulted in non-recovery of Rs 34,038.32 million.

Cases of non-recoveries were reported to the department from February to November 2022. The department replied that cases amounting to Rs 31,870.66 million were under-recovery and Rs 2,167.66 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery and ensure finalization of legal proceedings within one month where cases were under process/examination. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery and legal proceedings, regular follow up by higher authorities in cases of adjudged arrears, and devising timelines for field formations to observe.

[Annexure-20]

6.2 Short-realization of sales tax due to inadmissible adjustments of input tax credits – Rs 18,960.08 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, against fake invoices, and where goods have not been used in taxable supplies.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of sixteen (16) field offices of FBR, one hundred and ninety three (193) registered persons adjusted input tax against output tax on invoices issued by registered persons who did not deposit the tax

for input tax claimed was based on fake invoices and claimed the input tax on such goods which were not used in supplies of taxable goods. The department did not initiate legal proceedings to recover the due amount of tax. These inadmissible input tax adjustments resulted in short-realization of sales tax amounting to Rs 18,960.08 million.

Inadmissible adjustments were reported to the department from February to November 2022. The department replied that cases amounting to Rs 386.94 million were under-recovery, Rs 15,249.14 million were under adjudication, Rs 1,046.08 million were awaiting action, Rs 72.17 million were under appeal before Commissioner IR (Appeal), and cases of Rs 2,205.75 million were under process.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery/adjudication and legal proceedings and pursue the pending cases. The DAC showed its serious concerns where no action had been initiated, in case of RTO Multan, the DAC further directed to examine the issue and sort out the supply chain of fake/flying invoices and submit a detailed investigative report in this regard to audit & FBR by 31.01.2023. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings and submitting comprehensive replies in cases where no action had been initiated. Moreover, FBR should proactively flag and monitor suspicious activities like sudden increases in volumes/numbers of transactions to curb malpractice of fake/flying invoices.

[Annexure-21]

6.3 Non-withholding of sales tax - Rs 12,356.02 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 to deposit the same. Companies are responsible for withholding sales tax @5% on purchases from persons other than active taxpayers. In cases of advertisement services, the registered persons must withhold the whole of the applicable sales tax.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of twelve (12) field offices of FBR, two

thousand nine hundred eighty-eight (2988) taxpayers 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 proceedings to recover the due tax. This resulted in non-withholding of sales tax amounting to Rs 12,356.02 million.

These non-withholding cases were reported to the department from February to November 2022. The department replied that cases amounting to Rs 286.87 million were under adjudication and Rs 12,069.15 million were under process/ examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the adjudication proceedings and in case of LTO Lahore, the DAC further directed to re-examine the case and take appropriate action. No further progress was reported till the finalization of this report.

Audit recommends expediting adjudication and initiating legal proceedings where action was awaited besides improving internal controls for effective monitoring of withholding taxes through FBR's automated systems.

[Annexure-22]

6.4 Loss of government revenue due to inadmissible payment of sales tax refunds – Rs 4,791.77 million

Section 10 of the Sales Tax Act 1990, provides that if the input tax paid by a registered person exceeds the output tax on account of zero-rated local supplies or exports, the excess amount of input tax shall be refunded to the registered person. Furthermore, according to Rule-33 of the Sales Tax Refund Rules 2006, refund in respect of goods exported or supplied at zero rates shall be paid to the extent of the input tax paid on purchases or imports that are actually consumed in the production of such goods. Moreover, according to Section 73 of the Act transactions exceeding the value of fifty thousand rupees shall be made through banking channels.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that five (05) field offices of FBR sanctioned and paid refunds in seven hundred twelve (712) cases in excess of the input tax actually consumed in zero-rated/exported goods, without verifying the proof of payments through banking

channels and variation of stocks. This resulted in inadmissible payment of sales tax refunds of Rs 4,791.77 million.

These inadmissible payments of refund were reported to the department from February to November 2022. The department replied that cases amounting to Rs 3,069.25 million were under adjudication and in cases of Rs 1,722.52 million the process of post refund audit was in process.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the adjudication proceedings and post refund audits and submit updated status to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting adjudication and legal proceedings besides strengthening post refund audits to avoid the recurrence of such irregularities.

[Annexure-23]

6.5 Non/short-realization of withholding sales tax – Rs 3,884.09 million

As per SRO 253(I)/2019 dated 26.02.2019 effective from 1st July 2018, cotton ginners are required to pay sales tax on cotton seed oil on the basis of quantity of cotton seed supplied or consumed in house. Further, as per SRO 1087(I)/2019 dated 19.09.2019, a recipient (buyer) of ginned cotton is required to pay sales tax alongwith return for the tax period in which invoices issued for relevant supply. The cotton ginner is also required to file monthly sales tax return failing which default surcharge will be imposed.

During audit for the Financial Years 2018-19 and 2019-20, it was observed that four hundred eighty three (483) taxpayers registered with two (02) field offices of FBR being withholding agent supplied cotton seed but did not collect sales tax on cotton seed oil. Moreover, sixteen (16) taxpayers registered with LTO Karachi, purchased ginned cotton and being recipient of ginned cotton neither deducted nor deposited due amount of sales tax as per law. This resulted into non/short-realization of withholding sales tax amounting to Rs 3,884.09 million as detailed follows:

(Rs in million)

S. No.	Formation	Period	PDP No.	No. of cases	Amount
1	LTO Karachi	2019-20	7089-ST/K	16	2,029.66
2	RTO Hyderabad & Sukkur	2018-19	7090-ST/K	471	1,483.65
3	RTO Sukkur	2019-20	7092-ST/K	12	370.78
Total				499	3,884.09

Cases of non/short-realization of withholding sales tax were reported to the department from July to November 2022. The department replied that cases were under adjudication/under process/subjudice.

In DAC meeting held in January 2023, the department was directed to expedite the adjudication/under process proceedings and pursue subjudice cases under intimation to Audit and FBR by 31.01.2023. No further progress was reported till the finalization of this report.

Audit recommends prompt action on cases not finalized and fix responsibility for inordinate delay/lapse against the person(s) at fault besides cross linking data of ginners and spinners and strengthening desk audits

6.6 Short-realization of sales tax due to non-apportionment of input tax - Rs 3,865.68 million

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

During audit for the Financial Years 2019-20 to 2021-22, it was observed that under the jurisdiction of fifteen (15) field offices of FBR, seventy two (72) 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 below the threshold. However, entire amounts of input tax were adjusted without apportionment. The tax authorities did not initiate proceedings to recover the due tax. This resulted in

short-realizations of sales tax due to non-apportionments of input tax amounting to Rs 3,865.68 million.

These instances of non-apportionment were reported to the department from February to November 2022. The department replied that cases amounting to Rs 938.06 million were under-recovery, Rs 2,274.79 million were under adjudication, Rs 2.00 million were subjudice before Commissioner Inland Revenue (Appeal), and Rs 650.83 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery, adjudication and legal proceedings and submit updated status to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings besides strict monitoring of apportionment before allowing adjustment of input tax.

[Annexure-24]

6.7 Non-realization of sales tax on taxable supplies – Rs 2,115.05 million

According to Section 3(1) read with Section 11 of the Sales Tax Act 1990 there shall be charged, levied and paid a tax known as sales tax at the rate of seventeen per cent of the value of taxable supplies made by a registered person; and goods imported into Pakistan, irrespective of their final destination in territories of Pakistan. In case of non compliance, tax authorities are required to take action as per law.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that twenty five (25) taxpayers, registered with two (02) field offices of FBR, did not recover sales tax on free electricity units provided to their employees. Furthermore, it was noticed that department did not recover sales tax on imported goods and sales revenue concealed by the taxpayers. This resulted in non-realization of sales tax amounting to Rs 2,115.05 million.

Instances of non-realization were reported to the department from February to November 2022. The department replied that the cases were under process.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the proceedings of under process cases under intimation

to Audit and FBR by 31.01.2023. No further progress was reported till the finalization of this report.

Audit recommends prompt action in cases not finalized and fix responsibility for inordinate delay/lapse against the person(s) at fault besides strengthening desk audits to avoid recurrence of such irregularities in future.

[Annexure-25]

6.8 Non-realization of further tax – Rs 1,996.27 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.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of fifteen (15) field offices of FBR, fifty-two (52) registered persons made taxable supplies to unregistered persons, but 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 1,996.27 million.

Cases of non-payment of further tax were reported to the department from February to November 2022. The department replied that cases amounting to Rs 220.41 million were under-recovery, Rs 104.56 million were under adjudication, Rs 8.94 pending before Commissioner IR (Appeal), Rs 80.08 were contested, and Rs 1,582.28 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery/adjudication and legal proceedings, pursue the pending cases, and get the contentions verified in contested cases. The DAC showed serious concern where no action had been initiated and directed to submit updated status to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings and submitting updated replies in cases where no action has been initiated by the department besides strengthening post assessment desk audits.

[Annexure-26]

6.9 Loss of revenue due to inadmissible exemptions of sales tax - Rs 1,728.20 million

According to Section 13, read with the Sixth Schedule of the Sales Tax Act 1990, goods specified therein shall be exempt from tax. Furthermore, as per Section 3(1)(a) of the Act sales tax is chargeable at the rate of seventeen per cent (17%) of the value of taxable supplies made by a registered person.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that sixteen (16) taxpayers, registered with eight (08) field offices of FBR, supplied goods and claimed exemptions from sales tax. However, these goods included printing machines, oil cakes, general tonics/energy boosters, free electricity, etc., which did not fall under the exempt category. The tax authorities did not initiate legal proceedings to recover the government revenue. This resulted in loss of revenue due to inadmissible sales tax exemptions of Rs 1,728.20 million.

These inadmissible exemptions were reported to the department from February to November 2022. The department replied that cases amounting to Rs 573.24 million were under recovery, Rs 311.63 million were under adjudication and, cases of Rs 843.33 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite recovery/adjudication proceedings. The DAC showed serious concern where no action had been initiated and directed to submit updated status to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends early recovery, finalization of adjudication proceedings, updated replies should be submitted in cases where no action has been initiated, and improved detective and preventive controls for effective monitoring of sales tax exemptions through FBR's automated systems.

[Annexure-27]

6.10 Non-imposition of penalties and default surcharges – Rs 1,667.33 million

According to Section 33, read with Section 34(1)(a) of the Sales Tax Act 1990, if a person fails to furnish a return within the due date, such a person shall pay a penalty of ten thousand rupees. Furthermore, any person who knowingly or

fraudulently makes a false statement such person shall pay a penalty of twenty-five thousand rupees or one hundred per cent of the amount of tax involved, whichever is higher. Moreover, a registered person who does not pay the due tax or any part thereof is liable to pay a default surcharge in addition to the due tax.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that fourteen (14) field offices of FBR did not recover penalties and default surcharges from nine thousand and seventy-four (9074) taxpayers. The taxpayers either did not submit sales tax returns, failed to charge and pay the sales tax (at the time of receipt of customer advances), or deposited the sales tax after due dates. Tax authorities did not initiate legal action to impose penalties and default surcharges. This resulted in non-imposition and recovery of penalties and default surcharges amounting to Rs 1,667.33 million.

The instances of non-imposition of penalties/default surcharges were reported to the department from February to November 2022. The department replied that cases amounting to Rs 62.77 million were under-recovery, Rs 568.09 million were under adjudication, and Rs 1,036.47 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery/adjudication and finalize legal proceedings in cases where action was pending. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings and submitting updated replies besides improving controls to monitor non-filing/late-filing of sales tax returns through FBR's automated system effectively.

[Annexure-28]

6.11 Loss of revenue due to non-realization of sales tax on taxable goods - Rs 1,395.28 million

According to Section 3 of the Sales Tax Act 1990, sales tax at the rate of seventeen per cent is chargeable on the value of taxable supplies made by a registered person.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of fourteen (14) field offices of FBR, two

hundred nineteen (219) registered persons supplied taxable goods such as fixed assets, scrap, waste, bricks, etc., but sales tax was neither paid by the registered persons nor realized by the department. This resulted in loss of revenue amounting to Rs 1,395.28 million.

These instances of non-realization were reported to the department from February to November 2022. The department replied that cases amounting to Rs 116.70 million were under-recovery, Rs 1,096.80 million were under adjudication, and Rs 181.78 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite recovery/adjudication/legal proceedings. The DAC showed serious concern where no action had been initiated and directed to submit updated status to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings and submitting updated replies in cases where no action has been initiated by the department besides strengthening desk audits in terms of human resource and capacity building of auditors.

[Annexure-29]

6.12 Loss of government revenue due to excess adjustments of input tax – Rs 678.17 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.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of ten (10) field offices of FBR, fifty nine (59) registered persons adjusted the whole amount of input tax against output tax instead of the permissible limit of ninety percent (90%) of output tax. Department did not initiate legal action to recover the revenue loss. This resulted in loss of government revenue amounting to Rs 678.17 million.

Instances of excess adjustments of input tax were reported to the department from February to November 2022. The department replied that cases amounting to Rs 0.26 million were under recovery, cases amounting to Rs 389.46 million were under adjudication, Rs 0.16 million pending before

Commissioner IR (Appeal), and Rs 288.29 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery/adjudication and ensure finalization of legal proceedings, pursue the pending cases and submit updated status to the Audit and FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings and pursuance of subjudice case besides implementing checks in the system that automatically disallow such inadmissible adjustments.

[Annexure-30]

6.13 Excess adjustment of input tax by the non-integrated tier-1 retailers - Rs 376.89 million

According to Section 8B(6) of the Sales Tax Act 1990, in case a Tier-1 retailer does not integrate his retail outlet in the manner as prescribed under sub-Section (9A) of Section 3 the adjustable input tax for whole of that tax period shall be reduced by 60%.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that forty-seven (47) taxpayers registered with three (03) field offices of FBR were not integrated with the computerized system for real-time reporting of sales. The department was required to reduce adjustment of 60% of input tax claimed under the above law which was not done. This resulted in excess adjustment of input tax of Rs 376.89 million as detailed below:

(Rs in million)

S. No.	Formation	Period	PDP No.	No. of cases	Amount
1	RTO-I Karachi	2021-22	7069-ST/K	24	54.57
2	RTO Sukkur	2020-21	7058-ST/K	09	143.55
3	RTO Quetta	2021-22	7073-ST/K	14	178.77
Total				47	376.89

Instances of excess adjustment of input tax were reported to the department from July to November 2022. The department replied that cases were under adjudication/under process.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the adjudication/under process proceedings under intimation to Audit and FBR by 31.01.2023. No further progress was reported till the finalization of this report.

Audit recommends prompt action on cases not yet finalized and fix responsibility for inordinate delay/lapse against the person(s) at fault besides developing effective monitoring systems and implementing public outreach programmes.

6.14 Lesser collection of sales tax liabilities against declarations in the annual audited accounts – Rs 183.30 million

Section 26 of the of the Sales Tax Act 1990, provides that any person making taxable supplies shall furnish true and correct information about his taxable activity. Furthermore, Section 11A states that where a registered person pays less than the due tax as indicated in his return, the less paid amount, along with the default surcharge, shall be recovered by stopping/removal of any goods from his business premises and through the attachment of his business bank accounts.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that seven (07) registered persons, under the jurisdiction of four (04) field offices of FBR, declared their sales tax liabilities in annual financial statements whereas such liability was not paid in sale tax returns of the immediate following tax period. The tax authorities did not take action to recover the amount from the taxpayers even though both sets of accounts, i.e. sales tax returns and financial statements, were available with the department. Irregularities resulted in lesser collection of sales tax amounting to Rs 183.30 million.

Lesser collection were reported to the department from February to November 2022. The department replied that all the cases amounting to Rs 183.30 million were under adjudication.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the adjudication proceedings. No further progress was reported till the finalization of this report.

Audit recommends expediting adjudication proceedings besides cross linking of sales tax and income tax data to prevent the recurrence of these irregularities.

[Annexure-31]

6.15 Non-realization of minimum tax liabilities (Sales Tax) – Rs 66.07 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.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that twenty-seven (27) taxpayers registered with three (03) field office of FBR did not file sales tax returns for certain tax periods, i.e. July 2021 to June 2022. The tax authorities were required to determine minimum tax liability, but no efforts were made to recover the government revenue. This resulted in non-realization of minimum tax liabilities of Rs 66.07 million.

These instances of inaction were reported to the department in November 2022. The department replied that cases amounting to Rs 59.07 million were under adjudication, and Rs 7.00 million were under process/examination.

In DAC meeting held in January 2023, the department was directed to expedite the adjudication/legal proceedings. No further progress was reported till the finalization of this report.

Audit recommends expediting the legal proceedings, finalization of adjudication proceedings and incentivizing early submission of sales tax returns and enforcement of minimum tax regime through effective desk audits.

[Annexure-32]

6.16 Non observance of law/rules in respect of suspension & subsequent blacklisting of sales tax registered person

Rule 12 of the Sales Tax Rules 2006, provides the procedure for blacklisting and suspension of registration. Where the Commissioner or Board

has reasons to believe that the registered person is to be suspended or blacklisted, under Section 21(2) of the Act and for subsequent proceedings in such cases, if show-cause notice is not issued within seven days of the order of suspension, the order of suspension shall become void ab-initio. Moreover, the order of blacklisting shall be issued within ninety days of the issuance of the notice of hearing. In case, the order of blacklisting is not issued within this time period the suspension of registered person shall become void ab-initio.

During audit for the Financial Years 2021-22, it was observed that one hundred and twenty five (125) registered persons, falling under the jurisdiction of Regional Tax Office-I Karachi were suspended. However, the department did not finalize the blacklisting proceedings within period of ninety days as per prescribed rules and procedures. The delay in finalization of blacklisting proceedings resulted in undue favour by the department to the registered persons.

The non-observations of laws/rules were reported to the department from July to November 2022. The department replied that the cases were under process.

In DAC meeting held in January 2023, the department was directed to expedite the proceedings of under process cases under intimation to Audit and FBR by 31.01.2023. No further progress was reported till the finalization of this report.

Audit recommends prompt action on cases not yet finalized and fix responsibility for inordinate delay/lapse against the person(s) at fault besides ensuring timely suspension and blacklisting of taxpayers to avoid violations of tax laws.

[DP No.7087-ST/K]

6.17 Non-conducting of post-refund audits

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that five (05) field offices of FBR sanctioned and paid sales tax refund

of Rs 9,417.20 million in two hundred eighty-five (285) cases. However, post refund audits (PRA) were not conducted to verify compliance with Section 73 of the Sales Tax Act 1990 and input tax consumption in zero-rated/exported goods. Without conducting post refund audit the authenticity of these sanctions could not be established.

Cases of non-conducting of post refund audits were reported to the department from February to November 2022. The department replied that one hundred and eighty-six (186) cases were under process/examination and remaining ninety-nine (99) cases were under adjudication.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the post refund audit and submit updated status to Audit/FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting the finalization of post-refund audits and adjudication proceedings in the cases pointed out by the audit, improving the post-refund audit system, and sharing the audit reports with the external Audit for effective feedback and avoiding duplication of labour.

[Annexure-33]

CHAPTER-7 FEDERAL EXCISE DUTY

7.1 Non-realization of the federal excise duty on goods and services – Rs 1,462.03 million

According to Sections 3 (1)(a) & (d) of the Federal Excise Act 2005, read with Rule 43-A of the Federal Excise Rules 2005, there shall be levied and collected duties of excise on goods produced or manufactured in Pakistan. A franchisee shall also pay duty at the prescribed rate of the franchise fee or technical fee or royalty charged by the franchiser for using the right to deal with the goods or services of the franchiser. Furthermore, according to Serial No.12 of table-II of the First Schedule of Act, the federal excise duty shall be levied on services provided or rendered by banking and non-banking financial companies.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of four (04) field offices of FBR, seven (07) taxpayers made payments on account of royalties, fees for technical services, provided banking services and manufactured juices/squashes during Tax Years 2020 & 2021 but did not pay the federal excise duty leviable thereon. However, the department did not initiate legal proceedings to recover the duty. This resulted in the non-realization of federal excise duty of Rs 1,462.03 million.

Non-realizations were reported to the department from February to November 2022. The department replied that cases amounting to Rs 2.71 million were under-recovery, Rs 537.57 million were under adjudication, and Rs 921.75 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery, adjudication and legal proceedings. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings besides strengthening internal controls to prevent recurrence of such instances.

[Annexure-34]

7.2 Non-imposition of penalty and default surcharge – Rs 979.08 million

According to Section 8 of the Federal Excise Act 2005, if a person does not pay the due duty 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 due duty, pay default surcharge at the rate of twelve per cent per annum of the duty due, refund of duty or drawback. Furthermore, according to Section (19)(1) of Federal Excise Act 2005, any person who fails to make payment or makes short payment of duty on any account, shall pay a penalty of ten thousand rupees or 5% of the duty involved whichever is higher. Provided that where a person files the return within fifteen days after the due date he shall pay a penalty of one hundred rupees for each day of default.

During audit for the Financial Years 2017-18 to 2020-21, it was observed that two (02) taxpayers under the jurisdiction of LTO Karachi, deposited amount of federal excise duty after the due date into government treasury which attracted levy of default surcharge and penalty. The same was not imposed by the department which resulted into non-imposition of penalty and default surcharge of Rs 979.08 million as detailed below:

(Rs in million)

S. No.	Formation	Period	PDP No.	No. of cases	Penalty	Default Surcharge	Amount
1	LTO Karachi	2017-18 to 2020-21	6996-FED/K	01	0.29	860.30	860.59
		2020-21	7005-FED/K	01	118.49	-	118.49
Total				02	118.78	860.30	979.08

Cases of non-imposition of penalties and default surcharge were reported to the department from February to November 2022. The department replied that cases were under adjudication.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the adjudication proceedings under intimation to Audit and FBR by 31.01.2023. No further progress was reported till the finalization of this report.

Audit recommends prompt action on cases not yet finalized and fix responsibility for the inordinate delay/lapse against the person(s) at fault besides strengthening internal controls to avoid recurrence of such irregularities.

7.3 Non/short-realization of federal excise duty on air tickets

According to Section 3 read with serial No.03 of first schedule Table-II of the Federal Excise Act 2005, there shall be levied and collected federal excise duty. As per policy, M/s Pakistan International Airlines Company (PIAC) give air tickets to its employees either free of cost or at concessional rates vide Admin Order No. 02/2022 dated 11.02.2022 which clearly states that, taxes & airport charges, if not exempted, shall be paid by the employee.

During audit for the Financial Years 2018-19 to 2021-22, it was observed that M/s Pakistan International Airlines Company (PIAC) having (NTN-0803450), under the jurisdiction of Chief Commissioner Inland Revenue, Large Taxpayers Office, Karachi provided air tickets to its employees either free of cost or at concessional rates. The company also did not furnish the details of payment of FED on the value of services/benefits provided to its employees which were not exempted as per law. The department did not initiate legal action to recover the government revenue. The omission resulted into huge loss to government exchequer due to non levy of federal excise duty on provision of air tickets free/at concessionary rates.

Irregularity was reported to the department during February to November 2022. The department replied that cases were under adjudication.

The DAC in its meetings held in June 2022 and January 2023, directed the department to expedite the adjudication proceedings under intimation to Audit and FBR by 31.01.2023. No further progress was reported till the finalization of this report.

Audit recommends prompt action on cases not yet finalized and fix responsibility for inordinate delay/lapse against the person(s) at fault besides internal controls needs to be strengthened to avoid recurrence of such Irregularity in future.

[DP No.7017-FED/K]

CHAPTER-8 CUSTOMS DUTY

8.1 Non-recovery of adjudged government revenue – Rs 13,298.74 million

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in one thousand eighty-one (1081) cases, fifteen (15) field offices of FBR did not take effective action for recovery of revenue despite a lapse of considerable time (6 to 42 months). The recoverable government dues of Rs 13,298.74 million remained unrecovered due to inaction of the department and non-adherence to relevant law.

Non-recovery was pointed out from February to November 2022. The management replied that cases amounting to Rs 340.61 million were under recovery, Rs 9,789.12 million were under scrutiny, Rs 19.88 million were contested, Rs 2,130.19 million were pending in adjudication, and Rs 1,018.94 million were pending in court of law.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication or pending in the courts and submit comprehensive replies in cases under scrutiny/contested/not responded for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends early recovery, pursuance of cases pending in adjudication/courts besides fixing of responsibility.

[Annexure-35]

8.2 Blockage of potential revenue due to non-disposal of confiscated goods - Rs 11,122.60 million

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in six thousand seven hundred twenty-five (6725) cases, twenty six (26) field offices of FBR, did not dispose of confiscated goods, including vehicles and valuables, i.e. gold, silver and foreign currency, as per law. Goods/vehicles lying in warehouses for prolonged period may result in decline in value, quality and fitness for human consumption. This resulted in the blockage of revenue of Rs 11,122.60 million.

Non-disposal of confiscated goods was pointed out from February to November 2022. The management replied that goods amounting to Rs 758.96 million were auctioned, Rs 9,391.16 million were under disposal, Rs 138.78 million were under adjudication, Rs 172.26 million were pending decision in the court of law, and Rs 398.83 million were under scrutiny. The department contested the amount of Rs 262.61 million on the ground that the goods were auctioned at less than the reserve price which was covered under the law. Audit is of the view that due to delays and managerial inefficiencies, goods could not be auctioned on time resulting in deterioration of quality of the goods causing lower bids.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite disposal, pursue the cases under adjudication/scrutiny or pending decision in the courts, and submit comprehensive replies in cases under scrutiny/contested for verification by the Audit. The DAC further referred the matter to fact-finding committee in cases where goods were auctioned at less than reserve price or where perishable goods were destroyed due to delay in auction of goods within their shelf life. No further progress was reported till the finalization of this report.

Audit recommends fixing of responsibility of incumbents held responsible by the fact-finding committee, besides expeditious disposal of confiscated goods and pursuing cases pending in adjudication/court of law.

[Annexure-36]

8.3 Non finalization of the financial instruments due to non-fulfilment of conditions provided under concessionary SROs – Rs 9,054.85 million

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in seven thousand eight hundred eighty-seven (7887) cases, ten (10) field offices of FBR did not en-cash financial instruments where the importers/exporters failed in fulfilling the requisite conditions of law within the stipulated period. Moreover, the expired financial instruments were not re-validated by the customs authorities due to weak monitoring and internal controls. This resulted in non finalization of financial instruments involving duty and taxes of Rs 9,054.85 million.

Non-finalization of the financial instruments was pointed out from February to November 2022. The management replied that cases amounting to Rs 402.82 million were under recovery, Rs 7,497.95 million were under scrutiny, Rs 70.88 million were pending in court of law, and Rs 1,084.95 million were contested on the grounds that the financial instruments were released after verification. Audit is of the view that once the requisite conditions were fulfilled by the importers/exporters, the delay in releasing the financial instruments ranging from 30 days to 3,861 days was not justified.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases pending in the courts, and submit comprehensive replies in cases under scrutiny/contested for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends expeditious finalization of pending securities, recovery of admitted amounts, and pursuing cases pending in adjudication/court of law.

[Annexure-37]

8.4 Loss of government revenue due to inadmissible exemptions/concessions in duties and taxes – Rs 5,405.54 million

According to 5th schedule read with various SROs issued under the Customs Act 1969, imported goods have been granted exemptions and concessions in duties & taxes subject to the fulfilment of conditions specified therein like; import of submersible pumps with charge controller and pharmaceutical raw materials are exempted from levy of customs duty. Further, as per 3rd schedule of the Sales Tax Act 1990, auto parts in retail packing are exempted from value addition tax, etc.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in five thousand seven hundred thirty-eight (5738) cases, fourteen (14) field offices of FBR, granted inadmissible exemptions and concessions in duties and taxes on submersible pumps imported without charge controllers, pharmaceutical raw materials not provided in 5th schedule, auto parts not in retail packing, and joggers etc. where importers/exporters did not qualify for such exemptions/concessions. This resulted in loss of Rs 5,405.54 million due to non-adherence to relevant laws.

Inadmissible exemptions/concessions were pointed out from February to November 2022. The management replied that cases amounting to Rs 409.83 million were under recovery, Rs 3,031.14 million were under scrutiny, Rs 22.11 million were pending in adjudication, and Rs 1,654.15 million were pending in court of law. Further, the department contested cases of Rs 288.31 million on the grounds that the exemptions were correctly extended on components/sub components for motorcycle. On the other hand, Audit holds that the identical goods were treated simultaneously as raw material and components/sub components at the same custom station which is not justified.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication or pending decision in the courts, and submit comprehensive replies

in cases under scrutiny/contested for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends recovery of admitted amounts and pursuance of cases pending in adjudication/courts besides fixing of responsibility.

[Annexure-38]

8.5 Non-finalization of cases under adjudication – Rs 2,972.08 million

According to Section 179(3) of the Customs Act 1969, the cases shall be decided within one hundred and twenty 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.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in one hundred sixty (160) cases, four (04) field offices of FBR did not finalize adjudication proceedings within stipulated or extended period. This resulted in non-finalization of cases involving revenue of Rs 2,972.08 million.

Non-finalization of adjudication was pointed out from March to November 2022. The management replied that cases amounting to Rs 1,969.54 million were under adjudication, Rs 243.85 million were under scrutiny, Rs 732.98 million were contested, and adjudication proceedings in one case involving Rs 25.71 million was stayed by the Peshawar High court,.

In DAC meeting held in January 2023, the department was directed to expedite adjudication proceedings, pursue the cases pending in the court and submit comprehensive replies in cases contested/under scrutiny for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends compliance of legal provisions in letter and spirit for timely adjudication of cases and realization of revenue involved therein.

[Annexure-39]

8.6 Non-realization of revenue from beneficiaries of export schemes – Rs 2,077.26 million

According to sub-chapter-VII (Duty and Tax Remission for Export), sub-Chapter-XV (Warehousing) of the Customs Rules 2001, SRO 327(I)/2008 (Export Oriented Units) and Export Processing Zone Rules 1980, the facility of

procurement of duty free input goods, plant, machinery & equipment have been provided to the manufacturer-cum-exporters and commercial importers.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in one hundred forty-nine (149) cases, ten (10) field offices of FBR, did not initiate appropriate legal action where licensees/investors of these export schemes committed the following violations;

- i) Non-submission of reconciliation statements within the stipulated period of three months and non-conduct of post exportation audit thereof;
- ii) Duties Taxes Remission for Export (DTRE) users failed to achieve minimum value addition, i.e. 15%;
- iii) Disposal of more than permitted quantities in the tariff area by the investor of Export Processing Zone;
- iv) Exemption on non-capital goods imported by licensee of EOU;
- v) Non-realization of duty & taxes on un-consumed quantities and disposal of wastage;
- vi) Non-adherence to approved input-out ratios; and
- vii) Irregular release of financial instrument on export of 20,000 pieces only against imported quantity of 200,000 pieces.

This happened due to lack of interest and supervisory review at higher levels, which resulted in non-realization of revenue amounting to Rs 2,077.26 million.

Non-realization of revenue was pointed out from February to November 2022. The management replied that cases amounting to Rs 414.31 million were under recovery, Rs 1,519.67 million were under scrutiny/examination and Rs 143.28 million were pending in adjudication.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication and submit comprehensive replies in cases under scrutiny/examination for verification by the Audit. The DAC further directed the Collectorate of Customs, Sialkot to conduct a fact finding inquiry in a matter

where financial instrument had been released in a hasty manner. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of admitted amounts, and pursuance of cases pending in adjudication besides fixing of responsibility against the incumbents responsible for release of financial instrument before re-export of imported quantities.

[Annexure-40]

8.7 Blockage of government revenue due to non-clearance of bonded goods – Rs 1,433.12 million

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

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in four hundred sixty-two (462) cases, five (5) field offices of FBR did not initiate action for clearance of warehoused goods along with surcharge from the importers who failed to clear the warehoused goods within the stipulated period or extended period. This resulted in a blockage of revenue of Rs 1,433.12 million.

Non-clearance of bonded goods was pointed out from February to November 2022. The management replied that cases amounting to Rs 204.67 million were under recovery, Rs 1,213.37 million were under scrutiny and Rs 15.08 million were under adjudication.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication and submit comprehensive replies in cases under scrutiny for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of admitted amounts and pursuing cases under adjudication besides fixing of responsibility.

[Annexure-41]

8.8 Loss of government revenue due to short-realization of sales tax and value addition tax at import stage – Rs 1,405.63 million

According to Section 3(1)(b) read with third, sixth and eighth Schedules of the Sales Tax Act 1990, there shall be charged, levied and paid sales tax at prescribed rates on goods imported into Pakistan, irrespective of their final destination in territories of Pakistan. According to the 12th Schedule of Sales Tax Act 1990, value addition tax shall be levied and collected @ 3% on all imported goods subject to exclusions provided in law.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in seven thousand one hundred and forty six (7146) cases, twelve (12) field offices of FBR either did not realize the sales tax/value addition tax or realized the same at rates lower than applicable on goods namely vehicles, fresh fruit, fresh vegetable, tyres, etc. Non-adherence to relevant laws and weak monitoring caused loss of revenue of Rs 1,405.63 million.

Short-realization of sales tax was pointed out from February to November 2022. The management replied that cases amounting to Rs 849.77 million were under recovery, Rs 323.25 million were under scrutiny, Rs 30.51 million were contested, Rs 85.25 million were under adjudication, and Rs 116.85 million pending in court of law.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication or pending decision in the courts and submit comprehensive replies in cases under scrutiny/contested for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of admitted amounts and pursuing cases under adjudication besides fixing of responsibility.

[Annexure-42]

8.9 Loss of government revenue due to misclassification of imported goods – Rs 1,137.38 million

Goods imported into Pakistan are classified according to PCT headings given in the 1st Schedule of the Customs Act 1969, for realization of customs duties and allied taxes.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in two thousand six hundred fifty-three (2653) cases, ten (10) field offices of FBR cleared various imported goods like zippers, waste papers, house hold utensil, table mats, etc., by misclassifying them under incorrect PCT headings attracted lower rates of duties and taxes. This resulted in short-realization of revenue amounting to Rs 1,137.38 million.

Instances of misclassification of imported goods were pointed out from February to November 2022. The management replied that cases amounting to Rs 155.71 million were under recovery, Rs 59.11 million were under scrutiny, Rs 238.77 million were contested, Rs 34.88 million were pending in adjudication, and Rs 648.91 million were pending in court of law.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication or pending in the courts, and submit comprehensive replies in cases under scrutiny/contested for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends recovery of admitted amounts and pursuance of cases pending in adjudication/courts besides fixing of responsibility.

[Annexure-43]

8.10 Loss of government revenue due to non-realization of federal excise duty at import stage – Rs 470.40 million

Federal excise duty is leviable under Section 3 of the Federal Excise Act 2005, on imported goods i.e. aerated waters, cigarette, cigars, and e-liquids etc at the rates specified in the First Schedule to the Act.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in two hundred-fourteen (214) cases, nine (9) field offices of FBR either did not realize federal excise duty on imported goods like e-liquids, energy drinks, edible oils, etc., or realized the same at lesser rates. This happened due to non-updation of changes in the tax laws and mis-reading of Section-3 and Section-7 of the Act *ibid*. This resulted in non-realization of FED of Rs 470.40 million.

Non-realization of federal excise duty was pointed out from February to November 2022. The management replied that cases amounting to Rs 65.12

million were under recovery, Rs 7.19 million were under scrutiny, Rs 349.72 million were under adjudication, and cases amounting to Rs 48.37 million were contested on the grounds that the FED in VAT mode had been correctly charged and sales tax was rightly exempted. Audit holds that the formation has mis-read the statute governing the FED under Section 3 and FED in VAT mode under Section 7 of the FED Act 2005.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication, and submit comprehensive replies in cases under scrutiny or contested. The DAC further directed the Collectorate of Customs, Islamabad to take up the matter with the Directorate of Reforms & Automation, Karachi, for necessary amendments in the WeBOC system for realization of FED at retail price. No further progress was reported till the finalization of this report.

Audit recommends recovery of admitted amount, pursuance of cases under adjudication and early amendments in WeBOC system besides fixing of responsibility.

[Annexure-44]

8.11 Loss of government revenue due to non/short-realization of income tax at import stage – Rs 457.86 million

Section 148 of the Income Tax Ordinance 2001, provides that Collector of Custom shall collect tax at prescribe rate at the time of imports. Furthermore, Section 154 (3C), provides that the Collector of Customs, at the time of clearance of goods to be exported, is required to collect tax from the gross value of the goods at the rate of one percent of the value of the exported goods.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in three thousand one hundred seventy-seven (3177) cases, eleven (11) field offices of FBR either did not collect withholding tax on imported goods or collected it at rates lower than the prescribed rates. This resulted in loss of Rs 457.86 million due to non/short-realization of income tax.

Short-realization of income tax was pointed out from February to November 2022. The management replied that cases amounting to Rs 70.79 million were under recovery, Rs 224.55 million were under scrutiny and Rs 162.52 million were contested on the ground that reduced rate @ 2% was

charged on the imported goods on the basis of certificates issued by concerned Commissioner. Audit is of the view that the exemption was available on raw materials alone, whereas, the goods i.e. lubricating oil, in the instant cases was a finished good and did not qualify for reduced rate of income tax.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery and submit comprehensive replies in cases under scrutiny/contested for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends early recovery and submission of comprehensive replies in contested cases, besides fixing of responsibility.

[Annexure-45]

8.12 Clearance of goods imported in violation of Import Policy Order - Rs 269.11 million

According to Para 6(1) of Import Policy Order 2020, import of waste and scrap in the form of second hand or used tyres/shredded tyres and plastic scrap are allowed on fulfilment of certain conditions. Furthermore, Para 3(6) of Order ibid requires that in cases of vehicles imported under transfer of residence, personal baggage or gift scheme, the duty and taxes shall be paid out of foreign exchange arranged by Pakistani nationals themselves or local recipient supported by bank encashment certificates showing conversion of foreign remittance to local currency.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that two (2) field offices of FBR cleared seven (07) consignments of plastic waste/tyre scrap valuing Rs 9.29 million on payment of duties and taxes. However, the goods were banned in terms of import policy order stated above. Furthermore, in one hundred eighty-five (185) cases, old & used vehicles valuing Rs 259.82 million imported under baggage scheme were cleared on submission of fake proceeds realization certificates/encashment certificates, established during verification from the concerned banks. This resulted in clearance of imported goods valuing Rs 269.11 million in violation of the import policy order.

Violation of Import Policy Order was pointed out from March to November 2022. The management replied that cases amounting to Rs 259.82

million were pending in the court of law, Rs 0.98 million were under scrutiny, and Rs 8.31 million were contested.

In DAC meeting held in January 2023, the department was directed to pursue subjudice cases and submit comprehensive replies in cases under scrutiny/contested for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends active follow up of the cases pending in court of law besides fixing of responsibility.

[Annexure-46]

8.13 Loss of government revenue due to under-valuation of imported goods – Rs 232.47 million

Section 25 of the Customs Act 1969, provides a detailed procedure for determining the values 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 class of goods.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in seven hundred thirty-one (731) cases, fourteen (14) field offices of FBR either assessed the imported goods namely circuit breaker, auto parts, tyres, abrasive material, fresh fruits, etc., either at values lower than the assessed values after comparison of clearance data of identical/similar goods or did not comply with the valuation rulings issued by the Directorate General of Valuation, Karachi. Non-adherence to valuation rulings and provisions of Section 25 of the Customs Act 1969, resulted in loss of revenue of Rs 232.47 million.

Cases of under-valuation of imported goods were pointed out from February to November 2022. The management replied that cases amounting to Rs 164.24 million were under recovery and Rs 68.23 million were under scrutiny.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery and submit comprehensive replies in cases under scrutiny for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of admitted amounts besides fixing of responsibility.

[Annexure-47]

8.14 Loss of government revenue due to non-realization of anti-dumping duty – Rs 113.58 million

National Tariff Commission levies anti-dumping duty in pursuance of the Anti-Dumping Duties Ordinance 2015, on certain items imported into Pakistan from specified regions.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that in one hundred twenty-nine (129) cases, five (5) field offices of FBR cleared imported goods like stainless steel sheets, yarn, paper, lead pencils playing magnets, etc., without realization of the anti-dumping duty. Non-adherence to relevant law resulted in loss of Rs 113.58 million.

Non-realization of anti-dumping duty was pointed out from February to November 2022. The management replied that cases amounting to Rs 6.32 million were under recovery, Rs 51.50 million were under scrutiny, Rs 2.28 million were under adjudication, and Rs 53.48 million pending in court of law.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the cases under adjudication or pending decision in the courts, and submit comprehensive replies in cases under scrutiny for verification by the Audit. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery, pursuing cases under adjudication besides fixing of responsibility.

[Annexure-48]

8.15 Irregularities noticed in auction process – Rs 100.56 million

According to Rule 58 (2) of Customs Rules 2001, the Collector shall cause the reserved price of the auctionable 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.

During audit for the Financial Year 2021-22, it was observed that in one hundred seventy-eight (178) cases, thirteen (13) field offices of FBR have committed the following irregularity during auction process amounting to Rs 100.56 million;

- (i) Incorrect determination of reserve price due to application of lower rate of exchange;
- (ii) Sale of a vehicle with tampered chassis number and refund of sales proceeds after ten years;
- (iii) Delivery of short quantity to the owner and duty & taxes refunded after FTO decision;
- (iv) Earnest money not forfeited despite the fact that remaining bid amount was not paid within seven days after final approval from the competent authority;
- (v) Unjustified rejection of highest bid & acceptance of lower bid;
- (vi) Unjustified auction of goods at lower than the reserve price; and
- (vii) Non-auction of perishable goods turned unfit for human consumption and destroyed later on.

Irregularities were pointed out during August to November 2022. The management reported that cases amounting to Rs 15.44 million were under recovery, Rs 52.92 million were under examination, Rs 6.01 million were pending in court of law, and Rs 26.19 million were contested.

In DAC meetings held in December 2022, and January 2023, the department was directed to expedite recovery, pursue the cases pending in the courts, and submit comprehensive replies in cases under examination/contested for verification by the Audit. The DAC further referred the matter to fact-finding committee in cases where goods were auctioned at less than reserve price or where perishable goods were destroyed due to delay in auction of goods within their shelf life. The DAC further directed the Directorate of I&I, Lahore to conduct a fact-finding inquiry in cases where tampered vehicle and short quantity were involved. The DAC further directed the Collectorate of Customs (Enforcement), Peshawar to finalize the findings of the appraisal committee

and report progress to Audit within 07 days. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of admitted amounts and pursuing cases pending in court of law besides fixing of responsibility.

[Annexure-49]

8.16 Non-clearance of imported goods - Rs 83.62 million

According to Section 82 of the Customs Act 1969 if any goods were not cleared for home consumption or warehoused or transhipped within twenty days of the date of unloading at a customs station, such goods, after due notice given to the owner, are to be sold under the orders of the appropriate authority.

During audit for the Financial Year 2021-22, it was observed that in one hundred seventy (170) cases, Collector of Customs Islamabad did not initiate auction process for disposal of goods imported by 136 importers lying in four sheds at Islamabad Airport where stipulated period of twenty days has been elapsed after unloading of imported goods. This happened due to weak monitoring and supervisory review by the customs authorities. This resulted in non-realization of revenue involved in the goods valuing Rs 83.62 million. The shed-wise detail of un-cleared goods is as under:

(Rs in million)

S. No.	Shed Name	No. of cases	No. of importers	Value
1	Shaheen Airport Services	2	2	1.35
2	Royal Airport Services	54	54	6.68
3	PIA	5	5	0.96
4	Gerry	109	75	74.63
Total		170	136	83.62

Non-clearance of imported goods was pointed out in October 2022. The management replied that all the cases were under scrutiny/reconciliation.

In DAC meeting held in December 2022, the department was directed to submit comprehensive replies in cases under scrutiny. No further progress was reported till the finalization of this report.

Audit recommends early recovery of admitted amount and strengthening of internal controls for the timely realization of duty and taxes on imported goods.

[DP No.7982-Cus]

8.17 Burden on public exchequer due to poor performance – Rs 80.89 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”.

During audit for the Financial Year 2021-22, it was observed that the Directorate of I&I Customs Quetta did not register even a single case involving smuggling and evasion of duty & taxes and relied only upon cases handed over to the Directorate by Police and FC Baluchistan. The Directorate failed in fulfilling its primary responsibility; while incurring an expenditure of Rs 80.89 million which is not justified.

Poor performance was pointed out during September 2022. The management sought time for submission of reply to Audit.

The DAC in its meeting held in January 2023 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.

Audit recommends that justification for utilization of huge budget including payment of special performance/fixed FBR incentive allowance may be provided.

[DP No. 2511-CD/K]

8.18 Inadmissible payment of rebate to licensees of manufacturing bonds/EOUs - Rs 15.68 million

SROs 209(I)/2009, 210(I)/2009, 211(I)/2009, 212(I)/2009, all dated 05.03.2009, provide rates of repayment of customs duties paid on the import of

the raw materials subsequently used in the production or manufacture of the goods to be exported.

During audit for the Financial Year 2021-22, it was observed that in three hundred forty-four (344) cases, Collectorate of Customs Sialkot paid duty drawback claimed by exporters who procured duty-free input goods under various exports schemes namely duty and tax remission for exports, export processing zones, export-oriented units and manufacturing bonds in violation of above mentioned law. This resulted in the inadmissible payment of rebates amounting to Rs 15.68 million.

Inadmissible payment of rebate was pointed out in September 2022. The management contested the cases on the grounds that the duty drawback can be paid on duty-paid component acquired by the exporters. Audit is of the view that payment of duty drawback claims without confirmation of utilisation of duty-paid input goods was not justified.

In DAC meeting held in December 2022, the department was directed to provide proof of utilization of duty-paid input goods in the instant cases and initiate recovery proceedings where no proof was provided by the claimants within 30 days. The DAC further directed the Collectorate to take up the matter with the Director (Reforms & Automation), Karachi, for confirmation of utilization of duty-paid input goods before processing the claims of the exporters. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of admitted amounts and necessary amendments in the duty drawback module to ensure confirmation of utilization of duty paid input goods.

[DP No. 8069-Cus]

8.19 Non-finalization of rebate cases pending in Customs - Rs 522.17 million

According to Para 51 (vii) of CGO 12/2002 dated 15.06.2002, in all the categories of duty drawback claims, it may be ensured that claims found in order are paid serially to ensure that no claim is left out without proper justifications. The collector shall personally check the register fortnightly. Furthermore, Rule 222 (IV) of the Customs Rules, 2001, states that seventy percent of sanctioned

amount shall be paid within twenty four hours subject to submission of complete claim documents and the rest thirty percent shall be paid within thirty days after thorough scrutiny and verification.

During audit for the Financial Year 2021-22, it was observed that in seven thousand three hundred eighty-three (7383) cases, Collectorate of Customs Sialkot did not entertain duty drawback claims of exporters. This was committed with intent to meet the over-ambitious revenue targets factiously. This resulted in the non-finalization of pending cases of duty drawback claims amounting to Rs 522.17 million.

Instances of non-finalization of rebate cases were pointed out in September 2022. The management replied that claims were held due to the verification of documents. Audit holds that the rule permits a payment of duty drawback claim upto 70% of amount sanctioned, so holding of such a huge number of claims for sake of mere scrutiny / verification is not justified.

In DAC meeting held in December 2022, the department was directed to get the stated position verified from Audit. No further progress was reported till the finalization of this report.

Audit recommends implementation of DAC's directives besides developing a mechanism to facilitate the exporters.

[DP No. 8068-Cus]

8.20 Unsatisfactory performance of the Directorate of Post Clearance Audit, Karachi

Organizational structure, functions and the rules of business for the Post Clearance Audit (PCA) is governed under SROs 500 & 501(I)/2009 dated 13.06.2009 and Customs General Order No.13/2008 dated 18.10.2008 read with Pakistan Customs Post Clearance Audit Manual. Functions and responsibility of the Post-Clearance Audit is to develop a comprehensive monitoring mechanism to verify the correctness of trade related declarations, detect, investigate and propose measures to prevent commercial and trade related frauds, assist the FBR to evolve, develop and update systems, procedures and organizational structures meant to scrutinize and ensure compliance of the trade with the national trade laws, procedures & controls and recover escaped revenues.

During audit of the Directorate of Post Clearance Audit, Karachi, Audit observed the following issues/irregularities:

- a) performance of the Directorate of PCA, Karachi regarding issuance of contravention reports and amount detected was declined as detailed below:

Particulars	FY 2020-21	FY 2021-22	Increase (Decrease)
Total contravention reports issued	339	121	(64%)
Amount detected	32,779	1,374	(96%)

- b) The Directorate covered a little percentage of duty drawback case during audit. This showed that huge amounts of duty drawback disbursed to the exporters remained un-audited as detailed below:

Total claims pending for audit	Claims audited (up to June, 2022)	Claims pending for audit
367,826	5,529	362,297

- c) Non-recruitment of permanent staff like Senior Auditors and Auditors, who had expertise in audit techniques and knowledge of important sectors of the economy like chemicals, textiles, engineering, etc.
- d) Non-formulation of Risk Management System;
- e) Non-formation of Audit Management Unit;
- f) Lack of follow-up of the cases detected/raised by the Directorate with clearance Collectories;
- g) Non-development of comprehensive monitoring mechanism; and
- h) Non-upgradation of Audit Manual.

Unsatisfactory performance was pointed out in 2018-19 and November, 2022. The management informed that due to sheer shortage of staff, full

coverage of Duty Draw Backs claims was not possible; however, the matter has been taken up with the Directorate of Reforms & Automation for development of audit module and with the Board for posting of additional staff.

The DAC in meetings held in February 2020 and January 2023 expressed concerns on poor performance and directed the Directorate to take up the matter with the Board for necessary reforms. No further progress was reported till the finalization of this report.

Audit recommends the following;

- (i) Recruitment of technical and professional permanent staff; and
- (ii) Development of effective Risk Management System and Audit Management Unit to ensure high risk audit approach for maximum coverage.

[Performance Report and DP Nos. 2420,2421,2422,2426 & 2427/K]

8.21 Unsatisfactory performance of the Directorate General of Transit Trade

Afghanistan-Pakistan Transit Trade is governed under Chapter-XXIV of the Customs Rules 2001 read with Afghanistan-Pakistan Transit Trade Agreement (APTTA) 2010. The Directorate shall scrutinize GDs and examine the goods in the light of documents submitted by the importer or clearing agent of the transit goods to ascertain its nature, origin, condition, quantity and value. The Afghan based importer or his authorized Customs clearing agents, brokers or transport operator in Pakistan shall furnish Customs security in the form of insurance guarantee from an insurance company of repute. The Directorate is responsible for auction of un-cleared transit goods. The Afghan Transit Group shall not only properly maintain the record, but shall also regularly conduct, on weekly basis, post importation audit of the record. The office of departure shall monitor cross border movement. Customs security shall be released on receipt of cross-border confirmation.

During audit of the Directorate General of Transit Trade, Audit observed the following irregularities:

- a) Directorates of Transit Trade, Quetta and Karachi had not disposed of 102 lots of confiscated goods and vehicles since 2015;

- b) Directorate of Transit Trade, Quetta did not obtain cross border certificates in 331 consignments destined to Afghanistan through Chaman border;
- c) Services of Silver Insurance Company Limited and Reliance Insurance Company Limited had been availed which are not enlisted in the Pakistan Credit Rating Agency (PACRA);
- d) Services of bonded carriers were availed who submitted securities in shape of bank guarantees of amount lesser than the threshold of Rs 15 million;
- e) Non-carrying out of post-importation audit of the imports pertaining to afghan transit;
- f) Insurance securities in 129,973 cases were neither en-cashed nor released; and
- g) Improper maintenance of afghan transit group registers and import documents.

Unsatisfactory performance was pointed out in 2018-19 and September 2022. The management informed that 88 lots of confiscated goods/vehicles had been disposed of and remaining lots and insurance guarantees were under disposal, confirmations from the Afghan Customs authorities was underway. Furthermore, only those bonded carriers were entertained who met the criteria.

The DAC in meetings held in February 2020 and January 2023 expressed concerns on poor performance, directed the formation to expedite disposal of goods/insurance guarantees, and conduct post-importation audit. The DAC further directed the head of office to personally look into the matter and furnish a report regarding reasons for delays in reconciliation/release of insurance guarantees. No further progress was reported till the finalization of this report.

Audit recommends that the directorate should adhere to its charter for smooth functioning and improved performance.

[Performance Report and DP Nos. 2390 & 2393/K]

8.22 Unsatisfactory performance of Directorate of Input Output Co-efficient Organization, Karachi

Organizational structure, functions and the rules of business for the Directorate of Input-Output Co-efficient Organization are governed under SROs 811(I)/2013 dated 20.09.2013 and 646(I)/2018 dated 24.05.2018 read with the Customs Rules 2001. The Director General of IOCO shall perform determination of duty drawback rates for repayment, determination of input-output ratios and wastages in respect of input goods and determination of quantitative requirements for manufacturers and producers in line with Rule 308 of the Customs Rules 2001.

During audit of the Directorate General of Input Output Co-efficient Organization, (IOCO) Karachi, Audit observed the following irregularities:

- a) The Directorate allowed M/s Colgate Palmolive limited, Hyderabad to utilize Linear Alkyl Benzene for manufacturing of Linear Alkyl Benzene Sulphonic Acid. However, the importer used it in manufacturing of detergents.
- b) The Directorate allowed M/s Tara Imperial Industries (Pvt) Limited Lahore to import twenty-eight (28) consignments of chemicals under the benefit of SRO 565(I)/2006 which are included in the list of locally manufactured goods.
- c) The Directorate approved 4% wastage, whereas M/s Roomi Tex Karachi claimed 5% wastage.
- d) Exemption on input goods different from the goods approved in annual requirement/quota under SRO 565(1)/2006.
- e) The Directorate did not determine the annual quota of pharmaceutical packing material in respect M/s Elko Organization (Pvt) Limited Karachi.
- f) Directorate did not revise rates of duty drawback in respect of five major export sectors namely sports, leather, textile, carpet and surgical goods notified in 2009. It is pertinent to mention that rates of duty of industrial inputs have been revised downward during this period. Due to non-revision of rates of duty drawback, definite excess payments of duty drawback were made.

- g) Non-determination of input output ratios (IORs) within the period of thirty days in cases referred to the Directorate by the regulatory collectors.
- h) Unjustified declaration of 90% wastage as non-recoverable after expiry of utilization period allowed to M/s A.S. Natural Stone which resulted in loss of government revenue.
- i) Not carrying out surveys and reconciliation of imported quantities cleared under concessionary SROs.

Unsatisfactory performance was pointed out in 2018-19 and November 2022. The management informed that show-cause notices had been issued, revision of duty-drawback rates and reconciliation process of utilized quota was underway. The Directorate further informed that the cases were referred back to concerned regulatory collectors for removal of shortcomings.

The DAC in meetings held in February 2020 and January 2023 showed concerns on poor performance of the Directorate due to non-existence of proper and adequate procedures for issuance of IORs for different sectors and non-availability of suitable sector specialist/surveyor. The DAC further directed the formation to take necessary action to expedite disposal/reconciliation of the cases. No further progress was reported till the finalization of this report.

Audit recommends that the directorate should adhere to its charter for smooth functioning and improved performance.

[Performance Report and DP Nos. 2343, 2344, 2346 & 2347/K]

CHAPTER-9 EXPENDITURE

9.1 Irregular expenditure due to splitting of purchases – Rs 1,090.50 million

According to Rules 9 read with Rule 16-A of PPRA Rules 2004, procuring agency shall announce in an appropriate manner all proposed procurements for each financial year and shall proceed accordingly without any splitting or regrouping of the procurements so planned. Procuring agency shall arrange the procurement through framework agreement of recurrent or common use items, services including maintenance services, procuring agency shall prepare provisional annual estimates including description, specifications, statement of requirements and quantities based on rational demand estimates.

During audit for the Financial Year 2021-22, it was observed that forty-six (46) field offices of FBR incurred expenditure on purchase of stationary, computer stationery, vehicles, repair & maintenance in different months during the financial year in violation of provisions and other codal formalities of PPRA and General Financial Rules regarding planning, splitting etc. This depicted poor financial budgeting and planning on the part of the department. The lapse resulted in irregular expenditure of Rs 1,090.50 million.

Irregularities were pointed out during February to November 2022. The department 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.

In DAC meeting held in January 2023, 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.

Audit recommends inquiry for fixing responsibility against the persons at fault besides regularization.

[Annexure-50]

9.2 Irregular payment on account of cash rewards - Rs 164.46 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.

During audit for the Financial Year 2021-22, it was observed that twenty-four (24) field offices of FBR, cash reward was paid to officers/officials in violation of the Reward Rules. Cash reward was paid to six hundred and forty-four (644) officers/officials without determination of merit. This rendered the payment of cash rewards of Rs 164.46 million irregular.

Irregular payments were pointed out during February to November 2022. The department informed that reward was granted to employees based on meritorious services rendered by the officers/officials duly approved by the Board.

In DAC meetings held in December 2022, and January 2023, the department was directed 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 the finalization of this report.

Audit recommends strict compliance of criteria laid down for meritorious disbursement of cash reward besides expediting recovery from the concerned officers/officials. Audit further recommends action should be initiated against the persons held responsible for the irregular sanction of cash rewards.

[Annexure-51]

9.3 Irregular expenditure of official vehicles – Rs 140.73 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, i.e. 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.

During audit for the Financial Year 2021-22, it was observed that forty-one (41) field offices of FBR incurred expenditure on POL, repair/maintenance without maintaining log books, movement registers and requisition slips. Thus, use of such vehicles was unauthorised. This resulted in

irregular expenditure of Rs 140.73 million incurred on POL and repair and maintenance of such vehicles.

Irregularities were pointed out during February to November 2022. The management replied that authorizations of these vehicles were obtained from the committee of the Cabinet Division and the requisite record duly signed by the concerned officer was available.

In DAC meeting held in January 2023, the department was directed to provide relevant documents as pointed out by audit. No further progress was reported till the finalization of this report.

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

[Annexure-52]

9.4 Blockage of government revenue due to non-disposal of condemned vehicles and un-serviceable store items – Rs 114.72 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 for accidental cars shall be disposed of through public auction.

During audit for the Financial Year 2021-22, it was observed that ten (10) field formations of FBR failed to dispose of three hundred and seven (307) condemned vehicles and unserviceable store items. The delay in disposal caused a blockage of potential revenue of Rs 114.72 million.

Cases of revenue blockage were pointed out during February to November 2022. The management replied that disposal of condemned vehicles and unserviceable store items was under process.

In DAC meetings held in June, December 2022 and January 2023, the department was directed 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.

Audit recommends expeditious disposal of condemned vehicles and unserviceable store items.

[Annexure-53]

9.5 Excess payment of pay and allowances - Rs 91.92 million

According to the Revised Leave Rules 1980 read with Rule 7A of Supplementary Rules, an employee proceeding on leave is not entitled to draw conveyance allowance. In case of extraordinary leave, no pay and allowances are admissible to government servants. Furthermore, FBR's Circular No.01 of 2015, dated 06.03.2015, provides that performance allowance will be permissible up to a period of 48 days leave.

During audit for the Financial Year 2021-22, it was observed that in one thousand five hundred and eighty one (1581) cases, forty-eight (48) field offices of FBR paid excess or inadmissible pay and allowances during leave, absence from duty, transfer, deputation, and retirement. This showed weak internal controls on the part of the department. This resulted in excess payment of pay and allowances amounting to Rs 91.92 million.

Cases of excess payments were pointed out during February to November 2022. The department informed that recovery of amount pointed out was underway.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to recover the amount pointed out by audit and submit comprehensive reply. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery from the officers/officials involved.

[Annexure-54]

9.6 Irregular withdrawal of government funds in the name of DDO Rs 41.94 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 and cheques.

During audit for the Financial Year 2021-22, it was observed that eight (08) field offices of FBR, made payments in non transparent manner by drawing funds through cash in the name of DDOs instead of payments through cheques to the vendors. This showed weak monitoring by the head of the offices on financial matters. The lapse resulted in irregular withdrawal of funds Rs 41.94 million due to non observance of codal formalities.

Cases of irregular withdrawal of government funds were pointed out during February to November 2022. The department informed that budget was received at the end of June; therefore, cheques were drawn in the name of DDO and paid to vendors / officers & officials in urgency on account of stipend, incentives and awards.

In DAC meeting held in January 2023, the department was directed to provide relevant documentary evidence for verification. No further progress was reported till the finalization of this report.

Audit recommends observance of codal formalities in letter and spirit to avoid irregular withdrawal of government money besides conducting inquiry and fixing of responsibility on the person(s) at fault.

[Annexure-55]

9.7 Unlawful expenditure on purchase and repair due to non availability of funds under relevant heads - Rs 35.53 million

According to Para 11 to 17 of GFR Vol-I, controlling officer must see only that expenditure is kept within the limits of authorized appropriations but also that the funds allocated spending units are expended in the public interest and upon objects for which the money is provided. Further, Rule 99 of General Financial Rules Vol-I, provides that re-appropriation can be sanctioned under formal orders of the competent authority.

During audit for the Financial Year 2021-22, it was observed that nine (09) field offices of FBR incurred expenditure on purchase and repair of various items and made payments from wrong heads of account as funds were not available in the relevant heads of purchase and repair. For example; expenditure were booked in repair of hardware instead of repair of machinery / equipment

and cost of other stores instead of repair of building. In view of the above stated rule the department was required to expend the amount in the public interest and upon objects for which the money was provided. However, the department failed to observe the above mentioned rules which resulted in unlawful expenditure of Rs 35.53 million on purchase and repair.

Instances of unlawful expenditure were pointed out during February to November 2022. The department informed that the expenditure was made as per prescribed rules after fulfilling all codal formalities.

In DAC meeting held in January 2023, the department was directed to get the expenditure regularized. No further progress was reported till the finalization of this report.

Audit recommends strengthening of internal controls to avoid such lapses in future besides fixing of responsibility against the person(s) at fault.

[Annexure-56]

9.8 Inadmissible payment of rent of residential accommodations – Rs 35.51 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. If covered area is less than the required, in such case assessment is made according to covered area. Furthermore, according to Paras 8(10) & 15(5) of Accommodation Allocation Rules 2002, a hired or requisitioned house is to be allotted at the station of posting of the Federal Government servant.

During audit for the Financial Year 2021-22, it was observed that nineteen (19) field offices of FBR, in seventy-eight (78) cases incurred expenditures on account of rent of residential accommodations in violation of laid down rules and procedures. This resulted into inadmissible payment of hired residential accommodation of Rs 35.51 million due to weak monitoring by the department on financial matters.

Inadmissible payments were pointed out during February to November 2022. The department informed that the recovery of over-payment was under process.

In DAC meetings held in December 2022 and January 2023, the department was directed to expedite recovery. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of excess payment of rent from the concerned officers/officials besides strengthening of internal controls.

[Annexure-57]

9.9 Non-withholding of sales tax on services - Rs 23.97 million

According to Section 8 of Sindh Sales Tax on Services Act 2011 read with Rules 2015, a withholding agent, other than a recipient of advertisement services, shall 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 registered person as service provider.

During audit for the Financial Year 2021-22, it was observed that twelve (12) field offices of FBR made payment on acquiring services under the various heads but withholding sales tax was not deducted by the DDOs in twenty-four (24) cases at the time of making payments. This resulted in non-withholding/deposit of sales tax amounting to Rs 23.97 million.

Instances of non-withholding of sales tax were pointed out during February to November 2022. The department informed that amount pointed out was under-recovery. In certain cases the matter was subjudice and a stay had been granted against deduction of provincial sales tax on payment to the lawyers.

In DAC meeting held in January 2023, the department was directed to recover the amount and pursue the subjudice cases. No further progress was reported till the finalization of this report.

Audit recommends to pursue the subjudice cases and expedite recovery and report progress besides strengthening the internal controls.

[Annexure-58]

9.10 Non-recovery of loans/advances and interest from employees – Rs 19.02 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 advance is drawn and the recovery of interest will commence

from the month following the month in which the principal amount has been repaid.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that FBR (HQ) and its twelve (12) field offices sanctioned and paid different kinds of loans and advances to eighty one (81) employees. However, recovery thereof was not initiated from their salaries. Furthermore, where principal amount of loans and advances was completed, recovery of interest was not initiated. The omission resulted into non-recovery of loans, advances, and interest amounting to Rs 19.02 million.

Cases of non-recovery were pointed out during February to November 2022. The department informed that recovery from the concerned employees was underway through the AGPR and concerned district accounts offices.

In DAC meeting held in January 2023, the department was directed to expedite the recovery and get the same verified from audit. No further progress was reported till the finalization of this report.

Audit recommends expeditious recovery of advances along with interest.

[Annexure-59]

9.11 Non-deduction/payment of sales tax - Rs 14.86 million

According to Section 3(7) read with 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.

During audit for the Financial Year 2021-22, it was observed that thirteen (13) field offices of FBR made payments on purchase of goods in one hundred and fifteen (115) cases but the department being withholding agent neither deducted nor deposited sales tax as per law. This resulted in non-deduction/payment of sales tax amounting to Rs 14.86 million.

Instances of non-deduction of sales tax were pointed out during February to November 2022. The department informed that the matter was under scrutiny and progress would be submitted in due course of time.

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

Audit recommends expediting the recovery from the vendors. The concerned DDOs should also justify non-compliance of above rules.

[Annexure-60]

9.12 Irregular expenditure on repair of office building – Rs 10.00 million

According to Rule 15 of the PPRA Rules 2004, procuring agency, prior to the floating of tenders, invitation to proposals or offers in procurement proceedings, may engage in pre-qualification of bidders in case of services, civil works, turnkey projects.

During audit for the Financial Year 2021-22, it was observed that Directorate of Post Clearance Audit, Custom House, Karachi incurred an expenditure of Rs. 10.00 million on repair of office building without pre-qualification, consultation with Pak PWD and even without approval of competent authority. This resulted in irregular expenditure of Rs 10.00 million.

Irregularity was pointed out during February to November 2022. The department informed that the payment was made after completion of all codal formalities as per law. However, Audit observed that the expenditure was made without prior approval of the competent authority.

The DAC in its meeting held in January 2023, did not agree with the departmental stance because rules and regulations had not been followed in letter and spirit. The DAC directed the formation to provide relevant documentary evidence as pointed out by Audit under the law. No further progress was reported till the finalization of this report.

Audit recommends departmental fact finding inquiry to fix responsibility on the person(s) at fault and observance of PPRA rules to avoid recurrence of such instances.

[DP.No.893-Exp/K]

9.13 Irregular expenditure on account of courier services – Rs 8.11 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.

During audit for the Financial Year 2021-22, it was observed that twelve (12) offices of FBR made payment of Rs 8.11 million to private courier service providers under the head (A03205-Courier & Pilot Services) without observing the government instructions. This resulted in irregular expenditure of Rs 8.11 million.

Irregularity was pointed out during February to November 2022. The department contested the para on the basis of 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 it is clear violation of government instructions which needs justification with documentary evidence.

The DAC in its meeting held in January 2023, directed the department to justify their stance with documentary evidence and get it verified from Audit.

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

[Annexure-61]

9.14 Non-imposition and recovery of penalty from the contractor – Rs 5.89 million

According to Rule 25 of the Public Procurement Rules 2004, the procuring agency may require the bidders to furnish a fixed amount of bid security not exceeding five percent of the estimated value of procurement determined by the procuring agency. As per subject contract made between bidder and FBR, penalty at the prescribed rate is to be imposed in case of delay in delivery for more than eight weeks.

During the audit for Financial Year 2021-22, it was observed that FBR (HQ), Islamabad did not initiate proceedings for recovery of penalty from a contractor who failed in providing the contractual quantities for supply, installation and configuration of Next Generation Firewall Perimeter for FBR

data centre within stipulated period of time. This resulted in non imposition and recovery of penalty of Rs 5.89 million.

The matter was pointed out during February to November 2022. The FBR contested the para on the grounds that bidding documents state that “FBR reserve the rights to waive off penalty, or decrease the percentage, if the vendor can reasonably establish that delay is attributable to unforeseen and extenuating circumstances beyond its control. FBR’s decision in this matter will be final and cannot be challenged in any court of law”.

On the other hand, Audit requisitioned the documentary proof on the basis of which above *force majeure* clause of the subject contract was sanctioned.

The DAC in its meeting held in January 2023, directed FBR (HQ) to provide proof of initial purchase order, revised purchase order, copy of request for proposal and the approval of the emergency from the Cabinet. No further progress was reported till the finalization of this report.

Audit recommends compliance of rules in letter and spirit to avoid lapse in future and initiate disciplinary proceedings against incumbents for purchasing the subject equipment at higher rates after cancellation of the original contract.

[DP No.21526/Exp]

CHAPTER-10 THEMATIC AUDIT: TAX EVASION/ AVOIDANCE IN TAX SYSTEM

1.1 Introduction

Tax evasion affects a country's overall development and triggers inflation, as the burden to minimize revenue deficits is passed on to the public through indirect taxation. Tax evasion causes losses of billions of rupees to the national exchequer, forcing the government to rely on indirect taxes, which lead to price hikes. Indirect taxes are regressive in nature as citizens belonging to lower income groups have to pay the same amount of tax as those in higher income brackets.

1.2 Background

According to the Ministry of Planning, Development and Special Initiatives, the shadow economy of Pakistan was estimated at around 40% of gross domestic product (GDP), and tax evasion as a percentage of GDP stood at 6%. Tea, tobacco, tyres, lubricants, pharmaceuticals and real estate topped the list of tax evaders. Total annual loss from these segments to the exchequer amounted to Rs 310 billion. This was 80% of the development budget for the Financial Year 2020-21. By saving this amount, Pakistan could have increased its education budget by four times and the size of the government's social welfare program by up to 60%. FBR's vision includes tax reforms in the tax collection system to avoid/reduce tax evasion. This is to be brought about by automation and incentivizing taxpayers. Automation of the taxation system is targeted for the transparency and reduction of corruption and tax evasion. Furthermore, FBR introduced and implemented a direct link between FBR's system and businesses through Point of Sale (POS) and the Track and Trace systems to reduce revenue leakages recently. Keeping the above in view, this Directorate conducted a thematic audit of all RTOs/LTOs/Collectorates with a special focus on tax evasion/avoidance.

1.3 Establishing the audit theme

1.3.1 Reasons for selection

In 2016, Pakistan adopted the Sustainable Development Goals (SDGs) as its national development agenda. The National Economic Council (chaired by

the Prime Minister) approved the National SDGs framework in 2018. The National SDGs framework is based on five critical path ways that would converge to reduce regional inequality to foster inclusive and sustainable development. One of these targets is Target 17.1, which strengthens domestic resource mobilization for inclusive and sustainable development. This target called for better governance and improved security, which is a fundamental base for development. It is pertinent to mention that Target 17.1 is the high priority target on the weighting matrix and prioritization of targets in the framework.

Moreover, Pakistan's Implementation of the 2030 Agenda for Sustainable Development Report 2019 planned initiatives includes a reform roadmap for the Federal Board of Revenue (FBR). Based on Information Communication Technologies platforms to create an efficient interface between taxpayers and tax collectors, this initiative aims to evoke revenue acceleration through reforms, a revamped tax policy, separating policy and administration functions, and digitizing processes.

1.3.2 Purpose/Objectives

The objectives of this audit were to check for cases of non-implementation of relevant statutory provisions of the Income Tax and Sales Tax Acts. Furthermore, cases of concealment, wilful evasion and avoidance were investigated.

It is essential to have a robust tax system for running state administration, meeting defence expenditures, ensuring social welfare, developing infrastructure, and maintaining public utilities throughout the length and breadth of any country. Therefore, it is imperative to stop tax evasion/avoidance by taxpayers to avoid dependence on internal/external debt.

Tax compliance in Pakistan lags far behind other countries as the citizens have less confidence in tax authorities. Furthermore, distribution of taxes on various sectors is heavily skewed e.g. the corporate sector is heavily taxed, whereas AOPs and individuals are relatively taxed at lower rates and still other sectors are exempted. These market distortions have long-run negative impacts on the health of an economy. Therefore, equal application of tax law is an urgent need of the hour. It is pertinent to mention that the agriculture and service sectors constitute 75% of GDP and contribute less than 10% of the revenue collection within a Financial Year.

1.3.3 Scope

The thematic audit has focused on the concealment of income tax and sales tax in seventeen (17) field offices of the Federal Board of Revenue.

2. Legal framework governing the theme

Income Tax Ordinance 2001 and Sales Tax Act 1990 governs the provisions relating to taxation of income and sales which were concealed and not offered for taxation by the taxpayers.

3. Stakeholders and governmental organizations identified as directly/indirectly involved

The Federal Board of Revenue is the key stakeholder in the thematic audits.

4. Role of important organizations

The Federal Board of Revenue is responsible for tax collection in Pakistan. FBR has to review and recommend suitable (automated) processes and filing structures for income/sales tax returns and withholding statements compatible with respective laws. FBR's main task is to investigate cases of tax evasion/avoidance, which may be in the form of non/short-deduction of taxes and to take appropriate action under the law in the cases of defaulters. Federal Board of Revenue is responsible for identifying the withholding agents, facilitating the issuance of National Tax Number/Free Tax Number to unregistered withholding agents and developing an accounting policy for the appropriation of the deduction to the respective tax offices.

5. Organization's Financials

Federal Board of Revenue meets its expenditure through the consolidated fund of the Government of Pakistan.

6. Field audit activity

This office allocated two hundred twenty three (223) man-days for the thematic audit activities. Sixty (60) man-days were allocated for planning and desk audits. Ninety (90) man-days were allocated for the execution of the thematic audit. The thematic audit was executed from 18.07.2022 after detailed planning at the start of July 2022.

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 FBR failed to curb tax evasion/avoidance in income and sales tax regimes.

With regards to income tax, Audit observed that:

- Seven (07) taxpayers, instead of paying the tax liability, adjusted it against previous years' refunds, whereas no such refund adjustment appeared in the ITMS system of FBR (details in para 6.2.3.1 below).
- One thousand nine hundred and seventeen (1917) taxpayers of the fifteen (15) field offices of FBR had shown excess sales and purchases of different items in sales tax returns as compared to income tax returns/financial statements (details in para 6.2.3.2 below).
- Thirteen (13) taxpayers assessed under the jurisdiction of Corporate Tax Office Lahore for the tax year 2021 had credited unexplained amounts to their books of accounts/income tax returns but did not offer the same for taxation (details in para 6.2.3.3 below).
- Four (04) taxpayers of Regional Tax Office, Sialkot, for the tax year 2021 claimed tax credits in their income tax returns u/s 236K of IT

Ordinance 2001 on the purchase of immovable properties, which needed explanation about the source of income and reasons for its non-taxation (details in para 6.2.3.4 below).

- A taxpayer from CTO Lahore, for the tax year 2021 declared less import in the tax return for the tax year 2021 and its Audited annual accounts, But the ITMS/veritax system of the FBR showed excess imports (details in para 6.2.3.5 below).
- A taxpayer from RTO Multan, filed an income tax return for the tax year 2019 by declaring zero tax chargeable. On the other hand, the net wealth of the taxpayer appearing in the wealth statement was not commensurate with the income declared by the taxpayer as the taxpayer had a commercial property of millions of rupees (details in para 6.2.3.6 below).
- A taxpayer from CTO Lahore, claimed exemption against capital gain on the sale of immovable property, but on the other hand, audited accounts of the company for the tax year 2021 showed the cost of land which was sold at a much lesser value than the sale proceeds declared as per cash flow statement (details in para 6.2.3.7 below).
- A taxpayer bearing NTN 3184664 assessed in CTO Lahore for the tax year 2021, in his final audited accounts showed an advance to director without making disclosure (details in para 6.2.3.8 below).

With regard to sales tax, Audit observed that:

- Thirty-four (34) taxpayers registered with four (04) field offices of FBR adjusted sales tax liabilities either against sales tax arrears or adjusted against withholding sales tax not deducted by unregistered withholding agents (details in para 6.2.3.9 below).
- One hundred and seventy nine (179) registered persons of ten (10) field offices of FBR either adjusted input tax credit against output tax or were refunded against invoices issued by the blacklisted/suspended/non-active taxpayers (details in para 6.2.3.10 below).
- One hundred (100) registered persons of fourteen (14) field offices of FBR had either shown higher sales in income tax returns than in their sales tax returns or declared excess closing stocks in sales tax returns as compared to income tax returns (details in para 6.2.3.11 below).

- Two hundred sixty-seven (267) persons were not registered by eight (08) field offices of FBR in sales tax regime even though they met the prescribed conditions for compulsory registration (details in para 6.2.3.12 below).
- Twenty-two (22) registered persons of five (05) field offices of FBR paid sales tax at a lesser value than the value on which goods were sold in the open market notified by the Pakistan Bureau of Statistics and Economic Survey of Pakistan (details in para 6.2.3.13 below).

6.2.2 Critical Review

Based on scrutiny of sampled data, the Audit is of the view that field formations of FBR were not making significant efforts to curb tax evasion/avoidance in the system on account of income and sales tax. More specifically following inferences can be drawn:

- Veracity of self-assessed declarations in the data available with FBR is not being monitored effectively, as cases of evasion have been reported in this report;
- FBR is not monitoring claims of excess tax credits and inadmissible exemptions;
- FBR is not scrutinising income tax returns to identify persons liable for compulsory registration under the Sales Tax Act 1990;
- FBR is not scrutinising data from third parties, such as utility bills and proof of payment of provincial taxes on agricultural land and income, to register potential taxpayers or identify taxable income;
- FBR is not following up on its notices to persons liable for compulsory registration and payment of tax under income and sales tax laws; and
- FBR is not watching concealment of stocks, purchase, production, sales and undervaluation of taxable goods.

6.2.3 Significant Audit Observations

A. Income Tax

6.2.3.1 Short-realization of tax due to adjustment of previous years' refund without verification - Rs 688.61 million

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

During the examination of the tax record of LTO Islamabad for the tax year 2021, it was observed that in seven (07) cases, the taxpayers, instead of paying the tax liability, adjusted it against previous years' refunds, whereas no such refund adjustment was appearing in the ITMS system of FBR for the tax year 2021. The taxpayers adjusted the amount without due process of verification for refund adjustment. Tax authorities also did not take action to recover the government dues from the taxpayer, which reflects weak internal controls system in the department. This resulted in short-realization of Rs 688.61 million.

Cases of refund adjustments without verification were reported to the department in August to November 2022 with the request that corrective action as per law may be taken. No reply was submitted by the department till finalization of this report.

The observations were not discussed in the DAC meeting held in January 2023 due to the non-submission of working papers by the department.

Audit recommends that updated replies should be submitted besides strengthening internal controls.

[A.Os .No.01, 02 & 05 to 09–LTO Islamabad 2020-21]

6.2.3.2 Non-realization of income tax due to concealment of income – Rs 8,564.78 million

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

of accounts, the amount is chargeable to tax if not adequately explained by the taxpayer.

Audit observed that one thousand nine hundred and seventeen (1917) taxpayers of the fifteen (15) field offices of FBR had shown excess sales and purchases of different items in sales tax returns compared to income tax returns/financial statements of the tax years 2018 to 2022. This means taxpayers had concealed their sales and purchases to evade the tax. The irregularity resulted in non-realization of income tax of Rs 8,564.78 million.

Instances of concealment of income were pointed out to the department from February to November 2022 with the request to recover the pointed out amount along with penalty & default surcharge. The department replied an amount Rs 53.80 million was under recovery whereas balance amount of Rs 8,502.39 million was under process/examination.

The DAC in its meeting held in June 2022 and January 2023, directed the field formations to expedite the recovery and finalize the legal proceedings as per law and report compliance to Audit/FBR by 31.01.2023. No further progress was reported by the department till finalization of this report.

Audit recommends expediting recovery and finalizing legal proceedings besides strengthening of internal controls.

[Annexure-62]

6.2.3.3 Loss of revenue due to concealment of income - Rs 142.80 million

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

Audit observed that thirteen (13) taxpayers assessed under the jurisdiction of CTO Lahore for the tax year 2021 had credited unexplained amounts to their books of accounts/income tax returns but did not offer the same for taxation as per law *ibid*. So, the non-offering of concealed/unexplained income for taxation resulted in the loss of revenue of Rs 142.80 million.

The matter was brought to the department's notice in October & November 2022, requesting that corrective action be taken as per law, and the amount involved may be recovered along with default surcharge and penalty. The department has reported no progress till the finalization of the report.

In DAC meeting held in January 2023, the department was directed to finalize the legal proceedings as per law and report compliance to Audit/FBR by 31.01.2023. No further progress was reported by the department till finalization of this report.

Audit recommends to recover the revenue besides strengthening internal controls.

[DP 21361 and 21390-IT]

6.2.3.4 Non-recovery of income tax on unexplained income - Rs 66.25 million

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

Audit observed that four (04) taxpayers under the jurisdiction of RTO, Sialkot, for the tax year 2021 claimed tax credits in their income tax returns on the purchase of immovable properties which needed explanation about the source of income and reasons for non-taxation. The tax authorities did not take action to recover the amount of tax. The omission resulted in the non-recovery of government revenue of Rs 66.25 million.

Cases of unexplained income were pointed out to the department in October 2022 with the request to recover the pointed out amount along with penalty and default surcharge. The department replied that show-cause notices had been issued in two cases involving Rs 58.11 million; Rs 7.78 million was contested in one case and provided a reconciliation of the accretion in wealth, whereas one case of Rs 0.36 million was under process/examination.

In DAC meeting held in January 2023, the department was directed to finalize the legal proceedings as per law and report compliance to Audit/FBR by

31.01.2023. No further progress was reported by the department till finalization of this report.

Audit recommends that legal action may be finalized as directed by the DAC, besides strengthening internal controls.

[DPs No 21611 and 21247-IT]

6.2.3.5 Loss of revenue due to the unexplained sale of concealed imported goods-Rs 44.42 million

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

Audit observed that a taxpayer bearing NTN 0708775, falling under the jurisdiction of the Commissioner Audit-II, CTO, Lahore, for the tax year 2021 declared imports of Rs 283.13 million in the tax return for the tax year 2021 and its Audited annual accounts. But the ITMS/Veritax system of the FBR showed the import of Rs 418.66 million (excluding sales tax and federal excise duty). This short declaration of imports in a tax return of Rs 135.53 million led to the concealment of imports and direct sales to customers. Therefore, after adding a 13% margin rate resulted in loss to the national exchequer of Rs 44.42 million.

Instances of concealed imported goods were pointed out to the department in October 2022 with the request to complete reconciliation and to take corrective action according to the law. No reply was received from the department till the finalization of the draft para.

In DAC meeting held in January 2023, the department was directed to finalize the legal proceedings as per law and report compliance to Audit/FBR by 31.01.2023. No further progress was reported by the department till finalization of this report.

Audit recommends that updated replies should be submitted besides strengthening internal controls.

[DP 21668-IT]

6.2.3.6 Loss of revenue due to concealment of income - Rs 41.76 million

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

Audit observed that a taxpayer bearing registration number 3630267490655, falling under the jurisdiction of Commissioner IR, RTO Multan, filed an income tax return for the tax year 2019, declaring zero tax chargeable. Scrutiny of the tax record revealed that the net wealth appearing in the wealth statement did not commensurate with the income declared by the taxpayer. The taxpayer declared Rs 40.84 million as net wealth on 30.06.2019, along with a gain on disposal of assets excluding capital gain on the immovable property, but the taxpayer's income was zero against the commercial property. The commercial property of the taxpayer is located in the commercial market Multan. The taxpayer had twelve (12) commercial properties, i.e. shops, a commercial market in Qudrat Town, Multan, 5 and 6 marla commercial buildings in Raam Kali, Multan. The property's market value in the taxpayer's wealth statement in one year was Rs 28.80 million. As the property value of the market was very high, the estimated rent of one shop was Rs 200,000 per month. The above position depicted that the taxpayer concealed his income for the last five years amounting to Rs 144.00 million. However, the department did not initiate legal proceedings to recover the due tax. This deprived the government of revenue amounting to Rs 41.76 million.

The matter was pointed out during August and September 2022 with the request that the position be justified and the amount pointed out may be recovered along with penalty and default surcharge. The department reported that the proceedings were started on 20.12.2022.

In DAC meeting held in January 2023, the department was directed to finalize the legal proceedings as per law and report compliance to Audit/FBR by 31.01.2023. No further progress was reported by the department till finalization of this report.

Audit recommends that legal action may be finalized as directed by the DAC, besides strengthening internal controls.

[DP No 21299-IT]

6.2.3.7 Loss of government revenue due to a claim of inadmissible exemption – Rs 14.22 million

According to Section 37(1) read with Section 111 of the Income Tax Ordinance 2001, a gain arising on 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”

Audit observed that a taxpayer bearing NTN 0708775 falling under the jurisdiction of Enforcement-I, CTO, Lahore claimed exemption against capital gain on sale of immovable property amounting to Rs 49.04 million. On the other hand, audited accounts of the company for the tax year 2021 showed the cost of land which was sold only for Rs 0.034 million (excluding revaluation of land) and proceeds against such cost was Rs 2.54 million instead of Rs 49.04 million as per cash flow statement. The taxpayer claimed such a huge amount of Rs 49.04 million as exempt income, which resulted in the loss of government exchequer amounting to Rs 14.22 million. The department did not initiate legal action to recover the evaded revenue.

The matter was pointed out to the department during September & October 2022 with the request to recover government revenue. The department replied that the case was under process.

In DAC meeting held in January 2023, the department was directed to finalize the legal proceedings as per law and report compliance to Audit/FBR by 31.01.2023. No further progress was reported by the department till finalization of this report.

Audit recommends that updated replies should be submitted besides strengthening internal controls.

[DP No.21279-IT]

6.2.3.8 Loss due to non-invoking the enacted provisions – Rs 2.15 million

Section 111 of the Income Tax Ordinance 2001, provides detailed procedure for taxation of concealed income which is not offered for tax.

According to the provisions where a person is the owner of any money or valuable article or has made any investment or credited any amount in the books of accounts, the amount is chargeable to tax if not adequately explained by the taxpayer.

During the examination of the income tax record of a taxpayer bearing NTN 3184664 assessed in CTO Lahore for the tax year 2021, it was observed that the taxpayer in its final audited accounts showed an advance to director of Rs 7.40 million without making detailed disclosure of this credited amount as required under the law. So, the unexplained amount of Rs 7.40 million was required to be taxed. However, the department did not initiate legal action to recover the same. This resulted in a revenue loss of Rs 2.15 million.

Non-invoking of law was pointed out to the department from July to November 2022 with the request that corrective action be taken as per law and the amount involved may be recovered along with default surcharge and penalty.

The observations were not discussed in the DAC meeting held in January 2023 due to the non-submission of working papers by the department.

Audit recommends that updated replies should be submitted besides strengthening internal controls.

[A.O. No.03–CTO Lahore 2020-21]

B. Sales Tax

6.2.3.9 Inadmissible adjustments of input tax credits against sales tax deducted by withholding agents – Rs 2,192.64 million

According to Section 8(3) of the Sales Tax Act 1990, no person other than a registered person shall make any deduction or reclaim input tax in respect of taxable supplies made or to be made by him. Further, Section 8(1)(ca) of the Act *ibid* provides that a registered persons shall not be entitled to reclaim or deduct input tax paid on the goods or services in respect of which sales tax has not been deposited in the Government treasury by the respective supplier.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that thirty-four (34) taxpayers registered with four (04) field offices of FBR adjusted sales tax liabilities either against sales tax arrears or sales tax deducted by unregistered withholding agents resulting in reduced output tax liabilities. The proof of sales tax deposits into government treasury was neither

available on record nor provided to the Audit. The tax authorities did not take action to recover the government dues. This resulted in the loss of government revenue due to inadmissible input tax adjustments amounting to Rs 2,192.64 million.

Inadmissible adjustments of input tax were reported to the department from February to November 2022. The department replied that cases amounting to Rs 0.45 million were under-recovery, Rs 53.08 million were under adjudication, and Rs 2,139.11 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery, adjudication and legal proceedings. The DAC showed serious concern where no action had been initiated and directed to submit updated status to the Audit and FBR. No further progress was reported till the finalization of this report.

Audit recommends that recovery/adjudication/legal proceedings should be expedited, and updated replies should be submitted in cases where no action has been initiated. Furthermore, internal controls should be improved for effectively monitoring withholding taxes through FBR's automated systems.

[Annexure-63]

6.2.3.10 Loss due to inadmissible refunds/adjustments of input tax against invoices issued by black-listed/non-active taxpayers – Rs 7,259.16 million

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

During audit for the Financial Years 2012-13 to 2021-22, it was observed that under the jurisdiction of ten (10) field offices of FBR, one hundred and

seventy nine (179) registered persons adjusted input tax credit against output tax or were allowed refund against invoices issued by the blacklisted/suspended/non-active taxpayers and input tax claimed by the black-listed registered persons. The tax authorities did not initiate proceedings to recover the due tax. This resulted in a revenue loss amounting to Rs 7,259.16 million.

Cases of input tax adjustment on invoices issued by black-listed/non-active taxpayers were reported to the department from February to November 2022. The department replied that cases amounting to Rs 256.84 million were under-recovery, Rs 347.64 million were under adjudication, Rs 0.25 million was pending before Commissioner IR (Appeals), and cases amounting to Rs 6,654.43 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery, adjudication and pursue the pending case. The DAC showed serious concern where no action had been initiated and directed to submit updated status to the Audit and FBR. No further progress was reported till the finalization of this report.

Audit recommends early recovery, adjudication and pursuance of the pending case. Furthermore, to address the systemic recurrence of the issue, Audit further recommends that FBR should strengthen its IT-based controls to detect and prevent such instances in the future.

[Annexure-64]

6.2.3.11 Discrepancies in figures of sales/stocks in income tax and sales tax returns – Rs 3,245.90 million

According to Section 3 of the Sales Tax Act 1990, there shall be charged, levied and paid sales tax at the prescribed rates of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him.

During audit for the Financial Years 2018-19 to 2021-22, in fourteen (14) field offices of FBR, a comparison of returns of sales tax and income tax of one hundred (100) registered persons revealed that either the registered persons had shown higher sales in income tax returns than in their sales tax returns or declared excess closing stocks in sales tax returns as compared to income tax returns. Thus, the registered persons suppressed their sales/stocks resulting in

fewer realizations of sales tax amounting to Rs 3,245.90 million in addition to default surcharge and penalty.

Discrepancies in two sets of record were reported to the department from February to November 2022. The department replied that cases amounting to Rs 230.85 million were under-recovery, Rs 389.36 million were under adjudication, and Rs 2,625.69 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery, adjudication and legal proceedings. The DAC showed serious concern where no action had been initiated and directed to submit updated status to the Audit and FBR. No further progress was reported till the finalization of this report.

Audit recommends that recovery/adjudication/legal proceedings should be expedited and updated replies should be submitted in cases where no action has been initiated besides strengthening internal controls.

[Annexure-65]

6.2.3.12 Loss of revenue due to non-registration of persons/potential taxpayers required to be compulsorily registered – Rs 1,023.59 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 10 million (3 million before July 2021) or having an industrial gas or electricity connection, if not already registered, is required to be registered under this Act. Furthermore, 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 about his taxable activity while filing his sales tax return.

During audit for the Financial Years 2015-16 to 2021-22, scrutiny of income tax returns data revealed that under the jurisdiction of eight (08) field offices of FBR, two hundred seventy six (276) persons were not registered in sales tax regime even though they met the prescribed conditions for compulsory registration. This resulted in loss of revenue amounting to Rs 1,023.59 million.

Instances of potential taxpayers liable to be registered were reported to the department from February to November 2022. The department replied that cases amounting to Rs 170.21 million were under-recovery, Rs 259.24 million were under adjudication, Rs 0.73 million were pending before Appellate Tribunal Inland Revenue, and Rs 593.41 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the recovery, adjudication, and legal proceedings and vigorously pursue the cases pending in courts. The DAC showed serious concern where no action had been initiated and directed to submit updated status to Audit and FBR. No further progress was reported till the finalization of this report.

Audit recommends expediting recovery/adjudication/legal proceedings and submitting updated replies in cases where no action has been initiated besides compulsory registration of the persons/potential taxpayers.

[Annexure-66]

6.2.3.13 Short-realization of sales tax due to concealment of production and undervaluation of taxable goods – Rs 503.33 million

According to Section 3 of the Sales Tax Act 1990, there shall be charged, levied and paid sales tax at the prescribed rates of the value of taxable supplies made by a registered person in the course or furtherance of any taxable activity carried on by him. Further, Section-26 of the Act *ibid* provides that every registered person shall furnish not later than the due date a true, complete and correct return in the prescribed form, indicating the purchases and the supplies made during a tax period, the tax due and paid and such other information, as may be prescribed.

During audit for the Financial Years 2020-21 and 2021-22, it was observed that under the jurisdiction of five (05) field offices of FBR, twenty-two (22) registered persons paid sales tax at a lesser value than the value on which goods were sold in the open market/notified by Pakistan Bureau of Statistics/Economic Survey of Pakistan. The registered persons also concealed purchases of raw materials, thereby reducing production and sales. The department did not initiate legal proceedings to assess/recover the government revenue. This resulted in short-realization of sales tax amounting to Rs 503.33 million.

Instances of under valuation were reported to the department from February to November 2022. The department replied that cases amounting to Rs 306.56 million were under adjudication, whereas cases of Rs 196.77 million were under process/examination.

In DAC meetings held in June 2022 and January 2023, the department was directed to expedite the adjudication proceedings. The DAC showed serious concern where no action had been initiated and directed to submit updated status to the Audit and FBR. No further progress was reported till the finalization of this report.

Audit recommends that adjudication proceedings be expedited and submitting replies in cases where no action has been initiated besides strengthening internal controls to avoid the recurrence of such irregularities.

[Annexure-67]

8. Recommendations

Audit recommends the following actions to curb tax evasion:

- Evolve a mechanism to collect information from various institutions to identify potential taxpayers based on economic activity. Integration of IRIS with provincial revenue authorities will significantly increase the monitoring capacity of tax authorities at both federal as well as provincial level.
- Simplification of tax laws and levying tax on a single base like income would generate more revenue through taxpayer facilitation as well as monitoring of the same.
- Integrate all supply chain data into FBR Management Information System (MIS)/Tax Management System throughout the length & breadth of the country.
- End preferential treatment given to different sectors.
- Develop a mechanism for proper oversight of FBR for reconciling cases finalized by field offices.
- Initiate incentives to taxpayers to broaden the tax base and action against defaulters.

9. Conclusion

Tax evasion occurs because of unwarranted delay in initiation and finalization of legal proceedings, slow and ineffective digitalization of the tax system, and non-registration of persons having high economic activity. The FBR did not take action to stop tax evasion/avoidance in system by the taxpayers or to document the economy and gradually broaden the tax base by including all informal sectors under the tax net. Internal control environment of the department for monitoring of tax evasion activities of the field formations was also ineffective and inefficient.

10. References

- International Monetary Fund (IMF) Research Report, 2019 for the tax to GDP ratio of world.
- National Sustainable Development Goals Framework
- FBR website

CHAPTER-11 THEMATIC AUDIT: VALUATION OF IMPORTED GOODS - GOVERNING LAWS, RULES, REGULATIONS AND VARIATIONS IN APPLICABILITY

1.1 Introduction

Valuation of imported goods is a serious and complex problem which has far reaching impact on the economy. Customs valuation is the determination of the amount of goods upon which rate of duty is calculated. Historically, the government had maintained very high tariff to protect domestic industries from imported goods which resulted under invoicing. However, despite reducing the tariff, no significant change in under invoicing has been observed. Federal Tax Ombudsmen's (FTO) study on this subject estimated that annual average net revenue loss, due to under-reporting of value, is almost equivalent to around 11 percent of the total revenue generated from custom tariff. Thus, correct determination of value of imported items has far-reaching impact on country's revenue and local industrialization.

1.2 Background

Considering the influx of imported goods in the local market and declining local production due to uneven playing field to locally manufactured goods, it is pertinent to examine the available governing laws, rules/regulations regarding determination of value of imported goods. Pakistan Customs (FBR) is responsible for correct determination of value of imported goods/vehicles. In this regard, Section 25 of the Customs Act 1969, empowers Customs authorities to determine value of imported / exported goods. Till 1998, value of imported goods was to be taken at the normal price prevailing in the open market. However, subsequently in line with the World Trade Organization (WTO) agreement, transaction value (price actually paid or payable for goods when sold for export to Pakistan) became the basis of assessment of imported goods/vehicles, subject to the provisions provided under Section 25 of the Customs Act.

1.3 Establish the Audit Theme

1.3.1 Reasons for Selection

International data and local media has time and again reported under-invoicing in imported goods especially from China. Local media, while quoting Former Finance Minister, reported that China's records state that Pakistan imported \$16 Billion worth of goods. Meanwhile, according to Pakistan, it import \$12 Billion worth of material/goods from China.

Above figures show that legal and institutional framework available does not work efficiently and effectively and has failed to detect under invoicing especially by commercial importers on goods imported from China. As per study of FTO, Pakistan's informal sectors, particularly wholesale and retail, import goods through a network of middlemen, brokers, and agents. Some of these middlemen resort to various malpractices to maximize their margins of profit and it is one of the main issues relating to under-invoicing in imports of goods. Sometimes, some unscrupulous traders, in order to avoid proper valuation of imported goods, subject vague declarations of quantity (e.g. fabric in meters instead of kilograms), description, and classification. Although, the Customs officials are alert to such mis-declarations, yet the volume and load of work often results in improper assessment of goods.

FTO's preliminary investigation further revealed that certain importers established 'Shell Corporations' in Dubai to manage under-invoicing of goods imported into Pakistan.

1.3.2 Purpose

The purpose of this Thematic Audit is to analyse;

- Present legal and institutional framework;
- Effectiveness of clearance Collectorates of Customs & Valuation Department in determination of value of imported goods/vehicles in accordance with Section 25 of Customs Act 1969; and
- Comparison of export value of the goods destined to Pakistan from different countries with import value of the goods declared/assessed in Pakistan.

This Thematic Audit will help the Government to assess the importance of the issue and will take appropriate remedial measures to curb the menace of under invoicing so that local manufacturing can be incentivized which will lead to self-sufficiency.

1.3.3 Scope

The thematic audit covers Valuation Department, Collectorates of Customs East & West and mainly focuses on items where Customs authorities did not proactively issue valuation rulings or valuation rulings were issued favouring the certain importers. Audit also conducted Case Study in case of import of MG Motors. Comparative analysis of international data, especially from China, was also covered to ascertain the factual position of under invoicing in Pakistan.

1.4 Methods for determination of customs value provided under Section 25 of the Customs Act, 1969

The following six methods have been provided under Section 25 of the Customs Act, 1969, read with Chapter IX of the Customs Rules, 2001.

(1) Transaction Value-Sub-Section (1). The customs value of imported goods, subject to the provisions of this section and the rules, shall be the transaction value, that is the price actually paid or payable for the goods when sold for export to Pakistan.

(2) Transaction Value of Identical Goods-Sub-Section (5). If the customs value of the imported goods cannot be determined under the provisions of sub-section (1), it shall, subject to rules, be the transaction value of identical goods sold for export to Pakistan and exported at or about the same time as the goods being valued.

(3) Transaction Value of Similar Goods-Sub-Section (6). If the customs value of the imported goods cannot be determined under the provisions of sub-section (5), it shall, subject to clauses (c), (d), (e) and (f) of sub-section (13) and rules, be the transaction value of similar goods sold for export to Pakistan and exported at or about the same time as the goods being valued, and the provisions of clauses (a), (b), (c) and (d) of sub-section (5) shall, mutatis mutandis, also apply in respect of similar goods.

(4) Deductive Value-Sub-Section (7). If the customs value of the imported goods cannot be determined under sub-section (6), it shall, subject to rules, be determined as follows:

(a) if the imported goods or identical or similar imported goods are sold in Pakistan in the condition as imported, the customs value of the imported goods shall be based on the unit price at which the imported goods or identical or similar imported goods are so sold in the greatest aggregate quantity, at or about the time of the importation of the goods being valued, to persons who are not related to the persons from whom they buy such goods, subject to certain deductions.

(5) Computed Value-Sub-Section (8). If the customs value of the imported goods cannot be determined under sub-section (7), it shall, subject to rules, be based on computed value which shall consist of the sum of the cost of value of materials and fabrication or other processing employed in producing the imported goods; an amount for profit and general expenses equal to that usually reflected in sales of goods of the same class or kind as the goods being valued which are made by producers in the country of exportation for export to Pakistan; and the cost or value of all other expenses as specified in clause.

(6) Fall Back Method (Sub-Section (9). If the customs value of the imported goods cannot be determined under sub-sections (1),(5),(6),(7) and (8), it shall, subject to the rules, be determined on the basis of a value derived from among the methods of valuation set out in sub-sections (1),(5),(6),(7) and (8), that, when applied in a flexible manner to the extent necessary to arrive at a customs value. Further, following provisions of law extends the powers of the customs authorities to determine fair transactional value and discourage the practice of under invoicing.

Section 25A was added to the Customs Act in 2006 which permits the Customs authorities to determine the Customs Value of any goods by the issuance of a Valuation Ruling (VR). Generally, Valuation Rulings are being issued by the Directorate of Customs, Valuation by adhering to certain procedure as mentioned in SRO 503(I)/2021.

Section 25C provides that in case where declared value of imported goods is not considered to be actual transactional value, the Collector of Customs may, after approval from Board, entertain offer by any other person to buy such goods at

substantially higher value than the declared Customs Value, subject to fulfilment of certain procedure.

Section 25D allows persons, aggrieved by VR to see revision of value determined under section 25 A and gives powers to Director General Valuation for conducting proceedings for its revision, if so warranted.

In 2018, a new **Section 25AA** was added to the Customs Act, to allow the use of information received through data exchange for determination of Custom Value. Essentially, this is the legal basis for operationalizing the Pakistan-China Electronic Data Exchange Agreement (EDEA).

Sections 26A and 26B empower officers of Customs to conduct audit of declarations and determine liability of any person regarding payment of duties & taxes. These powers provide the basis for undertaking post clearance audit of importers and exporters, which is a critical pillar of modern customs administration.

1.5 Institutional Arrangement

- i. **Clearance Collectrates** are responsible for assessment of value of the goods imported for the purpose of collection of duty and taxes. The GD filed by the importers/agents along with supportive documents in the WeBOC system may be selected by the Risk Management System (RMS) for scrutiny. In such cases, the assessing officer scrutinizes the declaration/uploaded documents and may ask for additional documents such as L.C., contracts, price lists etc., for determining the fair transactional value.
- ii. **Directorate of Valuation** determines minimum assessable values of imported goods, suspected of under-invoiced and issues Valuation Rulings (VRs) under Section 25A. It also maintains a valuation database and carries out dispute resolution between the Collectorate and Importers in certain cases under Section 81 of the Customs Act.
- iii. **Directorate of Post Clearance Audit** is responsible for conducting post-audit of the record of importers at any time after clearance and ensures satisfaction about the correctness of declaration and payment of duties and taxes.

1.6 Current Methods of Valuation

- i. **Self-assessment:** After the arrival of goods, the importer/agent electronically files a GD in which he declares all particulars of the imported goods including its value, self-assesses his duty and taxes, and pays the amount accordingly. In case the WeBOC system assigns 'Green' Channel to the shipment, the declared value is accepted by the system and the goods are directly released to the owner. There is no intervention at the time of clearance of goods.
- ii. **Assessment by Appraising Officer:** In case the system assigns the goods to the 'Yellow' Channel, the GD is marked to an Appraising Officer (A.O.) for assessment. In case Valuation Ruling or published price is applicable, the system indicates it to A.O. In other cases, where no valuation ruling has been issued nor any published price is available, the A.O. will assess the goods on past 90 day's data available in the system or declared value whichever is higher.

The importer can either accept the value or disagree by requesting a review of assessed value by a higher officer. Several levels of appeals are available which can go right up to the Supreme Court. In disputed cases, it is permissible for the importer to get release of goods by submitting security (Bank Guarantee or Pay Order) equal to the disputed amount through a provisional assessment mechanism as provided under Section 81 of the Customs Act, 1969.

1.7 Effectiveness of valuation department in determination of value of imported goods under Section 25 of Customs Act, 1969

The Directorate General Valuation generally issues Valuation Ruling (VRs) for items which are commercially traded, whose import values show wide variations, and where group under-invoicing is suspected. These include most types of fabrics, footwear, tiles, articles of iron & steel, and articles of plastics etc.

S.R.O. 503(I)/2021 requires the Director General of Customs Valuation to (i) regularly obtain reference price data from accredited publications, official price lists, websites, through market enquiries as well as finding of Post Clearance Audit and other authentic sources, and to make such data available to

Field Formations through the Customs computerized system (ii) carry out proactive valuation of goods imported into and exported from the country vis-a-vis international price trends, conduct analysis and undertake sector-wise studies of items prone to mis-invoicing and to advise the Field Formations regarding any abnormalities in valuation during clearance. Despite above legal framework, the Directorate General of Valuation did not function proactively for valuation of goods, causing favouritism to some Sectors/Importers as evident from following acts:

1.7.1 Determination of value of hinges, door closer, drawer lock of China origin less than value of basic raw material

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate of Customs Valuation Karachi earlier determined value of iron & steel hinges, door closer, drawer lock of China origin vide VR No. 1553/2021, dated 04.10.2021 and fixed at US\$1.5, \$2.82 & \$1.9/kg respectively. Later on, the Directorate vide VR No. 1604/2022, dated 08.02.2022 revised value of these items downward and fixed at US\$1.45, \$2.74, & \$1.82/kg respectively. During this period, cost of material, utilities, labour, factory overheads, and freight have increased rapidly, but downward determination of value of these items needs justification. For instance, cost of stainless steel was US\$1.90/kg, whereas, the Directorate determined value of hinges and drawer lock of stainless steel @ US\$1.45 & \$1.82/kg, which is less than cost of basic raw material. This reflected that the Directorate determined/fixed value of the goods less than its material cost, which facilitated the importers to under-value imported goods for evasion of duty & taxes. This resulted in loss of government revenue of millions of rupees.

Irregularity was reported to the Department in November, 2022. The department replied that cost of raw materials, utilities, and freight has changed considerably and the cost of raw material i.e. stainless steel is still on the downward trajectory.

Audit is of the view that the Directorate fixed values of hinges, door closer, drawer lock, etc. of China origin at less than the value of basic raw materials and other components of price like utility charges, labour cost, factory overheads, freight, etc. was also not included / considered while determining value of these items.

The DAC in its meeting held in January 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the Director General, Valuation, to personally look into the matter and conduct fact finding inquiry in this regard and take proactive action so that valuation ruling may be updated up to the mark of the present values and report in this regard may be submitted to Audit & FBR-Customs Wing in 60 days.

Audit recommends that the matter may be probed into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2383-CD/K]

1.7.2 Unjustified downward determination of value of range/chimney/slim hoods to facilitate certain stakeholders

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate of Customs, Valuation, Karachi, in the year 2018, determined value of range hood, chimney hood, and slim hood vide VR No. 1280/2018, dated 05.04.2018. Importers filed review petition against this VR, which was rejected by the Directorate General of Customs, Valuation, on the basis that the Directorate had adopted the prescribed methodology in determination of the customs values and duly took the stakeholders on board while issuing the impugned VR. Values of hoods as per this are given below:

S. No.	Item	Origin	Category A	Category B	Category C	Origin	US\$/pc
1	Island hood	China	US\$ 530	415	320	Europe USA	560
2	chimney hood	China	295	220	165		320
3	slim hood	China	130	98	80		140

In the year, 2022, the Directorate took the initiative to revise value of range hood, chimney hood, and slim hood which was issued 04 years ago in 2018. Background for revision of this VR was that the cost of input material, labour, freight, technology, etc. has changed drastically. Therefore, prices of household items have increased significantly in the local as well as international market. The Directorate of Customs Valuation, Karachi, in negation to above facts, deliberately reduced value of these items by almost 50% as compared to

previous VR issued in 2018. Values of hoods as per new VR No. 1659/2022, dated 16.06.2022 are given below:

S. No.	Item	Origin	Category A	Category B	Category C	Origin	US\$/pc
1	Island hood	China	US\$ 276	215	168	Europe, USA, Japan	350
2	chimney hood	China	150	110	40		190
3	slim hood	China	90	68	32		110

Examination of facts also revealed that, during this period, the Directorate had increased value of material used in manufacture of these items as evident from the VRs issued during this span of time, while massive decrease in value of the goods is not justified. Further, during last 04 years i.e. from 2018 to 2022, cost of input material, labour, overheads, freight, etc. has also increased drastically. This unprofessional conduct of the Valuation Department resulted in consistent loss of government revenue of millions of rupees and needs thorough investigation in the matter.

Irregularity was reported to the Department in November, 2022. The management replied that cost of raw materials, utilities, and freight has changed considerably and the cost of raw material i.e. stainless steel is still on the downward trajectory.

Audit is of the view that the Directorate earlier determined value of range/chimney/slim hood in 2018 and the Department in 2022 took initiative to revise value of these goods on the plea that material, labour, freight, technology, etc. has increased drastically. The Directorate ignored the ground facts and reduced values of these goods by almost 50% as compared to previous VR by ignoring the fact that cost of material, labour, factory overheads, freight, etc. which was prevailed in 2018 has increased 4 to 5 times, whereas decrease in value by more than 50% is not justifiable.

The DAC in its meeting held in January, 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the Director General, Valuation, to personally look into the matter and conduct fact finding inquiry in this regard and take proactive action so that valuation ruling

may be updated up to the mark of the present values and report in this regard may be submitted to Audit & FBR-Customs Wing in 60 days.

Audit recommends that the matter may be probed into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2384-CD/K]

1.7.3 Unjustified decrease in value of steel files flat/half round/full round

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate of Customs, Valuation, Karachi, in the year 2018, took initiative to revise value of steel files flat/half round/full round, which was issued 02 years ago in the year 2016 vide VR No. 958/2016, dated 31.10.2016 and as per VR value of goods of China origin only (80% to 90% of total imports) are given below:

China Origin						
Item	Steel files flat bastard 4" to 8"	Steel files flat bastard 8.01" to 14"	Steel files half round 4" to 8"	Steel files half round 8.01" to 14"	Steel files full round 4" to 8"	Steel files full round 8.01" to 14"
Value US\$/kg	5.00	4.65	4.5	4.2	4.05	3.76

Background for revision of this VR reflects the current price trend prevailing in international market and importers request to reduce/decrease value of these goods. Certain documents like copies of import invoices, name & email address of foreign suppliers/manufacturers, contract, LCs, and sales tax invoices issued during last three years were called from the stakeholders. They, however, did not submit any documentary evidences in support of their contention, despite ample amount of time given to them. On the other hand, the Directorate reduced value of these items by almost 20% as compared to previous VR. Revised value of China origin goods as per new VR No. 1283/2018, dated 13.04.2018 are given below:

China Origin						
Item	Steel files flat bastard 4" to 6"	Steel files flat bastard 6." to 8" and 8.01" to 14"	Steel files half round 4" to 6"	Steel files half round 6" to 8" and 8.01" to 14"	Steel files full round 4" to 6"	Steel files full round 6" to 8" and 8.01" to 14"
Value US\$/kg	3.95	3.90 & 3.60	3.45	3.40 & 3.35	3.25	3.20 & 3.15

Examination of facts also revealed that during this period, the Directorate had increased value of material used in manufacture of these items as evident from the VRs issued during this span of time, while massive decrease in value of the goods is not justified. Further, during last 04 years i.e. from 2018 to 2022, cost of input material, labour, overheads, freight, etc. has also increased drastically, but the Directorate did not revise value of the goods, which was already determined on lower side. This resulted in consistent loss of government revenue of millions of rupees.

Irregularity was reported to the Department in November, 2022. The Management replied that value of the goods were determined keeping in view the international and local market price fluctuations which can be showing an increasing or decreasing trend from previous period, freight element, transactional values, prices of similar and identical goods, market inquiry, prices of raw material, etc.

Audit is of the view that value of steel files bastard/half round/full round was determined earlier in 2016 and the Department in 2018 took initiative to revise value of these goods on the plea that material, labour, freight, etc. has increased drastically. The Directorate ignored the ground facts and reduced values of these goods as compared to previous VR by ignoring the fact that cost of material, labour, factory overheads, and freight etc. which prevailed in 2016 has increased, whereas decrease in value is not justifiable.

The DAC in meeting held in January, 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the Director General, Valuation, to personally look into the matter and conduct fact finding inquiry in this regard and take proactive action so that valuation ruling may be updated up to the mark of the present values and report in this regard may be submitted to Audit & FBR-Customs Wing in 60 days.

Audit recommends that the matter may be probed into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2386-CD/K]

1.7.4 Massive irregularities found in determination of values of toys

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate of Customs, Valuation, Karachi, earlier determined value of toys vide VR No. 991/2016, dated 14.12.2016. The Directorate, after lapse of almost 06 years, revised values of toys vide VR No. 1643/2022, dated 29.04.2022. Importers challenged the VR and filed Review Petition with the Director General Customs Valuation who then set aside the impugned VR vide Order-In-Revision No. 52/2022, dated 06.06.2022. Later on, the directorate re-determined value of toys and issued new VR No. 1669/2022, dated 27.06.2022. Comparison of values of few toys determined in these 03 VRs are given below:

S. No.	Description	Specification	Origin	Value as per VR No. 991/2016 us\$/kg	Value as per VR No. 1643/2022 us\$/kg	Value as per VR No. 1669/2022 us\$/kg	%age decrease
1	Plastic toys	Simple, non-mechanical	China	1.75	4.20	2.05	51%
			Other	2.25	10.80	3.00	72%
		Simple mechanical	China	2.16	5.67	2.50	56%
			Other	2.60	14.50	3.10	79%
		Lego	China	2.05	7.95	2.55	68%
			Other	2.25	10.35	2.75	73%
		Guns, mechanical	China	2.30	10.00	2.60	74%
			Other	2.75	13.00	3.10	76%
Dolls, Battery operated others	China	4.50	30.00	4.80	84%		
	Other	5.95	40.00	5.50	86%		
2	Plush & stuffed toys	IC sound battery operated	China	3.50	25.00	4.80	81%
			Other	3.90	30.00	5.50	82%
		Simple manual	China	2.60	20.00	2.95	85%
			Other	2.90	26.00	3.50	87%
3	Wooden toys	All types	China	2.05	20.00	2.55	87%
			Other	2.50	30.00	3.05	90%
4	Die-Cast / metal	Friction	China	1.75	15.00	2.25	85%
			Other	1.95	19.00	2.50	87%
		Electrical / battery operated	China	2.10	25.00	2.60	90%
			Other	2.30	32.00	2.85	91%

5	Ceramic toys	All types	China	2.20	8.00	2.75	66%
			Other	2.30	12.00	2.85	76%
6	Flying toys	Drones with camera	China	20.00	60.00	25.00	58%

During analysis of these VRs, Audit observed the followings:

1. All stakeholders were requested to provide invoices of imports, websites, names, E-mail addresses of foreign manufacturers of imported items, copies of contracts made, LCs and copies of sales tax invoices etc. which were not provided by them.
2. Deductive Value Method as provided under Sub-Section (7) of Section 25 of the Customs Act, 1969, was adopted in all three VRs.
3. The Department, after lapse of almost 06 years, took initiative in November, 2021 to revise values of toys issued earlier vide VR No. 991/2016 and took almost half year to finalize this exercise and new VR No. 1643/2022, dated 29.04.2022 was issued after conducting market survey and consulting relevant stakeholders & websites.
4. Values of toys determined vide VR No. 1643 was fair. Keeping in view that prices of manufacturing costs & raw material used in manufacturing of these toys have increased from 400%-700% as compared to prices prevailing in the year 2016.
5. O-I-R No. 52/2022, dated 06.06.2022, through which VR No. 1643, was set aside, which was issued in haste and in just one hearing, which was held on dated 02.06.2022. The Directorate informed the DG Valuation, with supporting documents that the values were determined as per valuation methods provided under Section 25 of the Customs Act. On the other side, the importers/ stakeholders did not submit invoices of imports, websites, names, E-mail addresses of foreign manufacturers of imported items, copies of contracts made, LCs, and copies of sales tax invoices, to substantiate their contentions. Only one raw material i.e. Polypropylene was discussed in the order. This material is used in plastic toys only, while other materials used in manufacturing of mechanical toys, porcelain, plush & stuffed, die-cast metal, wooden, flying toys and battery operated toys etc. and elements of increase in conversion cost like labour, factory overheads, freight & insurance, were also not considered.

6. The Directorate accepted the O-I-R No. 52/2022, dated 06.06.2022 and issued new VR No. 1669/2022, dated 27.06.2022 within 20 days and straight away decreased values of toys by 51% to 91% as compared to previous one. The Department confirmed through this VR that the stakeholders again did not submit the requisite documents like invoices of imports, websites, E-mail addresses of foreign manufacturers of imported items, copies of contracts made, LCs, and copies of sales tax invoices. From scrutiny of VR file, it is revealed that the Directorate slightly increased values of toys as compared to values which were determined in 2016 without any supporting documents /evidences, etc.

This inconsistency and unrealistic approach of the Valuation Department resulted in loss of government revenue of millions of rupees and needs thorough investigation in the matter.

Irregularity was reported to the department in November, 2022. The management replied that Valuation Rulings are revised keeping in view the changing price trends of item or its raw material, cost of utilities, freight element, prices in international or local markets etc. In cases where there are no considerable changes in the pricing of the item/raw material or other related factors, valuation rulings are not revised.

Audit is of the view that the VR No. 1643/2022 was issued after detailed analysis, survey market inquiry manufacturer web sites etc. and with proper documentations/evidences and assessment sheets. Whereas the new VR No. 1669/2022 through which the value of goods were decreased by more than 51% to 91% was issued in haste and without any supporting documents/evidences by conducting a mere meeting with the stakeholders on 20.06.2022.

The DAC in its meeting held in January, 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the Director General, Valuation, to personally look into the matter and conduct fact finding inquiry in this regard and take proactive action so that valuation ruling may be updated up to the mark of the present values and report in this regard may be submitted to Audit & FBR-Customs Wing in 60 days.

Audit recommends that the matter may be probed into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2387-CD/K]

1.7.5 Determination of value of skimmed milk powder on lower side

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate issued notice to different stakeholders to provide its input in determination of customs value of skimmed and instant milk powder. In response, M/s Friesland Campina Engro Pakistan Limited and Mondelez Pakistan Limited provided documentary evidences that they are importing skimmed milk powder of Europe origin, from US\$ 3.11/kg to US\$ 3.32/kg. It is also evident from import data that many other importers like M/s. Haleeb Foods, Dalda Foods, and Nestle Pakistan had imported skimmed milk powder in bulk packing of USA and Europe origin at US\$ 3.1 to 3.48/kg.

In negation of the above facts, the Directorate of Customs Valuation vide VR No. 1638/2022 dated 27.04.2022 determined value of skimmed milk powder on the lower side @ US\$ 2.39 (Eastern Europe) & 2.64/kg (Western Europe & USA). After issuance of this VR, import data shows that M/s Mondelez Pakistan is now importing skimmed milk powder in bulk packing @ US\$ 4.44/kg. Lower determination of value of the goods causing recurring loss of government revenue worth millions of rupees.

Irregularity was reported to the department in November, 2022. The management replied that Valuation Ruling was issued by using fall back method. While issuing VR under this section, this Directorate has looked into transactional values, similar good values, and market inquiry. Sometimes, importers declare higher transaction values than Valuation Ruling which are accepted by the Customs.

Audit is of the view that the department has ignored the evidence of higher value of skimmed milk powder provided by reputable Importers / Manufacturers who participated in the process of determination of value of goods with the Directorate and also ignored import data in this regard.

The DAC in its meeting held in January, 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the

DG/Director Valuation to personally look into the matter and take proactive action so that valuation rulings may be updated upto the mark of the present values and report in this regard may be submitted to Audit & FBR-Customs Wing in 60 days.

Audit recommends that the matter may be probed into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2382-CD/K]

1.7.6 Old Valuation Rulings containing obsolete value are still in field

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that 237 Valuation Rulings, which were issued during the period from 2011 to 2019, are still in field and imported goods are being assessed at the prices determined through these VRs, despite the fact that the said prices have become obsolete with the passage of time. The Directorate did not bother to revise/re-fix value of the goods involved in the VRs.

This situation was reported to the Department in November, 2022. The Management replied that keeping in view the price fluctuations in national and international market, prices of raw materials, freight element, and reference from Collectorates/Importers or Manufacturers, the Valuation Rulings get revised timely without any loss to government exchequer.

Audit is of the view that in 237 pointed out Valuation Rulings, the value of the goods was not revised despite the fact that these VRs were issued during the period from 2011 to 2019. During this period, prices of the goods have increased due to increase in cost of material, labour, and factory overheads.

The DAC in its meeting held in January, 2023, showed dissatisfaction with the present state of affairs in the Valuation Department and directed the DG/Director Valuation to personally look into the matter and take proactive action so that Valuation Rulings may be updated up to the present values and report in this regard may be submitted to the Audit and FBR in 60 Days.

Audit recommends that the matter may be probed into and justified, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2379-CD/K]

1.7.7 Non-determination of value of goods imported frequently with huge variation in assessed value of the goods

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate of Customs Valuation in certain cases did not determine customs values of imported goods. These goods are imported frequently with huge variation in declared/assessed prices. Due to non-determination of fair value of imported goods, government sustained recurring loss of millions of rupees due to negligence on the part of the Valuation Department. Few instances are given below:

S. No.	Item	PCT Heading	Description	Assessed Value	GD Reference No.
1	Black tea	0902.4020	(i) Kenya black tea PF1	US\$ 0.72/kg to US\$ 3.76/kg	KPPI-HC-25988-13-10-2021 & KPPI-HC-45070-28-12-2021
			(ii) Indonesia black tea	US\$ 1.73/kg to US\$ 3.12/kg	KAPW-HC-51282-05-10-2021 & KAPW-HC-50298-04-10-2021
2	Starch	1108.1200	(i) Corn starch textile grade, Turkey	US\$ 0.485/kg to US\$ 0.595/kg	KAPW-HC-63654-01-11-2021, KAPW-IB-106432-13-01-2022
		1108.1300	(ii) Potato Starch, Europe	US\$ 0.545/kg to US\$ 0.935/kg	KAPW-HC-141760-21-03-2022, KAPW-HC-170142-18-05-2022
3	Vinegar	2209.0000	(i)Vinegar USA (ii)Vinegar Malaysia	US\$ 0.400/L to US\$ 0.985/kg	KAPW-HC-70065-13-11-2021, KAPW-HC-155227-19-04-2022
4	Granite	2516.0000	Rough Granite China origin	US\$ 0.047/kg to 0.26/kg	KAPE-HC-43704-06-09-2021, KAPW-HC-112092-27-01-2022
5	Bituminous Coal	2701.1200	Indonesia origin	US\$ 0.064/kg to 0.151/kg	PQIB-HC-7927-02-12-2020, PQIB-HC-4174-14-09-2021

Irregularity was reported to the department in November, 2022. The management replied that value of imported goods are determined either on its own motions or on any information/representation received from stakeholders i.e. Collectorates or Trade Bodies regarding under-invoicing of any items. In

order to address the issue of under-invoicing, this Directorate undertakes frequent exercises to determine values of goods prone to under invoicing.

Audit is of the view that despite having core responsibility of the Directorate to determine value of imported goods, it did not even fix value of the goods imported regularly with huge variation in assessed values which was causing loss to government exchequer on regular basis.

The DAC in its meeting held in January, 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the DG/Director Valuation to personally look into the matter and take proactive action so that fair values of the goods imported frequently may be fixed to avoid under valuation and report in this regard may be submitted to Audit & FBR-Customs Wing in 60 days.

Audit recommends that the matter may be probe into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2381-CD/K]

1.7.8 Non-revision of customs value of imported goods causing loss of government revenue on regular basis

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate of Customs Valuation did not revise customs value of imported goods which were determined four to eleven years back through the following Valuation Rulings. During this period, it is experienced that price in the local as well as international market had increased. Non-revision of value of imported goods resulted in recurring loss of government revenue of millions of rupees due to negligence of Valuation Department. Some instances are given below:

S#	Valuation Ruling No. Date	Goods involved	Value determined as per VR	Evidences of higher value	GD No. & Date
01	388, 18-10-2011	Insole Board	China US\$0.75/kg Others US\$2.11/kg	China US\$1.142, 1.00/kg Others US\$ 2.85/kg	KAPW-HC-77446-26-11-2021 , KAPW-HC-161793-29-04-2022
02	1245, 16-01-2018	Adult Diapers	High brand US\$3.25	US\$ 3.86 US\$ 3.36	KAPW-HC-147146-30-03-2022

			Low Brand US\$2.15		KAPW-HC-152041-12-04-2022
03	1217, 12-10-2017	Whey Powder	Turkey US\$ 0.61	Turkey US\$ 1.90, US\$ 1.19, US\$ 2.05	KAPW-HC-64859-03-11-2021, HC-159858-26-04-2022
04	1209, 18-09-2017	Almond without shell	USA US\$ 2.90	US\$ 3.08	KAPW-HC-73462-18-11-2021
05	1228, 06-12-2017	Cocoa Powder	Natural US\$ 2.18 Alkalized US\$2.27	US\$ 2.84 US\$ 3.80 etc.	KAPW-HC-18410-04-08-2021, KAPW-HC-89294-15-12-2021
06	546, 16-04-2013	Fruit Juices / drinks	All origin 500ml US\$ 0.525/L	US\$ 1.9/L, US\$ 1.35/L etc.	KAPW-HC-174410-27-05-2022, KAPW-HC-20951-11-08-2021
07	1289, 19-04-2018	Mineral Grease	Sinopec Brand(1 kg pack) China US\$ 1.72, 2.00/kg	US\$ 2.95, 3.04, 3.9/kg etc.	KAPW-HC-187243-25-06-2022, KAPW-HC-69073-11-11-2021, KAPW-HC-144376-25-03-2022
08	759, 09-09-2015	Engine, Gasoline Oil, Brake Fluid	Bulk packing US\$ 1.52/L	US\$ 3.77/L, 4.44/L etc.	KAPW-HC-189244-29-06-2022, HC-155394-19-04-2022, HC-159173-26-04-2022

Irregularity was reported to the department in November, 2022. The Management replied that keeping in view the price fluctuations in national and international market, prices of raw materials, freight element and reference from Collectorates/Importers or manufacturers, the Valuation Rulings get revised timely without any loss to government exchequer.

Audit is of the view that in the pointed out Valuation Rulings, the values of the goods were not revised despite the fact that prices of the goods have increased drastically due to increase in cost of material, labour, and factory overheads.

The DAC in its meeting held in January, 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the DG/Director Valuation to personally look into the matter and take proactive action so that valuation rulings may be updated up to the mark of the present values and report in this regard may be submitted to the Audit and FBR in 60 days.

Audit recommends that the matter may be probed into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2380-CD/K]

1.7.9 Non-revision of value of aluminium beverages cans resulted in loss of government revenue

During audit of Directorate General of Customs, Valuation, Karachi, it was observed that the Directorate of Customs, Valuation, Karachi earlier determined value of aluminium beverages cans vide VR No. 797/2016, dated 19.01.2016 and fixed at US\$6.20, \$6.75, & \$7.80/kg of capacity 300 to 355ml, 500ml & 250ml respectively. Later on, after more than 03 years, the Directorate, vide VR No. 1372/2019, dated 15.05.2019, slightly increased value of these items and fixed at US\$6.82, \$7.42, \$8.58, & \$9.43/kg of capacity 300 to 355ml, 500ml, 250ml & less than 250ml respectively.

It is evident that the price of aluminium is fluctuating on daily basis and observed increasing trend in past. The Directorate vide VR No. 1372/2019, dated 15.05.2019, had already late revised value of aluminium cans which was more than in three years and now more than 03 years had also elapsed, but the Directorate did not revise value of the goods which is causing loss of government revenue due to non-revision of value of the goods.

Irregularity was reported to the department in November, 2022. The management replied that keeping in view the price fluctuations in national and international market, prices of raw materials, freight element and reference from Collectorate/Importers or manufacturers the Valuation Rulings get revised timely without any loss to government exchequer.

Audit is of the view that value of Aluminium Can was determined in 2019 and now three years have also been elapsed and cost of material, labour, and factory overheads have increased, but the Directorate did not revise value of the goods.

The DAC in its meeting held in January, 2023, showed dissatisfaction with the present states of affairs in the Valuation Department and directed the DG/Director Valuation to personally look into the matter and take proactive action so that valuation rulings may be updated up to the mark of the present

values and report in this regard may be submitted to the Audit and FBR in 60 days.

Audit recommends that the matter may be probed into and justified to Audit, besides taking corrective measures to improve internal controls to avoid recurrence of such irregularities in future.

[PDP No. 2385-CD/K]

1.8 To Compare Export Value of Different Countries towards Pakistan

Using the methodology of Partner-Country-data comparison, which has been used in a number of research papers by academics and scholars, Audit decided to carry out comparison with China, being Pakistan’s largest trading partner as major concerns about valuation exists for goods coming from China. It was decided to analyze the Chinese data available on the ITC Trade Map.

International Trade Centre (ITC) is a multilateral agency based in Geneva which has a joint mandate with the World Trade Organization (WTO) and the United Nations (UN) through the United Nations Conference on Trade and Development (UNCTAD). Trade Map operates in a web-based interactive environment and covers the trade flow (values, quantities, trends, market share, and unit values) of over 220 Countries and Territories and 5,300 products defined at the 2, 4 or 6-digit level of the Harmonized System. Trade data is also available at tariff line level for more than 150 Countries and on a monthly or quarterly basis for more than 100 Countries. The annual data is based on COMTRADE, the world’s largest trade database maintained by the United Nations Statistics Division, and monthly or quarterly data are collected by ITC from national Customs Offices or Regional Organization.

An analysis of the ITC data obtained from Trade Development Authority of Pakistan showing massive under invoicing of goods as shown in the following tables:

China			
Value in 2017			
	Pakistan's Imports from China (Million Dollar)	China's exports to Pakistan (Million Dollar)	Difference in Value (Million Dollar)
All products	15,404	18,310	(2,905)

Value in 2018			
	Pakistan's Imports from China (Million Dollar)	China's exports to Pakistan (Million Dollar)	Difference in Value (Million Dollar)
All products	14,600	16,967	(2,367)
Value in 2019			
	Pakistan's Imports from China (Million Dollar)	China's exports to Pakistan (Million Dollar)	Difference in Value (Million Dollar)
All products	12,424	16,167	(3,743)
Value in 2020			
	Pakistan's Imports from China (Million Dollar)	China's exports to Pakistan (Million Dollar)	Difference in Value (Million Dollar)
All products	12,505	15,358	(2,853)
Value in 2021			
	Pakistan's Imports from China (Million Dollar)	China's exports to Pakistan (Million Dollar)	Difference in Value (Million Dollar)
All products	20,705	24,241	(3,535)
Grand Total	75,638	91,042	(15,404)

OTHER COUNTRIES

Value in 2021		(Million \$)
----------------------	--	---------------------

Product code	Product label	Pakistan's imports from Belgium	Belgium exports to Pakistan	Difference
'TOTAL	All products	432.146	1,023.941	591.795)

Product code	Product label	Pakistan's imports from Germany	Germany exports to Pakistan	Difference
'TOTAL	All products	1,016.130	1,567.718	(551.588)

Product code	Product label	Pakistan's imports from Italy	Italy exports to Pakistan	Difference
'TOTAL	All products	563.009	845.702	(282.693)

Product code	Product label	Pakistan's imports from Netherlands	Netherlands exports to Pakistan	Difference
'TOTAL	All products	577.755	781.498	(203.743)

Product code	Product label	Pakistan's imports from United Kingdom	United Kingdom exports to Pakistan	Difference
'TOTAL	All products	766.494	892.408	(125.914)

Grand Total		15,696.368	13,814.688	1,881.680
--------------------	--	-------------------	-------------------	------------------

The ITP data shows that major items which are under invoiced are mostly commercially imported items like fabric, toys, electric appliances, footwear, iron steel, air conditioners, machinery parts, yarn, chemicals, bicycles, etc. mostly from China which are understated than their original transactional values. Details of the goods and their values from different origins are annexed.

[Annexure-68]

1.9 Recommendations

1. The government of Pakistan must insist on Electronic Data Interchange (EDI) for both FDA and non-FTA imports from China. In future, the requirement of EDI should be made compulsory for imports from FTA/PTA partner Countries.
2. The role of DG Valuation may be realigned and made a research organization instead of the present status of extending help to clearing Collectories

3. Strengthen Post Clearance Audit Department for controlling the menace of under-invoicing at clearance level.
4. Depending on industry, the Import Trade Price (ITP) be fixed e.g. on the basis of country of origin, weight, volume, etc. after discussion with stakeholders. ITP may be fixed for most items prone to mis-declaration such as consumer goods and margins of commercial importers be monitored to assess the value of subsequent supply of imported goods.
5. For items prone to under-invoicing and mis-declaration, FBR should designate one or two ports (including Dry Ports) for clearing of import consignments. This will allow better monitoring of the import consignments where chances of mis-declaration are on a higher side.

1.10 Conclusions

The Thematic Audit conducted by this Office revealed gaps in laws and its implementation strategy. Instead of a proactive approach, DG Valuation has adopted a reactive approach. Resultantly, the menace of under-invoicing and related malpractices is continuing undeterred. Clearance Collectorate, Directorates of Intelligence & Investigations, and Post Clearance Audits have also proved themselves to be ineffective in controlling the menace of under-invoicing of imported goods. FBR also fails to implement the post clearance audit mechanism. It continues to focus on Clearance Collectorates only in terms of allocation of financial and human resources.

CHAPTER-12 PARAS FROM SPECIAL/PERFORMANCE AUDIT REPORTS/STUDIES FOR INCLUSION IN THE MAIN AUDIT REPORT

12.1 Irregularities noticed during the sectoral analysis of provisional assessment – Rs 3,608.26 million

Section 81 of the Customs Act 1969, empowers customs authorities to assess the duty, taxes, and other charges payable on imported goods provisionally where an officer of customs to satisfy himself of the correctness of the assessment of the goods during the checking of a goods declaration. However, if the final determination is not made within six months or an extended period of three months the provisional determination shall be deemed to be the final determination. Furthermore, provisional assessments mean the amount of duties and taxes paid or secured against a bank guarantee or pay order.

During sectoral analysis of the provisional assessments made by customs authorities for the Financial Years 2018-19 to 2020-21 under Section 81 of the Customs Act 1969, Audit observed the following irregularities:

- (i) In 860 cases, no legal action was initiated for encashment of bank guarantees where the imported goods were cleared after assessment of duty & taxes provisionally and the stipulated period of six or nine months had elapsed. The inaction on the part of Customs authorities had deprived the Federal Government of its due share of revenue of Rs 2,269.77 million.
- (ii) In 438 cases, illegal acceptance of corporate guarantees, post-dated cheques, and indemnity bonds instead of bank guarantees/pay orders involving duty and taxes of Rs 1,203.61 million.
- (iii) In 29 cases of Rs 128.91 million, the goods were assessed provisionally in the presence of various valid valuation rulings, and in one (01) case involving Rs 0.86 million the importer did

not possess a valid exemption certificate. Both scenarios did not cover under the provisions of Section 81.

- (iv) A vehicle model Haval, 3rd Generation H6 2000cc was assessed under Section 81 in violation of the court's orders dated 21.04.2021. The court directed the formation to clear the vehicle after securing additional customs duty only. The customs authorities assessed all the duties and taxes provisionally which deprived the government of its due share of Rs 5.11 million.

Irregularities were pointed out during May, September and November 2022. The management replied that cases of Rs 0.85 million were under recovery, Rs 1,590.41 million were finalized, Rs 521.28 million were pending in the courts of law, Rs 49.25 million were under scrutiny, and Rs 1,446.47 million were under disposal.

In DAC meetings held in June, December 2022 and January 2023, the department was directed to expedite recovery, pursue the court cases, and submit comprehensive replies in cases under disposal/scrutiny. No further progress was reported till the finalization of this report.

Audit recommends compliance of legal provisions in letter and spirit besides justification for undue delay in deposing of cases assessed provisionally.

[Annexure-69]

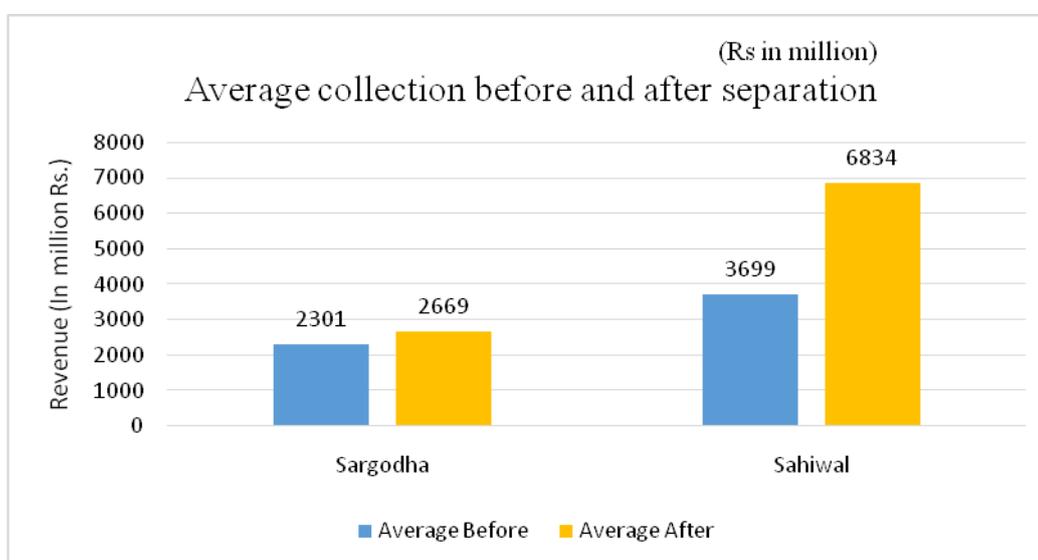
12.2 Performance audit of newly created RTOs Sargodha, Sahiwal and Bahawalpur

The FBR Act 2007 provides for enhancement of scope of activities and operations through re-organization of tax machinery. Furthermore, Section 4(1) of the Act empowers the Board to create field formations for greater efficiency in implementation of fiscal laws. In addition to above, FBR has adopted certain organizational Key Performance Indicators in compliance with the Pakistan Raise Revenue (PRR) Program funded by the World Bank for the period 2019-2024. The performance (under relevant KPIs) of three newly created RTOs was gauged against parent RTOs to inquire whether this decentralization led to performance gains and to provide guidance for future reorganization.

During performance audit of FBR in Audit Year 2021-22, it was revealed that the newly created RTOs competed fairly well with older RTO's in terms of tax collection, number of returns filed, meeting annual collection targets and budgetary discipline. However, areas of sales tax and federal excise duty have been neglected. Performance of these RTOs was also subpar regarding POS integration. Moreover, lack of a unified media policy coupled with limited budgetary availability has led to a diffused sense of responsibility in planning and execution of public outreach programs at RTO level. Older RTOs have lower cost of collection despite the fact that they are failing to achieve annual collection targets. On the other hand, newly established RTOs are consistently meeting their annual targets while incurring higher costs of collection.

Figure: presenting average collection before and after creation of RTOs

Sargodha and Sahiwal



The formations replied that transfer of large taxpayers to LTOs and CTOs reduced their share of tax collection. Moreover, the formations were not able to realize potential of revenue fully due to serious human resource shortages. All the RTOs were operating at less than 50% of their sanctioned strength as no recruitment had been done since 1990s. Moreover, the earning potential of some districts was higher depending on the base being agriculture or industry.

The DAC dated 31.05.2022 pointed out that uneven performance of RTOs, especially regarding FED collection, was because this function was centralized through various LTOs and that the jurisdiction of taxpayers should be according to the nearest RTO. Furthermore, POS integration targets should be achieved at the earliest and progress be reported by 31st July 2022. The DAC also observed that taxpayer facilitation and complaint redressal would be improved by overcoming human resource shortages in the RTOs.

Audit recommends that human resource shortage should be addressed at the earliest. New RTOs may be established in line with Article 140 of the Constitution of Islamic Republic of Pakistan, 1973 to capture the tax base fully in underdeveloped districts of Pakistan. Audit further recommends decentralization of tax collection under all heads to the district level so that fair assessment and realization of tax potential could be achieved. FBR should review and improve its jurisdictional policy and decentralize operations/oversight mechanisms so that taxpayers have to bear minimum time and money costs to meet their tax obligations.

Annexure-I**Detail of MFDAC for the year 2022-23****DG Audit, Inland Revenue & Customs (North), Lahore**

S. No.	Name of Formation / AIR No.	Para No. / DP No.	Title of Para	Total Amount (Rs. in million)
1	MCC Enforcement & Compliance, Lahore	6	Unjustified payment on account of Transportation of Goods	0.11
2	F-430 AMIS ID 7699	7	Non recovery of Group Insurance and Benevolent Fund from Gazetted Officers	0.036
3		8	Non deduction of Conveyance and Performance allowance during leave	0.024
4		9	Less deduction of GP Fund Subscription	0.011
5		10	Unauthorized expenditure on account of POL	0
6	DDO Post Clearance Audit, Lahore	1	Irregular expenditure on account of POL due to non-execution of contract for advance payment	0.218
7	F-431	2	Irregular expenditure on account of purchase of Furniture	0.146
8	AMIS ID 7692	5	Less deduction of Income Tax	0.023
9		6	Non deduction of Conveyance allowance and performance Allowance during Ex-Pakistan leave	0.020
10		7	Non/less deduction of GP Fund Subscription	0.006
11		8	Overpayment on account of Washing Allowance	0.002
12	AC Customs State warehouse (Valuable-HQ), Lahore F-432	5	Non-disposal of confiscated Narcotics	0
13	AMIS ID 7822	7	Non-conducting of Internal Audit	0
14	AC Customs State warehouse (Shahnoor Studio), Lahore	5	Unauthorized acceptance of bid	0.500
15	F-433, AMIS ID 7823	6	Non conducting of stock taking of valuables in the state-warehouse	0
16		7	Non-conducting of Internal Audit	0
17	AC SWH Dryport / People Colony Faisalabad	6	Loss of Government Revenue due to inefficiency of Customs Authorities	0.390
18	F-155, AMIS ID 7830	7	Misclassification of Duty and Taxes collected at the time of auction	0
19	DDO IOCO Lahore	4	Non-payment of 4/5th General Sales Tax	0.042
20	F-440	5	Irregular expenditure on account of Purchase of Stationery	0.593
21	AMIS ID 7697	6	Irregular/doubtful expenditure on POL for Generator	0.015
22		7	Less deduction of Income Tax	0.035
23		8	Doubtful payment on account of repair of I.T equipment	0.015
24		9	Non recovery of Group Insurance Gazetted Officer	0.007
25	DDO AFU Collectorate of Customs AIIA, Lahore	02	Inadmissible payment of washing allowance	0.014
26	F-435, AMIS ID 7702	06	Inadmissible payment of pay & allowances	0.099
27		11	Short deduction of Income Tax on Payment against Salary & Services Rendered	0.302
28	DC (Customs) (BG/Temporary Import)	03	Provisional assessment in violation of provisions of Section 81 – Rs. 1,126,400	1.126

	BG, Collectorate of Customs AIIA, Lahore F-434, AMIS ID 7792			
29	Assistant Collector Customs SWH/Auction, Multan	04	Non-disposal of confiscated Cigarette, Liquor, Betel Nuts etc	0
30	F- 94, AMIS ID 7825	05	Non-conducting of stock taking / checking of state-warehouse	0
31		06	Non-conducting the Internal Audit of State Ware House	0
32	Director (SWH/Auction), Intelligence & Investigation, Multan	03	Non-disposal of confiscated Cigarette, Liquor, Betel Nuts etc	0
33	F- 93, AMIS ID 7902	04	Non-conducting of stock taking / checking of state-warehouse	0
34	DDO, Collectorate of Customs (Enforcement), Multan	04	Inadmissible Payment on Account of Washing and uniform allowance	0.231
35	F- 95, AMIS ID 7703	09	Inadmissible payment of medical charges	0.015
36		10	Inadmissible Payment of Mobile Phone Charges	0.007
37		11	Non-conduct of internal audit	0
38		06	Inadmissible payment on account of washing & uniform allowance and integrated allowance	0.03
39	DDO, Directorate of I&I (Customs), Multan	09	Non-conduct of internal audit	0
40	F- 96, AMIS ID 7704			
40	Deputy Director (SWH), I&I (Customs), Gujranwala	03	Non-disposal of confiscated Cigarette, Betel Nuts etc	0
41	F- 97, AMIS ID 7880			
41	DDO MCC	08	Non deduction of Benevolent Fund	0.035
42	Appraisement, Lahore	09	Non recovery of interest on Advance on Motorcycle Advance	0.021
43	F-445, AMIS ID 7700	10	Non-existence of internal controls	0
44	Deputy Collector Customs (Manufacturing Bonds)	04	Non disposal of overstayed (un-consumed) quantity	6.268
45	F-447, AMIS ID 7809	07	Non-realization of govt revenue on overstayed goods	0.844
46		09	Excess consumption of input materials	0.009
47	Commissioner IR South Zone, RTO Islamabad	17	Evasion of Sales Tax	16.995
48	F-4764, AMIS ID 7757	18	Evasion of Income Tax	34.989
49	DDO Regional Tax Office, Abbottabad	09	Inadmissible reimbursement of medical claim	0.028
50	F-4783	10	Less deduction of Income Tax on expenditure of repair of residential buildings	0.026
51	AMIS ID 7616	11	Irregular payment of TA/DA	0.023
52		12	Non maintenance of fixed assets register and non-conducting of physical verification	0
53		13	Non-conducting of internal Audit	0
54		03	Inadmissible input tax due to non-compliance of Section-73	34.303
55	Commissioner IR Zone-I Regional Tax Office, Abbottabad	07	Short realization of sales tax on retail price	16.303
56	F-4784	11	Non-realization of sales tax on concealment of sales of closing stocks	11.066
57	AMIS ID 7736	13	Short-withholding of income tax u/s 153	7.455
58		15	Non levy of minimum tax u/s 113	5.999
59		16	Irregular sanction of sales tax refunds	5.937
60		21	Inadmissible zero rating of sales tax	3.053
61		22	Non-imposition of penalty and default surcharge	0.848
62		23	Non-realization of minimum tax (Sales Tax)	0.611
63		24	Non-payment of sales tax and further tax on sales of waste/scrap	0.030
64		25	Non-registration of taxpayers in Sales Tax regime	0

			resulting in potential loss	
65	DDO Regional Tax	01	Non-surrendering of unspent budget	12.849
66	Office, Rawalpindi	13	Non Maintenance of Cash Book	0
67	F-4785	14	Irregular payment of pay and allowances	2.328
68	AMIS ID 7641	15	Non recovery of 5% house rent charges on occupying government accommodation	0.030
69		16	Inadmissible payment of Mobile phone charges & residential telephone charges	0.022
70		17	Inadmissible payment of integrated allowance	0.016
71		18	Non withholding of Income Tax on payment of Rent	0.012
72		19	Inadmissible payment on account of Electronic Communication	0.014
73		20	Non-conducting of internal Audit	0
74	Commissioner IR Cantonment Zone, RTO Rawalpindi	05	Loss of revenue due to inadmissible tax credit under Section-100C	33.344
75	F-4780, AMIS ID 7777	09	Loss of revenue due to non invoking the provisions of section 153(1)(a)	2.515
76		10	Non-imposition of penalty u/s 182 for late filing of return	2.461
77	Commissioner IR City Zone, RTO Rawalpindi F-4781, AMIS ID 7778	01	Loss of revenue due to concealment of income	236.730
78	Commissioner IR District Zone, RTO Rawalpindi F-4785, AMIS ID 7780	04	Incorrect/inadmissible claim of depreciation / initial allowance	53.885
79	Audit-I, Corporate Tax Office, Lahore	22	Loss of revenue due to inadmissible claim of provision against WPPF	1.519
80	F-4777	23	Excess claim of withholding tax credit in return resulting in short-realization of income tax	0.611
81	AMIS ID 7715	24	Non-realization of Default Surcharge against the advances received from customers	0.589
82		25	Concealment of sales due to Excess declaration of closing stock resulting in short-realization of Sales Tax	0.531
83		26	Non imposition and recovery of penalty Rs 246,843, default surcharge Rs 51,195 aggregating 298,038 due to payment of sales tax after due dates	0.298
84		27	Excess adjustment of input tax resulting in short realization of sales tax	0.128
85	Audit-II, Corporate Tax Office, Lahore F-4778, AMIS ID 7723	24	Non-realization of Default Surcharge against the advances received from customers	0.029
86	Audit-III, Corporate Tax Office, Lahore	24	Non realization of sales tax Rs 536,860, further tax Rs 94,740 aggregating Rs 631,600 on sale of fixed assets	0.632
87	F-4779, AMIS ID 7717	25	Less realization of sales tax Rs 220,185 and further tax Rs 38,856 aggregating Rs 259,041 due to concealment of imports	0.220
88	DDO Regional Tax	6	Non-deduction of Income Tax	0.724
89	Office, Lahore	17	Inadmissible payment of Fixed TA/DA allowances	0.020
90	F-4769	18	Overpayment of Conveyance Allowance	0.016
91	AMIS ID 7658	19	In-admissible payment on account of Integrated Allowance	0.011
92		20	Inadmissible payment on account of TA/DA	0.013
93		21	Inadmissible payment of Instruction allowance	0.007
94		22	Non Maintenance of GP Fund Ledger of Class IV Employees /Broad Sheets	0
95		23	Non carrying out of physical verification of stores/ stocks	0
96	CIR, ZONE-I, Regional Tax Office, Lahore	5	Inadmissible claim of expense under the head "Profit on Debt"	1.716
97		7	Non-realization of Income Tax due to concealment of	0.887

	F-4767		closing stocks	
98	AMIS ID 7760	8	Loss of revenue due to excess claim of Depreciation	0.394
99	CIR, ZONE-II, Regional Tax Office, Lahore	4	Inadmissible claim of expense under the head "Profit on Debt"	1.976
100	F-4768, AMIS ID 7761	5	Loss of revenue due to excess claim of Initial Allowance	1.822
101	CIR, ZONE-III, Regional Tax Office, Lahore	6	Inadmissible claim of expense under the head "Profit on Debt"	6.095
102	F-4770, AMIS ID 7762	10	Loss of revenue due to excess claim of Initial Allowance	1.941
103	CIR, ZONE-IV, Regional Tax Office, Lahore	5	Inadmissible claim of expense under the head "Profit on Debt"	9.656
104	F-4771, AMIS ID 7763	10	Loss of revenue due to excess claim of Initial Allowance	0.291
105	CIR, ZONE-V, Regional Tax Office, Lahore	2	Loss of revenue due to non-invoking the provision of Sec 111	19.223
106	F-4774	3	Short-realization of Income Tax due to concealment of income	18.713
107	AMIS ID 7764	5 (Partial)	Non-realization of Withholding Income Tax	2.430
108		6	Loss of revenue due to non-provision of payment proof of foreign remittance	4.637
109		14	Loss of revenue due to excess claim of Initial Allowance	0.424
110		15	Inadmissible claim of expense under the head "Profit on Debt"	0.176
111	Chief Coordinator	01	Irregular/doubtful expenditure on POL	0.067
112	Computer Wing, Inland Revenue, Islamabad	02	short withholding tax on salary	0.019
113	F-4817	03	Non-surrendering of unutilized budget	0.379
114	AMIS ID 7638	04	Inadmissible reimbursement of medical charges	0.003
115		05	Non-maintenance of GPF ledger/ broad sheet of Class-IV employees	0
116		06	Non-Carrying out of Physical Verification of Stores/Stocks	0
117		07	Non-conducting of Internal Audit	0
118	DG Internal Audit, Inland Revenue, Islamabad	02	Irregular Payment of transfer grant	0.172
119	F-4818	07	Doubtful/suspicious repair from vendor charged and collected sales tax but not deposited.	0.144
120	AMIS ID 7628	08	Excess payment of hiring charges on permission prior to date of application - Rs.	0.150
121		09	Non-Carrying out of Physical Verification of Stores/Stocks	0
122	Director Internal Audit, Inland Revenue, Islamabad	01	Irregular/inadmissible reimbursement of medical charges	0.056
123	F-4820	03	Non-charging of sales tax on repair of equipment	0.008
124	AMIS ID 7631	05	Excess payment of TA/DA	0.006
125		06	Non-Carrying out of Physical Verification of Stores/Stocks	0
126		07	Non-conducting of Internal Audit	0
127	Directorate of Training & Research, Islamabad	02	Irregular/doubtful expenditure on POL and Repair	0.125
128	F-4819	03	Excess payment of hiring charges on permission prior to date of application	0.062
129	AMIS ID 7639	04	short withholding tax on salary	0.016
130		05	Non realization of sales tax due to non-deduction by the DDO & nonpayment by the vendor	0.004
131		06	Non-charging of sales tax on repair of equipment	0.003
132		07	Non-maintenance of GPF ledger/ broad sheet of Class-IV employees	0
133		08	Non-Carrying out of Physical Verification of Stores/Stocks	0

134		09	Non-conducting of Internal Audit	0
135	Director of Research & Statistics, Islamabad F-4815	05	Non-surrendering of unutilized budget	1.194
136		06	Non recovery of interest on Motor Car Advance -Rs. 127,125	0.127
137	AMIS ID 7632	07	In-admissible payment of conveyance allowance during leave period	0.009
138		08	Non-maintenance of GPF ledger/ broad sheet of Class-IV employees	0
139		09	Non-Carrying out of Physical Verification of Stores/Stocks.	0
140		10	Non-conducting of Internal Audit	0
141	FBR(HQ), Islamabad F-4821	30	In-admissible payment of transport monetization allowance-	0.194
142	AMIS ID 7632	31	Inadmissible payment of Instruction & NIPA allowance	0.028
143		32	Non-surrendering of unspent balances	17.017
144		33	Short-accountal of principal amount of Motor Car Advance	0.300
145	DG I&I Islamabad F-4816	03	Illegal Retention of official laptop and printer	0.158
146		09	Irregular expenditure on POL	0.827
147	AMIS ID 7643	10	In-admissible payment of conveyance allowance during leave period	0.024
148		11	Non-surrendering of unutilized budget under the head Law charges	0.788
149		12	Excess/Inadmissible payment of TA/DA	0.016
150		13	Irregular payment of Cash reward	11.226
151		14	In-admissible Payment of House Rent Allowance	0.008
152		15	Non recovery of 5% normal rent from allottee of Govt. accommodation	0.003
153		16	Non-Carrying out of Physical Verification of Stores/Stocks	0
154		17	Non-conducting of Internal Audit	0
155	PRAL, Islamabad F-4856	01	Incorrect/irregular claim of Depreciation on assets of PRAL	37.690
156	AMIS ID 7639	02	Less disclosure of income tax liability	72.314
157		03	Non-deduction of withholding tax on prepaid medical insurance	1.334
158		04	Incorrect calculation of un-appropriated profit	124.414
159		05	Incorrect creation of doubtful debts	140.852
160		06	Difference of Cash in accounts and cash at Bank	69.163
161		07	Incorrect adjustment of refund	53.506
162		08	Unlawful adjustment of final tax liability against normal tax	45.631
163		09	Non-deposit of profit into the public account	458.498
164	Revenue Division, Islamabad F-4814	04	Non-surrendering of unutilized budget	0.228
165		05	In-admissible payment of conveyance allowance during leave period	0.016
166	AMIS ID 9186	06	Overpayment of pay and allowances	0.009
167		07	Excess payment of hiring charges on permission prior to date of application	0.010
168		08	Non-conducting of Internal Audit	0
169	Commissioner (IR) AEOI Zone (Exp), Islamabad F-4843	03	Non charging/Deduction of sales tax while payment	0.168
170		06	Irregular expenditure due to misclassification of head of accounts	0.100
171	AMIS ID 3269	08	Unauthorized Payment on account of POL charges for the official vehicles	0.043
172		09	Inadmissible expenditure on account of Postage & Telegraph-	0.017

173		10	Inadmissible payment of monetization of residential telephone charges	0.013	
174		11	Inadmissible payment of Mobile phone charges	0.006	
175		12	Inadmissible payment of special allowance	0.005	
176		13	Undue payment on purchase of goods exempt from sales tax	0.002	
177		14	Non-surrendering of unutilized budget	1.359	
178		15	Non-Carrying out of Physical Verification of Stores/Stocks	0	
179		16	Non-conducting of Internal Audit	0	
180	Drawing & Disbursing Officer, Adjudicating Authority Benami Transaction, Islamabad F-4841 AMIS ID 3388	03	Non deduction of sales tax from payments to Advocates	0.037	
181		04	Short deduction of Income Tax on payment of rent of residential Building	0.035	
182		05	Undue payment on purchase of goods exempt from sales tax	0.0019	
183		06	Inadmissible expenditure on account of Postage & Telegraph	0.007	
184		07	Non charging/Deduction of sales tax while payment on account of drinking water	0.003	
185		08	Non-surrendering of unutilized budget	3.931	
186		09	Improper maintenance of fixed assets register and non-conducting of physical verification.	0	
187		10	Non-conducting of Internal Audit	0	
188		Commissioner (IR) Expenditure, Benami Zone-I, Islamabad F-4845 AMIS ID 3434	04	Inadmissible reimbursement of medical charge	0.055
189			05	Undue payment on purchase of goods exempt from sales tax	0.021
190	06		Excess payment on account of Law charges (A03917)	0.011	
191	07		Inadmissible payment of Mobile phone charges	0.005	
192	08		on charging/Deduction of sales tax while payment on account of drinking water	0.003	
193	09		Non-surrendering of unutilized budget	60.748	
194	10		Non-Carrying out of Physical Verification of Stores/Stocks.	0	
195	11		Non-conducting of Internal Audit	0	
196	Commissioner (IR) Receipts, Benami Zone-I, Islamabad F-4844 AMIS ID 2910	06	Non-establishing of ware house	0	
197		07	Non-maintenance of register for recording details in respect of moveable property.	0	
198		08	Non-maintenance of register in respect of immoveable property	0	
199	DDO, LTO Islamabad F-4842 AMIS ID 7633	09	Unauthorized expenditure on posting of employees in excess of filled in strength as per budget estimates	2.160	
200		10	Non-surrendering of unutilized budget	0.138	
201		11	Inadmissible/Doubtful expenditure on account of Repair of Computer Hardware (A13701)	0.009	
202		12	Inadmissible reimbursement of medical charge	0.004	
203		13	Short deduction of Income Tax on payment of rent of residential Building	0.001	
204		14	Non-Carrying out of Physical Verification of Stores/Stocks.	0	
205		15	Non-conducting of Internal Audit	0	
206		16	Non Maintenance of Cash Book	0	
207		17	Blockade of Govt. revenues due to non-disposal of obsolete / unserviceable vehicles/stores	0	
208		DDO, LTO Multan F-4826 AMIS ID 7641	6	Excess payment on account of TA/DA	0.026
209	7		Irregular expenditure on account of courier service	0.024	
210	8		Inadmissible payment of Conveyance Allowance	0.010	
211	9		Non-reconciliation of revenue receipts figures	0	

212		10	Non-conducting of internal audit	0
213	Commissioner IR (Audit-	14	Less withholding of Income Tax from salaries	3.502
214	I) LTO, Multan	18	Non withholding of Income Tax on Rent	0.064
215	F-4824 AMIS ID 7730	19	Non-imposition of penalty on late filing of sales tax returns	0.015
216	Commissioner IR	19	Loss of revenue due to allowing inadmissible expenses	120.331
217	(Enforcement) LTO, Multan F-4827, AMIS ID 7732	20	Loss of revenue due to inadmissible claim of depreciation on aircraft	66.813
218	DDO, Director I & I,	1	Irregular Expenditure	0.902
219	Multan	2	Non-surrendering of unspent balances	0.133
220	F-4834	3	Irregular Expenditure	0.052
221	AMIS ID 7664	4	Irregular Expenditure	0.025
222		5	Inadmissible payment on account of Washing and Uniform Allowance	0.010
223		6	Inadmissible Payment of Conveyance Allowance	0.005
224		7	Inadmissible payment on account of Integrated Allowance	0.001
225		8	Non-Maintenance of G.P. Fund Ledger of Class-IV Employees / Broad Sheets	0
226		9	Non maintenance of fixed assets register and non-conducting of physical verification	0
227		10	Improper Maintenance of Vehicles Record	0
228		11	Non-maintenance of Cash Book	0
229		12	Non-Disposal of Old News Papers / Unserviceable Store Items and vehicles	0
230	DDO, Commissioner	1	Non-surrendering of unspent balances	0.518
231	Appeals (IR), Multan	2	Irregular Expenditure	0.084
232	F-4835	3	Inadmissible payment on account of Washing Allowance/Dress Allowance	0.050
233	AMIS ID 7649	4	Non/short deduction of sales tax from Service provider	0.009
234		5	Non-Disposal of Old News Papers / Unserviceable Store Items	0
235		6	Non-maintenance of Cash Book	0
236	DDO, Commissioner	1	Non-deduction of Income Tax amount	0.037
237	Appeals-II, Multan	2	Non-deduction of 1/5th Sales Tax	0.003
238	F-4836	3	Non-reconciliation of Accounts with district account office	0
239	AMIS ID 3333	4	Non maintenance of fixed assets registers of newly established office	0
240		5	Non-maintenance of Cash Book	0
241	DDO, RTO Multan	16	Non maintenance of fixed assets register and non-conducting of physical verification	0
242	F-4837	17	Non-disposal of old News Papers / Unserviceable Store Items	0
243	AMIS ID 7663	7	07 Excess payment on account of Travelling Allowance	0.124
244		11	Irregular payment of HR Allowance and non-deduction of 5% House Rent Charges	0.024
245		12	Non-realization of 1/5th Sales Tax from Supplier	0.007
246		13	Non-observance of codal formalities of PPRA rules during tendering process	0
247		14	Non-Observance of Public Procurements Rules	0
248		15	Non-Maintenance of G.P. Fund Ledger of Class-Iv Employees / Broad Sheets	0
249	Corporate Zone, RTO Multan F-4849, AMIS ID 7766	29	Non recovery of penalty and default surcharge	0.013

250	DG Inland Revenue Services Academy, Lahore F-4799, AMIS ID 7654	12	Inadmissible re-imbusement of medical charges	0.001
251	Data Processing Center, Lahore F-4798, AMIS ID 7655	5	Inadmissible payment of commission allowance	0.006
252		6	Inadmissible payment of conveyance allowance during leave period	0.003
253	Directorate of I&I-IR, Lahore F-4797, AMIS ID 7659	14	Inadmissible payment of conveyance allowance during leave	0.007
254		15	Inadmissible payment of fixed TA/DA	0.006
255		16	Non-Conducting of Internal Audit	0
256		17	Non-conducting of Physical Verification of Stores / Stocks	0
257	DDO Directorate of I&I Peshawar F-4791, AMIS ID 7669	02	Non realization of sales tax from government supplier/ vendor	0.006
258		03	Short- realization of income tax	0.007
259	DDO Commissioner IR, Appeal-I Faisalabad F-4832, AMIS ID 7622	1	Non-surrendering of unspent balances	1.078
260		2	Irregular expenditure on account of courier services	0.225
261		3	Irregular payment on printing and publications	0.250
262		4	In-admissible payment of personal allowances	0.035
263		5	Inadmissible payment on account of Integrated Allowance	0.022
264	DDO Commissioner IR, Appeal-II Faisalabad F-4833, AMIS ID 3327	1	Non-surrendering of unspent balances	0.176
265		2	Irregular expenditure on account of courier services	0.076
266		3	Irregular payment on printing and publications	0.070
267	Commissioner IR, Chenab Zone RTO Faisalabad F-4802, AMIS ID 7745	3	Non realization of Sales Tax due to concealment of taxable supplies	106.243
268		8	Short realization of Workers Welfare Fund	0.595
269		9	Inadmissible adjustment of input tax	0.416
270		10	Non recovery of Sales Tax	0.340
271		11	Non recovery of inadmissible input tax claimed on invoices of Inactive/Blacklisted taxpayers	0.302
272		12	Short payment of sales tax due to concealment of closing stock	0.230
273	Commissioner IR, Corporate Zone RTO Faisalabad F-4829, AMIS ID 7746	2	Inadmissible adjustment of input tax due to non-filing of Annex-J of the S.T return	249.261
274		4	Non finalization of remanded back/annulled cases	163.611
275	DDO Chief	3	Non Deduction of Income Tax	2.153
276	Commissioner RTO Faisalabad F-4831, AMIS ID 7621	5	Non deduction of Sales Tax from service 'Law Charges'	1.763
277		10	Inadmissible payment of Conveyance allowances	0.180
278		11	Non surrendering of unspent balances	0.070
279		12	Irregular allotment of houses in violation of Accommodation Allocation Rules	0
280		13	Non maintenance of GP fund ledger of class-IV Employees / Broad sheet	0
281		14	Non conducting of physical verification of stores/ stocks	0
282		15	Non disposal of old newspapers/unserviceable store items	0
283	DDO Dir. I & I Faisalabad F-4803 AMIS ID 7623	1	Unjustified payment on account of legal charges	1.667
284		2	Non surrendering of unspent balances	0.843
285		5	Unauthorized payment on Cost of other stores	0.407
286		7	Non Deduction of Income Tax	0.076
287		8	Non maintenance of GP Fund ledger of class IV employees/broad sheets	0

288	DDO DPU Faisalabad	1	Irregular expenditure on newspapers and call	0.047
289	F-4805, AMIS ID 7620	2	Overpayment of pay due to non-contribution to the Group Insurance	0.022
290		3	Irregular expenditure on account of courier services	0.005
291		4	Non Maintenance of GP Fund Ledger of Class IV Employees /Broad Sheets	0
292		15	Non-registration of taxpayer in ST regime resulting in potential loss	0.938
293	Commissioner IR, Jhang Zone RTO Faisalabad F-4806, AMIS ID 7747	16	Concealment of Expenses resulting short payment of income tax	0.400
294		17	Inadmissible adjustment of input tax credit	0.141
295		12	Non realization of ST Rs. 31,195 further tax Rs 5,505 aggregating Rs 36,700 on scrap sale	0.037
296	Commissioner IR,	3	Non realization of 4/5th amount of Sales Tax	13.013
297	Withholding Zone RTO Faisalabad F-4830, AMIS ID 7748	4	Non-recovery of Sales Tax	3.451
298		20	Inadmissible payment of telephone allowance	0.006
299	DDO, Regional Tax Office, Sialkot F-4851, AMIS ID 7674	21	Non-conducting of physical verification of stores/stocks	0
300	Assistant Director, SWH, I&I Peshawar F-180, AMIS ID 7897	4	Application of incorrect rate of Exchange- short realization of Govt. revenue	0.073
301	DDO, I & I Peshawar F-187 AMIS ID 7705	2	Inadmissible payment of cash reward	3.095
302		5	Excess payment of professional fee due to non-consolidation of identical cases	0.044
303		6	Non deduction/Recovery of Sales Tax	0.034
304		7	Non-disposal of replaced auto parts	0.014
305	Assistant Collector, SWH, Mardan Peshawar F-183, AMIS ID 7838	3	Loss of govt. revenue due to release of offending vehicle against redemption fine	0.432
306	Assistant Collector, SWH (A-G), Peshawar F-186, AMIS ID 7834	9	Short realization of government revenue due to under valuation of imported goods	0.129
307		10	Clearance of goods at lesser values resulted in short-realization of Govt. vehicles.	0.037
308	Assistant Collector, Auction, Enforcement, Peshawar F-188, AMIS ID 7831	5	Non-forfeiture of earnest money	0.114
309		6	Incorrect determination of Reserve Price resulting in loss of Govt. revenue.	0.238
310		7	Compliance of Auction Rules	0
311	DC, Refund & Rebate, Appraisalment, Peshawar F-190, AMIS ID 7814	2	Non finalization of pending cases of rebate amounting	123.850
312	DDO, Collectorate of Customs Enforcement, Peshawar F-191, AMIS ID 7708	11	Un-authorized and un-justified expenditure on account of over time	0.050
313		12	Non Deduction of Provincial Sales Tax from the payments made to the lawyers	0.038
314		13	Non-disposal of replaced auto parts news paper	0
315		14	Non-conducting of physical verification of stores/stock	0
316	AC (Cus), Bonds/DTRE Appraisalment, Peshawar F-192, AMIS ID 7815	5	Misuse of authority as regulatory collector in granting of DTRE approval	0
317	AC (Import), Ghulam Khan, Appraisalment, Peshawar	2	Undervaluation of imported Honey Bees resulted in short realization of WHT	1.712
318		3	Short-realization of duty and taxes due to under assessed value	2.575

319	F-194	4	Incorrect claim of exemption of fifth Schedule	0.267
320	AMIS ID 7816	9	Incorrect claim of exemption of fifth schedule	0.017
321	DDO, Directorate of	5	Irregular expenditure on account of courier service	0.153
322	Transit Trade, Peshawar F-195, AMIS ID 7706	8	Short deduction of income tax from the suppliers	0.026
323	AC (Import), Kharlachi, Appraisement, Peshawar F-196, AMIS ID 7817	5	Undervaluation of imported Tomato short realization of Govt. revenue	0.027
324	AC (Import), Angor Adda, Appraisement, Peshawar F-197, AMIS ID 6125	5	Undervaluation of imported pomegranate resulted in short realization	0.090
325	AC (Import), AFU, Enforcement, Peshawar F-198, AMIS ID 7832	4	Misclassification of imported goods-short realization of Govt. revenue	0.031
326	DDO, Collectorate of	8	Irregular payment of Performance allowance	0.206
327	Customs, Appraisement, Peshawar	9	Excess payment of Pay & Allowances	0.163
328		11	Non-deduction of conveyance allowance during leave	0.013
329	F-199, AMIS ID 7707	12	Non-disposal of replaced auto parts and news paper	0
330	DC (Import), Azakhel, Collectorate of Customs Appraisement, Peshawar F-200, AMIS ID 7820	38	Import of goods in violation of Import Policy Order	0
331	DDO, Directorate of CBCM, Islamabad F-267, AMIS ID 3149	5	Inadmissible payment of hiring charges	0.026
332	DDO Collector	03	Non-disposal of old newspapers and periodicals	0
333	Adjudication, Islamabad	04	Irregular expenditure on courier and pilot services	0.064
334	F-258, AMIS ID 7687	05	Non-existence of internal controls	0
335	DC Bond, MCC	5	Non-conduct of stock taking and mandatory audits	0
336	Islamabad F-270, AMIS ID 7844	6	Non-cancellation of manufacturing licenses of dormant licensees	0
337	DC GPO, Islamabad F-268	01	Blockage of government revenue due to non-disposal of detained goods	0.130
338	AMIS ID 7845	02	Short-realization of government revenue due to misclassification of wall light	0.009
339		03	Short-realization of government revenue due to misclassification of Pendent lights	0.004
340	DC Customs (Import) Sust, Dry Port, MCC	13	Misclassification of shoes made of canvas resulted in non-realization of revenue	0.050
341	Gilgit Baltistan F-254, AMIS ID 7840	14	Inadmissible exemption of twelfth schedule of Sales Tax Act, 1990 resulted into non realization of additional sales tax	0.019
342	DC Traffic & Baggage, MCC Islamabad F-269, AMIS ID 7900	03	Short realization of government revenue due granting abatement without approval of competent authority	0.031
343	DD, SWH Directorate of I&I, Islamabad F-265, AMIS ID 7899	04	Non-conducting of stock taking / checking of state-warehouse	0
344	DDO, Director I & I, Islamabad	01	Irregular payment of rental ceiling	0.962
345		07	Excessive Payment of House Rent Allowance	0.026
346	F-263	08	Inadmissible payment of Mobile phone charges	0.012
347	AMIS ID 7686	09	Non deduction of conveyance allowance during leave on full pay	0.005

348	DDO, DG I & I,	08	Non recovery of interest on motor cycle advance	0.049
349	Islamabad	09	Non deduction of Group Insurance	0.022
350	F-264	10	Non deduction of Benevolent Fund	0.015
351	AMIS ID 7844	11	Inadmissible payment of house rent allowance	0.015
352		12	Non deduction of conveyance allowance during leave on full pay	0.015
353		13	Non-disposal of unserviceable items	0
354		14	Non-surrendering/ excess utilization of budget grant	0
355	DDO, Collectorate of	07	Excess payment of pay and allowances	0.52
356	Customs, Gilgit Baltistan	08	Non deduction of General Provident Fund, Group Insurance and Benevolent Fund	0.037
357	F-252, AMIS ID 7678	09	Inadmissible payment of Mobile phone charges	0.026
358		10	Non recovery of interest on motorcycle Advance	0.016
359		11	Inadmissible payment of Hard Area Allowance, Hill Allowance, and 25% special pay (Gilgit)	0.010
360		12	Non deduction of conveyance allowance during leave on full pay	0.009
361		13	Excess utilization of budget grant	0.143
362	DDO, Directorate of	07	Non-deduction of recovery of house rent charges	0.039
363	Internal Audit Customs,	08	Non deduction of conveyance allowance during leave on full pay	0.023
364	Islamabad	10	Non deduction of Benevolent Fund	0.032
365	F-261, AMIS ID 7682	11	Non deduction of Group Insurance	0.013
366		12	Dubious bills of repairs	0
367	DDO, DG IPR,	04	Non-disposal of old newspapers and periodicals	0
368	Islamabad	05	Non-existence of internal controls	0
	F-259, AMIS ID 7688			
369	DDO, MCC Islamabad	13	Inadmissible payment of house rent allowance	0.011
	F-255, AMIS ID 7684			
370	DDO, Directorate of	06	Short-deduction of Income Tax from salary	0.046
371	PCA, Islamabad	07	Excess payment of allowances	0.019
372	F-257, AMIS ID 7680	09	Non-existence of internal controls	0
373		10	Non-disposal of replaced auto parts news paper	0
374	DC SWH, AFU,	03	Non disposal of confiscated liquor	0
	Islamabad			
	F-277, AMIS ID 7848			
375	DC SWH G-12, MCC	03	Non-conducting of stock taking / checking of state-warehouse	0
	Islamabad			
	F-256, AMIS ID 7843			
376	DDO, Collectorate of	7	Excess payment on account of pension, commutation and leave encashment due to wrong calculation	0.044
377	Customs Sialkot	8	Non-accountal of stock item	0.400
378	F-143	9	Non deduction of Income Tax	0.009
379	AMIS ID 7709	10	Excess payment of Professional Fee due to non-consolidation of identical cases	0.026
380		11	Doubtful payment	0.025
381	AC SWH & Auction,	5	Undue benefit to the bidder	2.030
382	Collectorate of Customs	6	Loss to Govt. due to non-forfeited of earnest money	0.380
383	Sialkot	7	Irregular auction process due to non-advertisement in the newspaper	0
	F-146, AMIS ID 7855			
384	AC Refund & Rebate,	5	Excess payment of rebate due to non-deduction of foreign bank charges	0.007
385	Collectorate of Customs	6	Non authenticity of payment of Rebate through Automated payment system through SBP	0
	Sialkot			
	F-147, AMIS ID 7854			
386	AC (Manufacturing)	4	Non encashment of Indemnity Bonds/ Post-dated Cheques	0

	/Public/Private),		due to non-furnishing of monthly returns	
387	Collectorate of Customs Sialkot	5	Non-conducting of mandatory audit of licensees of manufacturing bonds	0
388	F-148, AMIS ID 7853	6	Non-realization of government revenues due to unconsumed bonded goods	0.002
389	AC EPZ/EOUs	9	Misuse of EPZ facility	0
390	Collectorate of Customs Sialkot	10	Blockage of Government revenue due to non-disposal of wastage	0
391	F-149	11	Non conduct of annual audit of units working in Export Processing Zone	0
392	AMIS ID 7859	12	Non assessment of imported goods into Zone	0
393		13	Excess removal of wastage into Tariff area than the approved limit	0
394		14	Non-submission of record as per Law	0
395	MCC AIIA, Lahore	7070-Cus	Short-realization of additional customs duty	5.48
396	DC Customs (Imports), Collectorate of Customs, Faisalabad	7367-Cus	Non imposition of penalty for non-filling of GDs within stipulated period	13.23
397	DC Customs (Bonds), Sialkot	7673-Cus	Non-realization of government revenue on excess maintenance of closing inventories	13.76
398	DDO, Dir. of I&I Customs, Lahore	7110-Cus-Exp	Improper maintenance of log books and movement registers prescribed under Staff Car Rules 1980	0
399	DDO, I&I Customs, Peshawar	7605-Cus-Exp	Doubtful expenditure incurred on POL and Repair & Maintenance of transport	1.23
400	DDO, I&I Customs, Peshawar	7602-Cus-Exp	Short-deduction of Income Tax at salary and cash reward	0.15
401	DDO, MCC Appraisalment, Peshawar	7618-Cus-Exp	Inadmissible payment of Ad-hoc Relief Allowances and Performance Allowance	0.40
402	DDO, MCC (A&F), Lahore	7709-Cus-Exp	Excess Payment of Cash Reward	0.18
403	South Zone, RTO Islamabad	20911/IT	Non-realization of WWF	2.05
404	North Zone, RTO Islamabad	20927/IT	Non-realization of Workers Welfare Fund	1.42
405	RTO, Faisalabad	21504-ST	Non-realization of Sales Tax due to concealment of Sales	9.91
406		21509-ST	Non-realization of Default Surcharge against the advances received from customers	1.33
407	Zone-III, RTO Lahore	21177-NPR	Non Production of auditable record	0
408	CTO, Lahore	21283-IT	Loss of revenue due to incorrect claim of tax exemption	0
409		21284-IT	Loss of revenue due to irregular issuance of Income Tax Refund	161.17
410	Zone-I, RTO Abbottabad	21027-ST	Excess adjustment of input tax due to non-apportionment of input tax between taxable and exempt supplies	5.06
411	CTO, Lahore	21675-IT	Loss of revenue due to excess claim of tax credit	8.06
412	AC DTRE, Collectorate of Customs, Sialkot	8062-Cus	Blockage of Govt. revenue due to non-conducting of post exportation audit of DTRE approvals	0
413	SWH A to G, Collectorate of Customs (Enf.), Peshawar	8092-Cus	Loss of govt. revenue due to release of offending vehicle against 20% redemption fine instead of confiscation	1.67
414	DC Customs (Imports), AFU Islamabad	8001-Cus	Illegal clearance of imported goods in violation of Import Policy Order 2022	0
415	AC DTRE/BWH, Collectorate of Customs (Appr.), Peshawar	8210-Cus	Non finalization of Input-Output ratios	0
416	AC Auction Collectorate of Customs (Enf), Peshawar	8096-Cus	Auction of goods on lesser amount resulting into loss of government Revenue Rs.0.460 million	0
417	AC Customs (Traffic), AFU Islamabad	7921-Cus	Non-reconciliation of government revenue receipts at accompanied baggage with National Bank of Pakistan	15.22
418		7922-Cus	Non/short imposition of redemption fine resulted into loss	0.24

			government revenue	
419	DC Customs, AFU Islamabad	7932-Cus	Blockage of government revenue due to non-deposit of confiscated currency/ gold in State Bank of Pakistan	31.10
420	CIR District Zone RTO Rawalpindi	21054-IT	Loss of government revenue due to inadmissible claim of deduction on account of irrecoverable debts written off	4.67
421	CIR Zone-II, LTU Lahore	21234-ST	Inadmissible adjustment of input tax on items not related to taxable supplies	16.77
422	CIR Audit-I, LTO Islamabad	21333-ST	Non recovery of adjudged government dues due to non-compliance of recovery rules	0
423	CIR, WHT Zone, RTO Peshawar	21476-ST	Evasion of Withholding Sales Tax	0.82
424	CIR, DI Khan Zone, RTO Peshawar	21483-ST	Loss of revenue due to inadmissible adjustment of input sales on purchase of vehicles	0.917
425	CIR, Enf, LTO Multan	21566-ST	Evasion of sales tax due to concealment of production	0
426	CIR (Gujrat Zone), RTO, Sialkot	21250-ST	Non-realization of income tax due to concealment of Stocks	0.74
427	CIR, Zone-I, RTO Lahore	20935-IT	Non finalization of legal proceedings causing non levy of tax	6.11
428	Benami Zone-I, Islamabad	21765-IT	Inquiries pending for filing of references	0
429	CTO, Lahore	21397-IT	Acceptance of invalid returns u/s 114 (2) of the Income Tax Ordinance 2001	0
430		21372-IT	Acceptance of invalid returns u/s 114 (2) of the Income Tax Ordinance 2001	0
431	LTO, Lahore	21332-IT	Acceptance of invalid returns u/s 114 (2) of the Income Tax Ordinance 2001	0
432		21281-IT	Invalid income tax returns due to submission without Annexure and audited accounts	0
433	DDO, RTO Faisalabad	21448-Exp	Irregular payment on printing and publications	0.67
434	Directorate of I&I (IR), Faisalabad	21492-Exp	Irregular payment on printing and publications	0.27
435	Collectorate of Customs, Gilgit Baltistan	8017-Cus-Exp	Inadmissible Payment of Hotel Charges	0.18
436	MCC (E&C), Peshawar	8106-Cus-Exp	Inadmissible payment of TA/DA	0.10
437	LTO, Islamabad	21353-Exp	Irregular expenditure under the Head 'Electronic Communication'	0.40
438	RTO, Rawalpindi	21191-Exp	Irregular expenditure under the Heads Telephone & Trunk Calls and electronic Communication	0.23
439	Directorate of I&I, Islamabad	7906-Cus-Exp	Short-deduction of Income Tax from salary	0.28
440	MCC, Islamabad	8030-Cus-Exp	Short-deduction of Income Tax from salary	0.14
441	Directorate of Transit Trade, Peshawar	8116-Cus-Exp	Short-deduction of Income Tax at salary and cash reward	0.23
442	DC (Imports), AFU Islamabad	7996-Cus	Short-realization of government revenue due misclassification of imported goods	0.64
443	DC (Bonds), Mughalpora Dry port, (Appraisalment), Lahore	7864-Cus	Clearance of goods without realization of leviable duty & taxes	340.23
444	DC (Imports), Collectorate of Customs (Appraisalment), Lahore	7836-Cus	Non-realization of anti-dumping duty	218.69
445		7844-Cus	Misclassification of imported goods	8.28
446	DC (Bonds), Collectorate of Customs (Appraisalment), Lahore	7866-Cus	Non-realization of Punjab infrastructure development cess	300.21
447	DDO, RTO Lahore	20996-Exp	Non surrendering of un-utilized budget	14.85
448	DDO, RTO Rawalpindi	21189-Exp	Excess expenditure than budget grant	0.27
449	DG, IRS Academy, Lahore	21289-Exp	Non-surrendering of savings from the budget grant	6.17
450	LTO, Islamabad	21356-Exp	Excess payment of Travelling Allowance	0.09
451	DDO, DG I&I, IR,	21410-Exp	Non-charging of sales tax on law charges	0.21

	Islamabad				
452	DDO, RTO Faisalabad	21451-Exp	Irregular expenditure on A01273 Honoraria	0.19	
453	DDO, DR&S, FBR Islamabad	21517-Exp	Inadmissible reimbursement of medical charges	0.33	
454	DDO FBR (HQ) Islamabad	21537-Exp	Non-charging of sales tax on law charges	3.79	
455	DDO FBR (HQ) Islamabad	21538-Exp	Non-recovery of interest on House Building Advance	2.32	
456	Data Processing Center, Lahore	21681-Exp	Irregular payment of pay & allowances beyond the sanctioned strength	0.36	
457	DG, IRS Academy, Lahore	21288-Exp	Non deduction of withholding tax on rent payment of hired accommodation	0.10	
459	Directorate of I&I IR, Lahore	21687-Exp	Non-surrendering of savings and excess expenditure over and above the budget grant	0.15	
460		21692-Exp	Un-authorized expenditure due to booking under the wrong head of account	0.07	
461	DDO, RTO Multan	21721-Exp	Unlawful payment to Legal Advisor on account of Monthly Retainer-ship Fee	0.12	
462	CIR, Benami Zone-I, Islamabad	21762-Exp	Non-possession of confiscated vehicles involving substantial amount	79.81	
463		21763-Exp	Non-auction/disposal of confiscated vehicle valuing	2.86	
464	DDO, Directorate of CBCM Islamabad	7913-Cus-Exp	Non recovery of House Building Advance	3.49	
465	Pakistan Automation Revenue (Pvt.) Ltd Islamabad	21549-Exp	Unlawful formation of Pakistan Automation Revenue (Pvt.) Ltd Islamabad	990.00	
466	DOT, Lahore	21294-Exp	Unlawful payment on account of purchase under wrong head	0.37	
467	DDO RTO Lahore	20997-Exp	Non recovery of interest on advances	4.28	
468		20998-Exp	Irregular payment of electricity bills of other cost center	3.76	
469		20999-Exp	Non recovery of HBA/MCA	3.006	
470		21001-Exp	Over payment of HRA	0.436	
471		21002-Exp	Over payment of Pay	0.341	
472		21003-Exp	Inadmissible payment of mobile phone charges	0.225	
473		21007-Exp	Non deduction of 5% HR charges	0.077	
474		21009-Exp	Excess payment on a/c of honoraria	0.053	
475		DDO RTO Islamabad	21014-Exp	Non deduction of 5% HR charges	0.116
476			21015-Exp	Non recovery of interest on advances	1.138
477	DDO RTO Abbottabad	21017-Exp	Inadmissible payment of mobile phone/monetization	0.586	
478		21018-Exp	Irregular expenditure due to misclassification	0.226	
479		21019-Exp	Non deduction of ST from services law charges	0.146	
480		21021-Exp	Non/short deduction of Group Insurance & Benevolent Fund	0.074	
481		21022-Exp	Non recovery of interest on MCA	0.042	
482	DDO RTO Rawalpindi	21186-Exp	Non recovery of loan and advances	2.31	
483		21187-Exp	Non deduction of ST from services law charges	0.592	
484		21188-Exp	Over of payment HRA	0.508	
485		21190-Exp	Non recovery of interest on advances	0.257	
486		21192-Exp	Non deduction of ST from service providers	0.169	
487		21193-Exp	Inadmissible re-imburement of Medical Charges	0.123	
488		21194-Exp	Irregular expenditure due to misclassification	0.095	
489		21195-Exp	Payment of Personal expenses from Govt. funds	0.043	
490	DDO, LTO Multan	21275-Exp	Short deduction of I tax from payment of goods and services	0.15	
491	DG Internal Audit, Islamabad	21401-Exp	Short withholding tax on salary	0.376	
492	DDO I&I (IR), Islamabad	21404-Exp	Inadmissible re-imburement of medical charges	1.762	

493	DDO, RTO Sialkot	21452-Exp	Unjustified payment on a/c of legal charges	4.108
494		21461-Exp	Non/short deduction of Benevolent Fund	0.117
495		21463-Exp	Short/non deduction of Group Insurance	0.103
496		21464-Exp	Non recovery of GP Fund	0.069
497	DR&S, Islamabad	21518-Exp	Short withholding of IT on salary	0.736
498		21519-Exp	Non deduction of Group Insurance/BF	0.06
499	FBR HQ, Islamabad	21524-Exp	Irregular purchase of weapons	49.974
500	CCIR, CTO Lahore	21697-Exp	Non surrendering of saving from the budget grant	43.155
501		21698-Exp	Variation in the figures of different set o books of accounts maintained by the department	39.245
502		21715-Exp	Excess payment on advertisement services due to non-withholding of tax	0.052
503	DDO, DG I&I, Inland Revenue, Islamabad	21408-Exp	Incorrect/excess payment to lessor on account of repair and maintenance	0.490
504	CIR Zone-II, LTU, Lahore	21223-IT	Short realization of IT due to concealment of purchases & sales	208.115
505	DDO, RTO Multan	21722-Exp	Non-deduction of Group Insurance from Gazetted Officers	0.056
506	DDO, RTO Sialkot	21455-Exp	Non-Deduction of Income Tax	0.856
507	Commissioner (IR) AEIOI Zone, Islamabad	21642-Exp	Inadmissible payment of honorarium	0.061
508	Corporate Tax Office, Lahore	21711-Exp	Non deduction of withholding tax on hiring payments	0.216
509	DDO, Collectorate of Customs (Enforcement) Multan	7725-Cus-Exp	Non Deduction of Sales Tax on Services and on payments made to the Lawyers	0.898
510	DDO, Collectorate of Customs Enforcement & Compliance, Lahore	7740-Cus-Exp	Double payment on amount of transportation of goods	0.119
511		7743-Cus-Exp	Less-deduction of Provincial Sales Tax	0.119
512	DDO, Director Customs, IOCO Lahore	7764-Cus-Exp	Excess payment on account of purchase of goods & services	0.159
513	DDO, Collectorate of Customs, AIIA, Lahore	7776-Cus-Exp	Inadmissible Payment of House Rent allowance	0.248
514		7777-Cus-Exp	Short deduction of Income Tax on Payment against Services Rendered	0.135
515		7778-Cus-Exp	Short Tax deducted on Payment made to Vendors	0.102
516		7779-Cus-Exp	Excess payment of special performance allowance due to non-observance of Guidelines for Performance Allowance, 2015	2.181
517		7780-Cus-Exp	Short-deduction of group insurance and benevolent fund	0.121
518		7782-Cus-Exp	Non-deduction of sales tax from Advocates	0.352
519		7784-Cus-Exp	Excess payment of Professional Fee regarding identical cases	0.148
520		DDO, Director, Intelligence & Investigation, Lahore	7824-Cus-Exp	Excess payment of cash reward due to incorrect application of rates
521	7825-Cus-Exp		Excess payment of advance professional fee due to non-consolidation of identical cases	1.040
522	7827-Cus-Exp		Excess payment of cash reward due to wrong accountal and over-valuation of betel nuts/cigarettes	0.654
523	7828-Cus-Exp		Non-deduction of PST	0.059
524	MCC Appraisalment Lahore	7901-Cus-Exp	Excess payment on account of pay and allowances	0.11
525	DDO, Directorate of CBCM Islamabad	7914-Cus-Exp	Purchase of Furniture without offering the tenders by splitting it into piece meals	0.75
526		7915-Cus-Exp	Short-deduction of Income Tax from salary	0.29
527	DG Customs I&I, Islamabad	7923-Cus-Exp	Short-deduction of Income Tax from salary	0.96
528		7926-Cus-Exp	Irregular payment to Private companies for Janitorial Workers	0.90
529		7927-Cus-Exp	Irregular/illegal disbursement of cash reward without fulfillment of codal provisions	1.30

530		7929-Cus-Exp	Inadmissible payment of house rent charges	0.11
531	DDO, Collectorate of Adjudication, Islamabad	7940-Cus-Exp	Unjustified expenditure on POL and repair and maintenance of vehicles	1.94
532	DDO, DG (DNFBPs), FBR (HQ), Islamabad	7942-Cus-Exp	Unauthorized expenditure on account of POL and repair of vehicles	0.89
533	DDO, Directorate of Intellectual Property Rights Enforcement North, Islamabad	7943-Cus-Exp	Inadmissible payment of hiring charges	0.56
534		7944-Cus-Exp	Unjustified expenditure on POL and repair and maintenance of vehicles	2.57
535	DDO, Directorate of Customs I&I, Rawalpindi	7946-Cus-Exp	Irregular payment of rental ceiling	0.71
536		7948-Cus-Exp	Short-deduction of Income Tax from salary	0.35
537		7950-Cus-Exp	Irregular payment to Private companies for Janitorial Workers	0.91
538	DDO, Collector Customs, Gilgit Baltistan	8018-Cus-Exp	Excess payment of pay and allowances	0.17
539		8019-Cus-Exp	Irregular expenditure on account of repair & maintenance of garden	0.11
540	DDO, MCC Islamabad	8026-Cus-Exp	Non deduction of Benevolent Fund	0.14
541	DDO, Collectorate of Customs, Sialkot	8052-Cus-Exp	Non/short recovery of Group Insurance, Benevolent fund and GP Fund	0.100
542		8054-Cus-Exp	Non/short-deduction of Provincial Sales Tax	0.089
543	DDO, MCC (E&C), Peshawar	8102-Cus-Exp	Inadmissible payment of cash reward and honorarium for meritorious services	0.785
544		8103-Cus-Exp	Inadmissible Payment of Reimbursement of Medical Charges	0.241
545	DDO Collectorate of Customs,(Appraisalment), Peshawar	8143-Cus-Exp	Doubtful expenditure incurred on POL and Repair & Maintenance of transport	0.614
546	DDO, Directorate of I & I Peshawar	8205-Cus-Exp	Irregular/un-justified expenditure on account of POL and repair of vehicle	1.509
547	DDO, Collectorate of Customs (Enforcement) Multan	7727-Cus-Exp	Irregular expenditure on account of repair & maintenance of garden	0.099
548		7728-Cus-Exp	Inadmissible payment of House Rent Allowance	0.098
549		7729-Cus-Exp	Non/Short deduction of Benevolent Fund	0.081
550		7730-Cus-Exp	Non/short recovery of Group Insurance from Officers/officials	0.070
551	DDO, Directorate of I&I (Customs), Multan	7732-Cus-Exp	Non deduction of Provincial Sales Tax from the payments made to the lawyers	0.422
552		7733-Cus-Exp	Over payment on account of House Rent Allowance to the officials posted at remote stations	0.126
553	DC Customs (Imports) Dry port, Islamabad	7978-Cus	Short accountal of imported goods resulting into loss of revenue	0.11
554	DDO, Collectorate of Customs, Gilgit Baltistan	8015-Cus-Exp	Non-recovery of normal rent	0.28
555	DDO, MCC Islamabad	8024-Cus-Exp	Non deduction of Group Insurance	0.23
556		8029-Cus-Exp	Inadmissible payment of medical charges	0.07
557	DDO Collectorate of Customs, MCC (E&C), Peshawar	8097-Cus-Exp	Doubtful expenditure incurred on POL and Repair & Maintenance of transport	2.536
558	Deputy Collector Customs, (Imports), Dry port, Peshawar	8162-Cus	Short realization of government revenue due to short account of imported quantity	1.316
559		8184-Cus	Incorrect accountal of Quantity resulted in short realization of government revenue	0.165
Total				5,229.622

DG Audit Inland Revenue & Customs (South), Karachi

S. No	Name of Formation	Para No./ PDP No.	Title of Para	Amount (Rs in million)
1	CTO, Karachi	PDP-7091/ST	Inadmissible adjustment of input tax	300
2	RTO-II, Karachi	PDP-7091/ST	Inadmissible adjustment of input tax	113.79
3	RTO-I, Karachi	PDP-7091/ST	Inadmissible adjustment of input tax	100
4	RTO Sukkur	PDP-7091/ST	Inadmissible adjustment of input tax	100
5	RTO Hyderabad	PDP/7091/ST	Inadmissible adjustment of input tax	441.52
6	CTO Karachi & RTO Hyderabad	PDP/2760/IT	Non production of record	0
7	LTO Karachi	PDP/2771/IT	Non production of record	0
8	LTO Karachi	PDP/2779/IT	Loss of revenue due to non-imposition of penalty over individual returns	3.560
9	LTO Karachi	PDP/2780/IT	Non imposition of penalty for non-maintenance of master and local files	1.334
10	LTO Karachi	PDP/2781/IT	Non submission of CBC report	0
11	LTO Karachi	PDP/2782/IT	Poor performance of FBR on transfer pricing despite incurring expenditure	44.72
12	LTO Karachi	PDP/2783/IT	Non availability of qualified for transfer pricing	0
13	AC/DC Customs, Anti-Smuggling Organization, MCC Hyderabad	Para-11	Non-conducting of Internal audit.	0
14	A/C D/C Customs Anti-Smuggling Organization MCC Enforcement & Compliance, Custom House, Karachi	Para-3	Frequent release of seized conveyances without tracing whereabouts of the owner of the smuggled goods	0
15		Para-16	Non deposit of foreign currency (1,420,000 Iranian Rial) into NBP/SBP	0.006
16		Para-17	Non Conducting of Internal Audit	0
17	A/C State Ware House (SWH) / Auction, MCC Hyderabad	Para-7	Non maintenance of video recording of the whole destruction process	0
18	A/C (SWH), MCC Preventive, Custom House, Karachi	Para-2	Non maintenance of video recording of the whole destruction process	0
19	A/C Auction, MCC, Preventive Enforcement, Karachi	Para-4	Non transfer of auction proceeds from Collector account to Federal Treasury	21.15
20	AC/DC BWH / DTRE, MCC Hyderabad	Para-5	Non conducting post-exportation audit and non-submission of reconciliation statements of the DTRE users	0
21	AC/DC Customs, Auction Collectorate of Custom Enforcement, Quetta	Para-9	non-production of sale proceeds figure and file for the year 2021-22	0
22		Para-10	Out dated auction proceedings / non conducting E auction and non-implementation of SRO 1174(I) 2020	0
23	Performance Evaluation, of Collector Adjudication-I, Karachi	Para-2	Performance evaluation of the Collectorate Adjudication-I for the period 2021-22	0
24		746-Exp/Cus	Excess expenditure on account of law chargers	0.59
24	Performance Evaluation, Collector Adjudication-II,	Para-5	Performance evaluation of the Collectorate Adjudication-II for the period 2021-22	0

	Karachi			
25	AC/DC DTRE/Bond (Public/Private/diplomatic/ Mfg) Appraisement, Quetta,	Para-3	Weak internal controls resulted in delay in completion of DTRE process.	0
26		Para-4	Non determination of input-output ratios and wastages	0
27	Director Intelligence & Investigation Customs, Anti-smuggling Organization/SWH/Auction, Directorate of I&I Customs Quetta	Para-4	Non-conducting of Internal Audit	0
28		Para-18	Non-maintenance of Warehouse Register	0
29	Collectorate of Customs Appraisement (West). Karachi	Para-4	Non realization of Custom Duty due to misclassification of stitching thread	3.141
30	AC/DC Appraisement Chamman Quetta	Para-9	Short / Non realization of advance Income Tax on import Stage U/S 148	0.005
31	Deputy Collector, Appraisement, IMO/Drug Cell/GPO OF JIAP, Karachi	Para-1	excess deduction of commission charges by senior post master, Karachi	0.838
32		Para-2	Non Deposit of Commission Charges collected by Senior Post Master, Karachi	0
33		Para-3	non-deposit of sized currency in state bank of Pakistan	0
34		Para-4	non-disposal of drugs / narcotics	0
35	Collectorate of Customs Appraisement, Quetta	PDP-1847	Non-realization of custom duty due to irregular exemption under FTA	1.24
36	Collectorate of Customs Appraisement (Sandak), Quetta	PDP-1894	Short realization of duty / taxes due to inadmissible grant of freight discount	0.15
37	Collectorate of Customs Appraisement, (PMBQ), Karachi	PDP-1911	Non production of record	0
38		PDP-1915	Non follow up of pending court cases	0
39		796-Exp/Cus	Excess expenditure on account of law chargers	3.86
39	D.C (Import), Collectorate of Customs, Gwadar	PDP-1940	Short realization of government revenue due to under-valuation of imported Petroleum Bitumen	0.69
40		PDP-1945	Short realization of government revenue due to under-valuation of imported Petroleum Bitumen	1.16
41		PDP-1953	Irregular retention /use of confiscated vehicle for departmental use	0
42		PDP-1957	Non production of auction record of Panjgoor station	0
43	B.G , Collectorate of Customs Exports, Custom House, Karachi	PDP-1960	Non production of record	0
44	Adjudication, Collectorate of Customs Appraisement (East), Karachi	PDP-1965	Non follow up of pending court cases	0
45		PDP-1969	Inadequate performance of Collectorate in pursuing court cases	0
46		PDP-1970	Non production of record	0
47	Adjudication, Collectorate of Customs Appraisement, (West), Karachi	PDP-1972	Poor performance of law branch of West Collectorate	0
48	D.C Dry Port, Collectorate of Customs Hyderabad	PDP-1980	Clearance of banned goods imported in violation of Import Policy Order	36.51

49	D.C (B.G), Collectorate of Customs JIAP, Karachi	PDP-1996	Non-production of bank guarantees record	0
50	D.C Arrival, Collectorate of Customs JIAP, Karachi	PDP-1999	Non- imposition of penalty and non-deposit of valuables in Pakistan Mint Lahore	3.14
51	Collectorate of Customs Appraisalment, (West), Karachi	PDP-2006	Non realization of regulatory duty on imported vehicles	57.06
52		805-Exp/Cus	Excess expenditure on account of law chargers	0.62
52	DC Ship-breaking, Collectorate of Customs Gwadar	PDP-2026	Non realization of Baluchistan Infrastructure Development Cess from ship breakers	72.28
53	DC ASO/SWH, Collectorate of Customs Hyderabad	PDP-2039	Irregular retention of confiscated vehicles for departmental use	0
54	Collectorate of Customs JIAP, Karachi	PDP-2045	Non-realization of additional customs duty	1.31
55	AC/DC ASO HQ, Collectorate of Customs Enforcement, Karachi	PDP-2069	Irregular use of confiscated tampered vehicles	0
56	Oil section, Collectorate of Customs Enforcement, Karachi	PDP-2078	Non-production of record	0
57	AC/DC Group-VI, Collectorate of Customs Appraisalment, (West), Karachi	PDP-2137	Short realization of government revenue due to under-valuation of imported goods	10.61
58	AC/DC Chamman, Collectorate of Customs Appraisalment, Quetta	PDP-2139	Import of plastic waste without fulfilling the conditions of import policy	19.86
59		PDP-2141	Short/non-realization of advance income tax on import stage u/s 148	6.01
60		PDP-2142	Short payment of duty taxes (sales tax & additional sales tax) on import stage	2.32
61	Auction, Collectorate of Customs Appraisalment, (West), Karachi	PDP-2170	Non-installation of scanner after expiry of stay orders	0
62	UAB, (West Wharf) Collectorate of Customs Enforcement, Karachi	PDP-2193	Irregular clearance of professional tools in the garb of unaccompanied baggage	0
63	AC/DC EOU/DTRE/MB Collectorate of Customs Exports, Custom House Karachi	PDP-2212	Inadmissible rebate claimed /sanctioned due to mis- classification of exported	0.08
64	DC AFU/ICG, Collectorate of Customs JIAP, Karachi	PDP-2256	Irregular exemption of duty & Taxes of imported goods	6.085
65		PDP-2257	Non-Realization duty & taxes	1.50
66		PDP-2265	Irregular exemption of duty & Taxes of imported goods	1.59

67	D.C Group-IV, Collectorate of Customs Appraisalment (East), Karachi	PDP-2302	Short-realization of duties and taxes due to under valuation of imported polyester knitted pile fabrics	33.40
68	A/C D/C Auction, Collectorate of Customs Enforcement, Quetta	PDP-2317	Non-verification of challans	170.96
69	AC/DC ASO, Collectorate of Customs Enforcement, Karachi	PDP-2350	Non utilization of tampered vehicles in context of austerity measures	0
70	AC/DC Auction (H.Q), Collectorate of Customs Enforcement, Karachi	PDP-2373	No record/detail found regarding payment method used (cash/cheque) for commission paid to the auctioneer throughout year 2021-22	0
71	IMO/Drug Cell/GPO, Collectorate of Customs JIAP, Karachi	PDP-2388	Excess deduction of Commission charges by Senior Post Master General	0.84
72	A/C D/C ASO /SWH/Auction Suk, Collectorate of Customs Hyderabad	PDP-2395	Non utilization of tempered vehicles in context of austerity measures	0
73	Collectorate of Customs Hyderabad	PDP-2397	Unjustified rejection of highest bid and accepting the lowest	3.22
74	A/C D/C ASO /SWH/Auction, Collectorate of Customs Hyderabad	PDP-2411	Non utilization of tempered vehicles in context of austerity measures	0
75	AC/DC Dry Port, Collectorate of Customs Hyderabad	PDP-2446	Short-realization of government revenue due to application of incorrect rates of duty and taxes	5.10
76		PDP-2447	Short-realization of government revenue due to application of incorrect rates of duty and taxes	2.58
77		PDP-2448	Short-realization of government revenue due to application of incorrect rates of duty and taxes	2.14
78		PDP-2449	Short-realization of government revenue due to application of incorrect rates of duty and taxes	1.37
79	AC/DC BWH/DTRE Collectorate of Customs Hyderabad	PDP-2455	Non deposit/submission of securities by the DTRE users	569.50
80	ASO Quetta, Collectorate of Customs Enforcement, Quetta	PDP-2470	Non-production of record	0
81	Group-I, Collectorate of Customs Appraisalment (East), Karachi	PDP-2474	inadmissible exemption of Sales Tax against S.No.24 of Sixth Schedule of STA 1990	3.96
82	Group-II, Collectorate of Customs Appraisalment (East), Karachi	PDP-2482	short-realization of duty & taxes due to under valuation	53.86
83	Director Internal Audit, Directorate of Internal Audit, Customs, Karachi	PDP-2527	Non-production of record	0
84	Collectorate of Customs Appraisalment,	PDP-2529	Loss of revenue due to inadmissible exemption under S# 30A of 5th Schedule of the Customs Act, 1969	10.58

85	(PMBQ), Karachi	PDP-2532	Loss of revenue due to inadmissible exemption/ under S# 20 of 5th Schedule of the Customs Act, 1969	25.51	
86		PDP-2536	Loss of revenue due to inadmissible exemption under 12th Schedule of Sales Tax Act, 1990	5.56	
87	CTO, Karachi	6	Less Deduction of Income tax from Contractor	0.003	
88		12	Non-conducting of internal audit	0	
89	Director I&I, Karachi	10	Non-disposal of the news-papers	0	
90		11	Non maintenance of register of advances	0	
91		15	Non- Conduct of Internal Audit	0	
92	RTO-II, Karachi	4	Non-disposal of the news-papers	0	
93		5	Non maintenance of register of advances	0	
94		10	Non-verification of service books by audit officer.	0	
95	RTO-I, Karachi	12	Non-disposal of the news-papers	0	
96		15	Non maintenance of T.A appropriation register	0	
97		16	Non-completion of service book and leave accounts	0	
98		17	Non-conducting of physical verification of store/stock	0	
99		18	Non-maintenance of dead stock register	0	
100		19	Non-conducting of internal audit	0	
101	Commissioner Appeals, Quetta	3	Doubtful purchase of uniforms & liveries	0.042	
102		4	Non-disposal of old news-paper books	0	
103		5	Irregular payment on account of non-maintenance of T.A Appropriation register	0	
104		6	Non-conducting of physical verification of store/stock	0	
105	RTO Quetta	11	Doubtful purchase of uniforms & liveries	0	
106		13	Non-conducting of physical verification of store/stock	0	
107		14	Non- conduct of internal audit	0	
108		15	Non-obtaining of surety/ fidelity bond by the officials concerned	0	
109		824-IR/Cus	Excess expenditure on account of law chargers	0.50	
110		823-EXP/IR	Irregular expenditure under the head printing and publication	0.84	
110	DOT Karachi	4	Non-conducting of internal audit	0	
111		7	Non-verification of service books by audit officer.	0	
112	Director I&I, Hyderabad	11	Non-conducting of internal audit	0	
113		12	Non-disposal of new-papers	0	
114		14	Non-maintenance of dead stock register	0	
115		901-EXP/IR	Irregular expenditure under the head printing and publication	0.52	
116		775-Exp/Cus	Excess expenditure on account of law chargers	0.10	
117		782-Exp/Cus	Excess expenditure on account of law chargers	2.51	
116	Internal Audit Karachi	11	Non-maintenance of dead stock register	0	
117	MTO, Karachi	3	Non-conducting of internal audit	0	
118		4	Non-disposal of newspapers	0	
119		8	Non-obtaining of surety/fidelity bond by the officials concerned	0	
120		9	Non-maintenance of dead stock register	0	
121		10	Non-conducting of physical verification of store/stock	0	
122		11	Non-preparation of TA appropriation register	0	
123		12	Non disposal of condemned vehicles	0	
124		21	Unjustified POL expenditure without agreement	4.26	
125			891-EXP/IRS	Irregular expenditure under the Heads Telephone & Trunk Calls	0.05
126			893-EXP/IR	Irregular and non-adjustment of TA/DA advance	0.07

127	RTO Sukkur	9	Non-Deduction of Income Tax From The Payment Made to service provider (Couriers)	0.045
128		10	Non-Deduction of Income Tax From The Payment Made to Suppliers	0.038
129		11	Inadmissible Expenditure on Account of TA	0.006
130		12	Non Verification of Certificates/Degrees of Education	0
131		13	Non Maintenance of Register of Advances	0
132		14	Non-Maintenance of Leave Account of Non-Gazetted Employees (BPS-1-15 & 16)	0
133		15	Non-completion of service books of non-gazetted staff	0
134		16	Non-disposal of the newspapers	0
135		856-Exp/IR	Irregular payment of assistance package for families of deceased govt employees	5.00
136	WHT, RTO Sukkur	9	Unjustified Reporting By The Department To The Board Regarding Withholding Agents Statements Filed	0
137	RTO Hyderabad	11	Non-disposal of junked / condemned vehicles	0
138		906-EXP/IR	Irregular and non-adjustment of TA/DA advance	0.04
139	LTO Karachi	2	Over payment on account of electricity due to wrong carrying forward of meter reading	0.49
140		4	Non recovery of conveyance allowance	0.056
141		6	Irregular payment of mobile phone charges	0.055
142		9	Loss to government due to price variation in comparative statement of same item	0.576
143		11	Double payment made on single bill	0.029
144		15	Mis-classification of expenditure	0.16
145		16	Irregular expenditure on repair & maintenance of garden	1.02
146		17	Non-conducting of internal audit	0
147		872-EXP/IR	Irregular and non-adjustment of TA/DA advance	0.09
148		873-EXP/IR	Irregular and non-adjustment of TA/DA advance	0.51
149	AC/DC (Hqrs) Collectorate of Custom JIAP, Karachi	Para-6	Non-conducting of physical verification of stores/stock	0
150		Para-8	Non-preparation of annual procurement Plan on purchases of Plant & Machinery & Furniture and Fixture.	0.841
151	AC/DC HQ, Collectorate of Customs, Gawader	Para-4	Non-conducting of physical verification of stores/stock	0
152		Para-5	Non-Completion of service books of Non-Gazetted staff	0
153	Collectorate of Customs, Exports, Karachi	Para-9	Non-disposal of newspapers purchased	0
154		Para-12	Non-Completion of service books of Non-Gazetted staff	0
155	AC/DC (H.Q) Customs, Exports, Karachi	Para-8	Non-conducting of physical verification of stores/stock	0
156	Collector Adjudication-II, Karachi	Para-8	Non-maintenance of fixed assets/dead stock register	0
157		Para-9	Non-Non Completion / up-dation of Service Books of Non-Gazetted Staff.	0
158	Collector Appeals Customs, Karachi	Para-9	Lack of internal control for proper utilization of government money	0
159		Para-10	Non Completion / up-dation of Service Books of Non-Gazetted Staff.	0
160		Para-11	Short Shortage of staff in the office of Collector Appeals, Karachi	0
161	Collectorate of Adjudication-I, Karachi	Para-08	Non maintenance / non keeping of cash book for all of expenditure incurred payments made through cash or cheque for the Financial Year 2021-22	0
162		Para-9	Weak internal control and management.	0

163	Directorate of PCA Custom House, Karachi	Para-10	Violation of service rules of Non-Gazetted Staff	0
164		Para-11	Non - Maintenance of Dead Stock / Fixed Assets Register	0
165		899-Exp/Cus	Excess expenditure on account of law chargers	0.84
165	Pakistan Customs Academy, Karachi	Para-13	Non-conducting of physical verification of store / stock	0
166	DDO Transit Trade, Karachi	Para-9	Irregular drawing of pay without sanction strength.	0
167		Para-10	Inadequate internal control Prevailing within the Directorate	0
168		Para-11	Un-authorized drawing of risk allowance	0.008
169		870-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.33
170		872-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.29
171	Directorate of Transit Trade Quetta	Para-8	Non-maintenance of dead stock register 2021-22	0
172		Para-10	Non-carrying out internal check.	0
173	DC/AC/DDO, Appraisalment (PMBQ), Karachi	Para-3	Non maintenance of cash book	0
174		Para-4	Non maintenance of fixed assets/ dead stock register	0
175		Para-5	Non-completion of service books and leave accounts	0
176		Para-6	Non-maintenance of G.P fund registers in respect of class IV employees	0
177	Collectorate of Customs, Appraisalment (West), Karachi,	Para-4	Non maintenance of Cash Book	0
178	MCC, Appraisalment & Facilitation,(West), Karachi	Para-13	Non maintenance of fixed assets/ dead stock register	0
179		854-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.14
180		853-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.2
181		814-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.55
182		845-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.32
183	AC/DC/DDO, Collectorate of Customs Enforcement, Quetta,	Para-2	Non maintenance of cash book	0
184		Para-3	Non-maintenance of fixed Assets/ Dead Stock Register	0
185		Para-4	Non-completion of service books and leave accounts	0
186		912-EXP/CUS	Irregular expenditure under the head printing and publication	0.78
187	DDO,(H.Q)/DDO, Directorate of I&I Customs, Hyderabad,	Para-1	Non maintenance of cash book	0
188		Para-3	Non-completion of service books and leave accounts	0
189		Para-4	Non-maintenance of G.P fund registers in respect of class IV employees	0
190		Para-5	Non-maintenance of fixed assets/ dead stock register	0
191	DD (HQ)DDO, Directorate of I&I Customs, Karachi	Para-1	Non maintenance of Cash Book	0
192		Para-3	Non maintenance of G.P fund registers in respect of class-IV employees	0
193		Para-8	Non maintenance of fixed assets/ dead stock register	0
194		Para-9	Non – Completion of service books and leave accounts	0
195		784-EXP/CUS	Irregular expenditure under the head printing and publication	0.15
196	DD, (HQ),/ DDO, Directorate of I&I Customs, Quetta,	Para-2	Non-maintenance of Cash Book	0
197		Para-6	Non-maintenance of Fixed Assets/ Dead Stock Register	0
198		Para-7	Non-completion of Service Books and Leave Accounts	0
199		917-EXP/CUS	Irregular expenditure under the head printing and publication	0.15
200		915-Exp/Cus	Excess expenditure on account of law chargers	1.93
201	924-Exp/Cus	Excess expenditure on account of law chargers	1.05	
200	AD/DDO, DG Customs Valuation,	Para-1	Non-maintenance of cash book	0
201		Para-2	Non-maintenance of fixed assets/ dead stock register	0

202	Karachi	Para-3	Non-completion of Service Books and Leave Accounts	0
203		Para-7	Non-maintenance of G.P fund registers in respect of class IV employees	0
204		Para-4	Non-maintenance of cash book	0
205		Para-7	Non-maintenance of Fixed Assets/ Dead Stock Register	0
206	DDO, Chief Collector, Customs Appraisal (South), Karachi,	Para-8	Non-completion of service books and leave accounts	0
207		Para-11	Non-maintenance of G.P Fund Registers in respect of class IV employees	0
208		857-EXP/CUS	Irregular expenditure under the Heads Telephone & Trunk Calls and Electronic Communication	0.17
209		844-EXP/CUS	Irregular expenditure under the head printing and publication	0.3
210	DDO, Director General, IOCO, Karachi	Para-7	Improper maintenance of Cash Book	0
211		Para-9	Irregular payment of service charges to M/s PSO Limited	0.008
212		Para-10	Irregular payment of mobile phone charges	0.006
213	AC/DC HQ Collectorate of customs (Appraisal & Facilitation) East Custom House Karachi,	Para-7	Irregular expenditure on hiring of private advocates	1.413
214		Para-11	Non-accountal of receipt & stores	1.973
215		Para-15	Non-conducting of physical verification of store/stock	0
216		Para-16	Doubtful purchase of uniforms & liveries	0
217		660-EXP/CUS	Non-deduction/realization of Income Tax	0.04
218	AC/DC HQ Collectorate of customs (Enforcement and Compliance) Custom House, Karachi,	Para-7	Irregular expenditure on hiring of private advocates	12.71
219		Para-16	Non-accountal of receipt & stores	2.692
220		Para-17	Irregular expenditure due to non-adoption of austerity measures	0
221		Para-19	Non-conducting of physical verification of store/stock	0
222		675-EXP/CUS	Non-deduction/realization of Income Tax	0.07
223		677-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.27
224	Directorate, Internal Audit, Customs house, Karachi	Para-3	Non-Conducting of Internal Audit	0
225		Para-4	Non-Disposal of Newspapers	0
226	DDO, Export Port Qasim, Karachi	Para-2	Unjustified usage of 8 vehicles without drivers	0
227		Para-3	Non-reconciliation of annual financial statement with DGPR	0
228		Para-7	Non-disposal of newspapers	0
229		Para-12	Non-disposal of parts purchased/replaced	0
230	DDO, Director I & I Gawader	Para-3	Non-disposal of spare parts purchased/replaced on account of repair of vehicles/transport	0
231		Para-5	Misclassification of Expenditure	0.054
232	The Collectorate of Customs (Adjudication) Quetta	Para-7	un-authorized drawl of mobile phone allowance	0.014
233		Para-9	Non-disposal of newspapers purchased	0
234		Para-10	Non-Carrying out internal check	0
235	Chief Collectorate, (Customs), Quetta	Para-4	Non-conducting of physical verification of store/stock	0
236		Para-5	Non-maintenance of dead stock register	0
237		Para-6	Non-conducting of internal audit	0
238		Para-7	Non-disposal of newspapers	0
239	Directorate of Reforms & Automation Karachi	Para-5	Non-disposal of newspapers	0
240		699-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.17

241	Model Customs Collectorate, Appraisalment, Quetta	Para-8	Non-disposal of newspapers	0
242		Para-9	Non-Conducting of Internal Audit	0
243		Para-11	Non-Conducting of physical verification of store / stock	0
244		Para-12	Non-verification of service books by audit office	0
245		Para-13	Non-maintenance of dead stock register	0
246		710-Exp/Cus	Excess expenditure on account of law chargers	1.00
246	Model Customs Collectorate, Hyderabad	Para-10	Mis-classification of expenditure	0.028
247		Para-11	Irregular reimbursement of medical charges to pensioners	0.092
248		Para-12	Non levy/ charging of Sindh sales tax on services	0.131
249		Para-13	Misclassification of account	0.071
250		Para-14	Irregular payment on account of pay and allowances	0.029
251		Para-15	Non recovery of conveyance allowance	0.003
252		Para-16	Non-verification of service books by audit officer	0
253		720-Exp/Cus	Irregular and non-adjustment of TA/DA advance	0.62
254		719.Exp/Cus	Excess expenditure on account of law chargers	1.01
254		Directorate of Risk Management Karachi	Para-5	Non-disposal of newspapers
255	Para-8		Non-accountal of Receipt & stores	1.844
256	Para-12		Non-conducting of internal audit	0
257	688-EXP/CUS		Irregular expenditure under the head printing and publication	0.34
258	Directorate IOCO, Karachi	651-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.1
259		736-EXP/CUS	Non-deduction/realization of Income Tax	0.02
260		649-EXP/CUS	Non-surrendering of un-utilized budget	0.077
261	Director PCA (Customs) Karachi	905-Exp/CUS	Non-surrendering of un-utilized budget	0.058
262		904-Exp/CUS	Excess expenditure than grant	0.179
263		891-EXP/CUS	Irregular expenditure under the Heads Telephone & Trunk Calls	0.8
264		896-EXP/CUS	Irregular expenditure under the head printing and publication	0.14
265		888-EXP/CUS	Irregular and non-adjustment of TA/DA advance	0.17
266		MCC Exports, Karachi	842-EXP/CUS	Non-deduction/realization of Income Tax
267	Director General Transit Trade Karachi	7875-Exp/Cus	Excess expenditure on account of law chargers	0.40
Total				2,282.52

Annexure-2

[Para 5.1]

Non-recovery of tax demand – Rs 107,889.14 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Lahore	21100	2020	3	20.01	Under process
		21092	2020	1	11.95	Under process
		21278	2021	9	808.82	Under process
		21211	2020	1	4.19	Under process
2	RTO Abbottabad	21029	2017 & 2019	1	35.82	Subjudice
3	RTO Faisalabad	21595	2021	1	22.70	Under process
		21498	2021	3	1.95	Under process
		21438	2021	2	5.99	Under process
4	RTO Rawalpindi	21041	2020	22	340.58	Rs 22.20 million Recovered & verified Rs 123.90 Charged Recovery awaited Rs 194.48 million
		20975	2020	27	109.49	Under process
5	RTO Lahore	20968	2020	15	945.12	Under process
		20979	2020	10	43.77	Under process
Total				95	2350.39	
Recovered					22.20	
Balance					2,328.19	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2560	2021	64	45,369.19	Under Process
2	CTO Karachi	2523	2021	142	1,332.68	Under Process
3	RTO -I Karachi	2605	2021	17	1,318.29	Under Process
		2736	2021	18	701.00	Under Process
		2764	2021	21	848.07	Under Process
4	RTO-II Karachi	2619	2021	40	3,470.77	Under Process
		2645	2021	100	5,316.04	Under Process
		2712	2021	751	5,416.05	Under Process
		2742	2021	38	14,864.38	Under Process
5	RTO Hyderabad	2634	2021	23	691.66	Under Process
		2727	2021	80	841.15	Under Process
		2785	2021	144	3,156.18	Under Process
6	RTO Sukkur	2592	2021	11	405.84	Under Process
		2668	2021	5	38.24	Under Process
		2750	2021	1223	2,211.40	Under Process
7	RTO Quetta	2703	2021	49	18,195.32	Under Process
		2792	2021	66	1,384.69	Under Process
Total				2792	105,560.95	

Total Cases	2887		
Total Recovered		22.20	
Grand Total		107,889.14	

Annexure-3

[Para 5.2]

**Short-realization of income tax due to claims of inadmissible expenses
- Rs 62,721.08 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Lahore	21164	2020	1	109.25	Under process
		21677	2021	2	1.15	Under process
		21364	2021	26	27.21	Under process
		21091	2020	2	40.98	Under process
		21679	2021	2	25.23	Under process
		21203	2021	1	24.31	Under process
		21389	2021	3	282.39	Under process
		21071	2020	1	12.37	Under process
		21102	2020	1	5.28	Under process
		21069	2020	1	21.20	Under process
		21108	2021	1	6.60	Under process
		21171	2020	1	2.29	Under process
		21210	2021	1	1.59	Under process
		21396	2021	3	1.33	Under process
		21368	2021	13	15.26	Under process
21075	2021	1	1.52	Under process		
2	LTO Islamabad	21328	2021	1	4.64	Under process
		21345	2021	1	19.70	Under process
		21632	2021	7	42.80	Under process
		21347	2021	1	8.45	Under process
		21633	2021	1	13.98	Under process
		21337	2021	3	4,911.71	Under process
		21316	2021	3	604.67	Under process
		21319	2021	8	219.15	Rs 2.50 million Recovery awaited, Rs 216. 65 million under process
3	RTO Rawalpindi	20971	2020	1	4.06	Under process
4	LTO Multan	21550	2021	2	1,034.33	Under process
5	RTO Lahore	21130	2020	1	0.75	Under process
		21133	2020	1	4.50	Under process
6	RTO Faisalabad	21497	2021	1	10.15	Under process
Total				91	7,456.85	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2561	2021	57	3,205.51	Rs 436.85 Recovery awaited Rs 838.50 Under Process Rs 417.39 Subjudice
		2562	2021	3	13,549.98	Rs 1,496.38 Subjudice Rs 12,053.58 Under Process
		2564	2021	1	7,252.71	Under Process
		2568	2021	4	719.09	Under Process
		2572	2021	2	471.06	Under Process
		2574	2021	1	179.09	Under Process
		2575	2021	1	145.34	Under Process
		2578	2021	1	56.26	Under Process
2	MTO Karachi	2544	2021	245	1,706.87	Rs 20.30 Recovery Awaited Rs 1,684.52 Under Process
		2545	2021	27	1,080.45	Rs 89.21 Recovery awaited Rs 991.25 Under Process
		2553	2021	2	38.98	Under Process
		2559	2021	6	3.49	Under Process
		2524	2021	356	965.97	Under Process
3	CTO Karachi	2528	2021	74	282.70	Under Process
		2529	2021	33	264.84	Under Process
		2540	2021	6	6.84	Under Process

4	RTO-I Karachi	2607	2021	55	57.19	Under Process
		2616	2021	1	2.29	Under Process
		52761	2021	9	645.95	Under Process
		2768	2021	13	15.64	Under Process
5	RTO-II Karachi	2621	2021	52	104.28	Under Process
		2628	2021	10	6.21	Under Process
		2651	2021	8	6.24	Under Process
		2671	2021	5	23.30	Under Process
		2672	2021	20	8.47	Under Process
		2719	2021	288	77.86	Under Process
		2720	2021	57	66.00	Under Process
6	RTO Hyderabad	2731	2021	163	75.61	Under Process
		2637	2021	179	49.12	Under Process
		2638	2021	26	31.62	Under Process
7	RTO Sukkur	2599	2021	14	22.81	Under Process
		2658	2021	15	1.98	Under Process
		2667	2021	2	14.63	Under Process
8	RTO Quetta	2702	2021	1	1.58	Under Process
		2704	2021	64	257.57	Under Process
		2707	2021	1	4,676.94	Under Process
		2708	2021	4	1,227.81	Under Process
		2710	2021	1	107.94	Under Process
		2803	2021	1	2.80	Under Process
		2804	2021	4	0.81	Under Process
		2807	2021	1	19,343.05	Under Process
9	SSR – (DT - NR)	2759	2021	2	29.20	Under Process
Total				1815	56,786.04	
Recovered					1521.81	
Balance					55,264.23	

Total Cases	1906		
Total Recovered		1521.81	
Grand Total		62,721.08	

Annexure-4

[Para 5.3]

Short-realization of tax due to non-treatment of withholding tax as minimum tax liability – Rs 15,124.47 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Rawalpindi	21053	2020	1	1.92	Under process
		20973	2020	3	2.96	Rs 0.04 million Recovered & verified Rs 2.92 million Under process
2	RTO Sialkot	21614	2021	1	12.33	Under process
3	RTO Lahore	21135	2020	1	4.20	Rs 0.05 million Recovered & verified Rs 4.15 million Under process
4	RTO Peshawar	21486	2021	2	11.44	Under process
		21649	2021	1	0.99	Under process
5	LTO Islamabad	21629	2021	2	72.01	Under process
		21330	2021	1	1.45	Under process
6	CTO Lahore	21373	2021	1	0	Under process
Total				13	107.30	
Recovered					0.09	
Balance					107.21	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2565	2021	16	5,109.05	Under Process
2	CTO Karachi	2532	2021	1	129.23	Under Process
	CTO Karachi	2539	2021	1	7.28	Under Process
3	RTO-I Karachi	2608	2021	5	37.93	Under Process
4	RTO-II Karachi	2632	2021	1	1.83	Under Process
5	SSR – (DT-NR)	2756	2021	44	9,639.98	Under Process
6	SSR – (DT - NR)	2757	2021	1	277.81	Under Process
7	SSR – (DT - NR)	2758	2021	4	233.62	Under Process
8	SSR – (TP – CBT)	2784	2021	11	0	Under Process
Total				84	15,436.73	
Recovered					419.47	
Balance					15,017.26	

Total Cases	97		
Total Recovered		419.47	
Grand Total		15,124.47	

Annexure-5

[Para 5.4]

Inadmissible claims of tax credit – Rs 13,094.69 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Multan	21261	2020 & 2021	2	2,591.88	Under process
2	CTO Lahore	21666	2021	1	65.82	Under process
		21089	2020	1	62.15	Under process
		21209	2020	1	15.60	Under process
		21392	2021	2	18.73	Under process
		21366	2021	1	17.65	Under process
		21360	2020	1	89.27	Under process
3	LTO Islamabad	21343	2021	3	27.14	Under process
		21315	2021	2	1,556.49	Rs 3.56 million Recovery awaited Rs 1,552.93 million Under process
4	RTO Abbottabad	21032	2020	1	5.72	Under process
Total				15	4,450.45	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2569	2021	3	688.74	Under Process
2	MTO Karachi	2543	2021	31	2,176.93	Rs 371.963 Recovery awaited Rs 1,796.260 Under Process
3	CTO Karachi	2521	2021	341	5,557.55	Under Process
4	RTO Hyderabad	2640	2021	6	51.09	Under Process
		2732	2021	19	69.18	Under Process
5	RTO Sukkur	2595	2021	1	69.93	Under Process
6	RTO Quetta	2696	2021	11	39.54	Under Process
Total				412	8,652.94	
Recovered					8.70	
Balance					8,644.24	

Total Cases	427		
Total Recovered		8.70	
Grand Total		13,094.69	

Annexure-6

[Para 5.5]

Non-deduction/recovery of withholding tax - Rs 11,622.82 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Lahore	21165	2020	2	61.59	Under process
		21098	2021	2	39.65	Under process
		21067	2020	3	34.75	Under process
		21199	2021	1	16.10	Under process
		21093	2020	1	7.26	Under process
		21676	2021	6	59.95	Under process
2	RTO Sialkot	21235	2021	6	103.18	Under process
		21244	2021	5	40.62	Under process
3	RTO Peshawar	21654	2021	1	34.57	Under process
		21489	2021	1	0.81	Under process
		21479	2021	1	15.66	Under process
		21475	2021	1	0.15	Under process
		21477	2021	11	648.18	Under process
		21656	2021	02	160.57	Under process
4	RTO Rawalpindi	21034	2020	7	71.94	Rs 0.64 million Subjudice Rs 71.30 million Under process
		21037	2020	1	1.13	Under process
5	RTO Multan	21738	2021	3	35.50	Under process
		21309	2020 & 2021	1	45.97	Under process
		21298	2021	5	160.16	Under process
		21740	2021	1	2.45	Under process
		21303	2020 & 2021	1	0.16	Under process
		21297	2020 & 2021	8	646.91	Under process
6	RTO Faisalabad	21435	2021	1	12.58	Under process
7	RTO Sialkot	21610	2021	5	46.14	Under process

8	LTO Multan	21258	2021	1	7.92	Under process
		21257	2021	2	10.33	Under process
		21586	2021	1	8.04	Under process
		21557	2021	1	7.03	Under process
9	LTO Islamabad	21318	2021	1	406.04	Under process
		21346	2021	02	19.20	Under process
10	RTO Islamabad	20905	2020	09	160.31	Rs 0.61 million Recovered & Verified Rs 159.70 million Under process
11	LTO Lahore	21222	2018	4	2,513.88	Under process
12	RTO Lahore	20960	2020-2021	13	160.71	Under process
		20961	2020-2021	6	44.19	Under process
		21126	2020-2021	3	13.04	Under process
		20981	2020-2021	5	8.72	Under process
		21197	2020-2021	3	2.53	Under process
		20948	2020-2021	1	2.25	Under process
Total				128	5,610.17	
Recovered					0.61	
Balance					5,609.56	

DGAIR &C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2577	2021	4	60.98	Under Process
2	RTO-I Karachi	2735	2021	101	1,280.09	Under Process
		2740	2021	8	12.69	Under Process
		2741	2021	35	7.88	Under Process
		2770	2021	4	1.67	Under Process
3	RTO -II Karachi	2677	2021	10	505.76	Under Process
		2743	2021	49	614.29	Under Process
		2744	2021	20	311.94	Under Process
		2747	2021	11	67.19	Under Process
		2748	2021	64	10.42	Under Process
4	RTO Hyderabad	2786	2021	27	1,999.98	Under Process

5	RTO Sukkur	2663	2021	15	502.99	Under Process
		2666	2021	20	17.43	Under Process
		2751	2021	40	339.30	Under Process
		2754	2021	24	1.55	Under Process
6	RTO Quetta	2692	2021	10	224.99	Under Process
		2796	2021	3	36.74	Under Process
		2798	2021	4	16.71	Under Process
		2805	2021	6	0.65	Under Process
		2806	2021	1	0.55	Under Process
Total				456	6,013.80	
Recovered					0.54	
Balance					6,013.26	

Total Cases	584		
Total Recovered		1.15	
Grand Total		11,622.82	

Annexure-7

[Para 5.6]

Non-imposition of penalties on non-filers – Rs 10,876.09 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Sialkot	21242	2021	1	0.94	Under process
2	CTO Lahore	21282	2021	150	12.00	Under process
3	RTO Islamabad	20926	2020	3	3.21	Under process
Total				154	16.15	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2580	2021	7	36.11	Under Process
		2585	2021	4	9.19	Under Process
2	MTO Karachi	2548	2021	241	144.53	Under Process
		2546	2021	1	974.51	Under Process
		2558	2021	96	14.28	Under Process
3	CTO Karachi	2525	2021	1160	483.81	Under Process
		2534	2021	6	112.50	Under Process
		2535	2021	1272	92.32	Under Process
4	RTO-I Karachi	2606	2021	116	93.25	Under Process
		2686	2021	100	4.00	Under Process
		2687	2021	150	6.00	Under Process
		2739	2021	10	27.74	Under Process
		2765	2021	3056	150.09	Under Process
		2762	2021	1	1,650.53	Under Process
5	RTO-II Karachi	2738	2021	167	149.83	Under Process
		2625	2021	321	25.87	Under Process
		2648	2021	195	92.33	Under Process
		2680	2021	500	20.00	Under Process
		2718	2021	307	84.83	Under Process
		2749	2021	31	1.24	Under Process
		2622	2021	5	74.06	Under Process
		2713	2021	40	1,615.41	Under Process
2679	2021	10	50.58	Under Process		
		2746	2021	301	85.87	Under Process

6	RTO Hyderabad	2641	2021	174	48.31	Under Process
		2730	2021	115	80.51	Under Process
		2788	2021	172	473.78	Under Process
7	RTO Sukkur	2596	2021	157	32.77	Under Process
		2603	2021	200	8.00	Under Process
		2661	2021	250	10.00	Under Process
		2662	2021	200	10.79	Under Process
		2755	2021	17	0.68	Under Process
		2598	2021	11	1,247.28	Under Process
		2665	2021	15	40.31	Under Process
		2753	2021	104	42.59	Under Process
8	RTO Quetta	2694	2021	2	11.67	Under Process
		2706	2021	51	54.63	Under Process
		2693	2021	20	22.68	Under Process
		2791	2021	1324	2,754.79	Under Process
		2799	2021	1	13.77	Under Process
		2801	2021	15	8.54	Under Process
9	SSR-(TP - CBT)	2777	2021	0	0	Under Process
		2778	2021	0	0	Under Process
Total				10925	10,859.94	

Total Cases		11079		Under Process
Grand Total			10,876.09	Under Process

Annexure-8

[Para 5.7]

Non/short-realization of minimum tax - Rs 8,578.65 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Peshawar	21647	2021	6	86.48	Under process
		21478	2021	8	5.70	Rs 1.07 million Charged & Recovery awaited Rs 4.63 million Under process
		21474	2021	2	2.86	Rs 0.60 million Recovered & Verified Rs 2.26 million Under process
2	LTO Islamabad	21631	2021	2	50.59	Under process
		21317	2021	6	485.86	Under process
		21340	2021	1	144.100	Under process
		21341	2021	1	37.71	Under process
3	LTO Multan	21584	2021	1	30.21	Under process
		21554	2021	1	13.05	Under process
		21260	2021	3	3,267.14	Under process
4	CTO Lahore	21090	2021	1	9.30	Under process
		21362	2021	5	74.12	Under process
		21391	2021	5	35.47	Under process
5	RTO Faisalabad	21495	2021	1	6.59	Under process
6	RTO Rawalpindi	21183	2020	5	11.94	Under process
		20969	2020	2	5.00	Under process
		21050	2020	2	4.56	Under process
7	RTO Islamabad	20925	2020	2	7.41	Under process
8	RTO Sialkot	21621	2021	1	1.92	Under process
		21246	2021	21	28.75	Under process
		21612	2021	23	31.55	Under process
9	RTO Lahore	21123	2020	8	130.63	Under process
		20980	2020	3	11.82	Under process
		20936	2020	5	3.78	Under process
		20965	2020	1	2.08	Under process
		20950	2020	4	1.75	Under process
		21136	2020	2	1.31	Under process

10	RTO Multan	21757	2021	6	8.38	Under process
Total				128	4,500.06	
Recovered					0.60	
Balance					4,499.46	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2570	2021	1	551.48	Subjudice
2	MTO Karachi	2549	2021	11	140.99	Under Process
		2552	2021	3	46.49	Under Process
3	CTO Karachi	2538	2021	3	10.33	Under Process
		2541	2021	2	5.50	Under Process
4	RTO-I Karachi	2610	2021	5	20.65	Under Process
		2681	2021	43	149.33	Under Process
		2766	2021	3	45.81	Under Process
5	RTO-II Karachi	2624	2021	16	27.12	Under Process
		2647	2021	39	120.70	Under Process
		2674	2021	20	141.90	Under Process
		2714	2021	216	1,052.5	Under Process
6	RTO Hyderabad	2635	2021	129	589.9	Under Process
		2726	2021	199	899.67	Under Process
7	RTO Sukkur	2593	2021	20	108.90	Under Process
		2656	2021	17	43.43	Under Process
8	RTO Quetta	2705	2021	1	2.38	Under Process
		2793	2021	150	122.06	Under Process
Total				878	4,079.19	

Total Cases	1006		
Total Recovered		0.60	
Grand Total		8,578.65	

Annexure-9

[Para 5.8]

Excess adjustments of withholding tax deductions - Rs 6,039.58 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Lahore	21099	2020	2	20.36	Under process
		21671	2021	1	26.61	Under process
		21280	2021	4	9.47	Under process
		21365	2021	3	26.54	Under process
		21670	2021	1	3.96	Under process
		21673	2021	1	1.32	Under process
2	RTO Rawalpindi	21036	2020	5	35.50	Under process
3	LTO Islamabad	21323	2021	1	16.20	Under process
4	RTO Multan	21308	2021	1	51.36	Under process
5	RTO Faisalabad	21499	2021	2	2.05	Under process
		21594	2021	5	74.81	Under process
6	RTO Sialkot	21619	2021	3	3.37	Under process
		21240	2021	1	1.47	Under process
		21251	2021	1	0.52	Under process
7	RTO Abbottabad	21031	2020	1	3.87	Under process
8	RTO Lahore	20934	2021	1	9.28	Under process
		20962	2020	1	8.63	Under process
		21138	2020	1	1.08	Under process
		Total		35	296.40	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	CTO Karachi	2522	2021	196	3,202.43	Under Process
2	RTO-I Karachi	2612	2021	7	16.14	Under Process
3	RTO-II Karachi	2715	2021	155	796.18	Under Process
		2724	2021	4	2.05	Under Process

4	RTO Hyderabad	2636	2021	40	348.05	Under Process
		2725	2021	169	1,326.60	Under Process
5	RTO Sukkur	2659	2021	1	15.19	Under Process
6	RTO Quetta	2701	2021	11	34.35	Under Process
		2711	2021	1	4.57	Under Process
Total				584	5,745.56	
Recovered					2.38	
Balance					5743.18	

Total Cases	619		
Total Recovered		2.38	
Grand Total		6,039.58	

Annexure-10

[Para 5.10]

Non-taxation of incomes from other sources - Rs 3,552.77 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Multan	21751	2021	1	51.63	Under process
2	CTO Lahore	21198	2020	1	10.01	Under process
3	LTO Islamabad	21624	2021	3	733.50	Under process
		21344	2021	2	26.75	Under process
		21324	2021	2	27.02	Under process
4	RTO Peshawar	21648	2021	3	46.73	Under process
		21487	2021	1	7.70	Under process
Total				13	903.34	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2566	2021	25	1,683.49	Under Process
2	RTO-I Karachi	2609	2021	5	28.57	Under Process
		2685	2021	4	29.84	Under Process
3	RTO-II Karachi	2620	2021	11	144.04	Under Process
		2650	2021	11	65.04	Under Process
4	RTO Hyderabad	2643	2021	3	21.93	Under Process
5	RTO Sukkur	2594	2021	3	97.79	Under Process
		2655	2021	3	42.64	Under Process
6	RTO Quetta	2697	2021	51	480.20	Under Process
		2795	2021	29	55.90	Under Process
Total				145	2,649.43	

Total Cases			158		
Grand Total				3,552.77	

Annexure-11

[Para 5.11]

Irregular adjustments of refund – Rs 3,050.10 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Abbottabad	21030	2020	3	28.81	Rs 1.36 million Charged & Recovery awaited Rs 27.45 million Under process
2	LTO Islamabad	21625	2021	2	588.27	Under process
		21339	2021	2	203.21	Under process
3	CTO Lahore	21167	2020	1	9.31	Under process
		21277	2021	15	80.84	Under process
		21382	2015 to 2019	1	26.13	Under process
		21383	2019	1	7.19	Under process
		21384	2013	1	5.00	Under process
		21386	2017	1	0.16	Under process
		21385	2009 & 2015	2	1.31	Under process
		21206	2021	2	1.61	Under process
		21104	2021	2	1.07	Under process
		21371	2014	1	0.68	Under process
4	RTO Islamabad	20910	2020	4	4.64	Under process
5	RTO Rawalpindi	21039	2020	5	12.98	Under process
		21052	2020	1	7.47	Under process
		20972	2020	6	10.23	Under process
6	RTO Lahore	20982	2020	7	7.91	Under process
		20952	2020	5	1.09	Under process
		21139	2020	1	0.44	Under process
7	RTO Sialkot	21249	2021	4	3.38	Under process
		21623	2021	1	0.27	Under process
		21622	2021	1	1.73	Under process
		21615	2021	1	10.89	Under process

8	RTO Multan	21736	2021	1	0.10	Under process
		21263	2020 & 2021	12	554.07	Under process
		21301	2020 & 2021	2	3.25	Under process
		21582	2021	9	580.28	Rs 564.81 million Under process Rs 15.47 million Subjudice
9	RTO Peshawar	21651	2021	1	7.42	Under process
		21480	2021	1	3.23	Under process
Total				96	2,162.97	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2576	2021	2	48.78	Under Process
2	RTO-II Karachi	2723	2021	13	7.26	Under Process
3	RTO Quetta	2700	2021	9	3.18	Under Process
		2709	2021	4	827.92	Under Process
Total				28	887.13	

Total Cases	124		
Grand Total		3,050.10	

Annexure-12

[Para 5.12]

**Non-realization of default surcharge on late payment of tax
– Rs 2,163.60 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	21327	2021	4	5.25	Under process
		21335	2021	1	2.23	Under process
		21630	2021	3	59.75	Under process
2	CTO Lahore	21395	2021	4	2.66	Under process
		21370	2021	8	3.00	Under process
		21367	2021	6	16.22	Under process
		21105	2021	1	0.46	Under process
Total				27	89.57	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2587	2021	5	6.79	Rs 0.08 Recovery awaited. Rs 6.71 Under Process
		2582	2021	4	19.52	Under Process
2	MTO Karachi	2557	2021	11	16.43	Under Process
		2551	2021	29	84.34	Under Process
		2554	2021	96	27.43	Under Process
3	CTO Karachi	2542	2021	2	0.63	Under Process
		2537	2021	142	54.15	Under Process
		2533	2021	1272	124.15	Under Process
4	RTO-I Karachi	2682	2021	43	15.96	Under Process
		2611	2021	48	17.92	Under Process
		2769	2021	9	6.64	Under Process
5	RTO-II Karachi	2675	2021	20	16.32	Under Process
		2716	2021	216	113.33	Under Process
		2629	2021	55	4.12	Under Process
		2649	2021	100	67.90	Under Process
		2721	2021	145	14.76	Under Process
		2678	2021	10	73.66	Under Process

6	RTO Hyderabad	2639	2021	129	67.99	Under Process
		2642	2021	57	23.89	Under Process
		2729	2021	199	106.51	Under Process
		2733	2021	122	59.80	Under Process
		2787	2021	82	1,065.44	Under Process
7	RTO Sukkur	2602	2021	21	11.80	Under Process
		2657	2021	17	5.13	Under Process
		2604	2021	33	7.97	Under Process
		2664	2021	15	61.48	Under Process
Total				2882	2,074.03	

Total Cases	2909		
Grand Total		2,163.60	

Annexure-13

[Para 5.13]

Non-realization of Workers' Welfare Fund – Rs 1,938.75 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Abbottabad	21181	2020	5	1.49	Rs 0.24 million Recovered & verified Rs 1.25 million Under process
2	LTO Islamabad	21627	2021	9	120.01	Rs 0.68 million Recovered and verified Rs 119.33 million Under process
		21338	2021	8	224.97	Under process
		21322	2021	8	20.89	Under process
3	RTO Multan	21259	2021	4	1.50	Under process
		21307	2020 & 2021	13	3.03	Under process
4	LTO Multan	21583	2021	8	317.57	Under process
		21555	2021	5	12.96	Under process
5	RTO Peshawar	21652	2021	2	0.25	Under process
		21488	2021	3	0.64	Under process
6	CTO Lahore	21174	2020-2021	3	6.72	Under process
		21169	2020-2021	2	3.46	Under process
		21074	2020-2021	2	2.17	Under process
		21202	2021	3	1.77	Under process
		21669	2021	1	1.45	Under process
		21103	2021	3	1.64	Under process
7	RTO Rawalpindi	20974	2020	7	2.51	Under process
		21040	2020	7	2.10	Under process
		21051	2020	7	0.99	Rs 0.34 million Recovered & Verified Rs 0.65 million Under process

8	RTO Lahore	20937	2020	12	2.84	Under process
		21129	2020	5	1.35	Under process
		20986	2020	3	1.28	Under process
		21137	2020- 2021	8	1.10	Under process
		20953	2020	3	0.65	Under process
Total				131	733.34	
Recovered					1.26	
Balance					732.08	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2571	2021	47	476.33	Under Process
2	MTO Karachi	2547	2021	219	426.94	Rs 11.53 Recovery awaited Rs 406.62 Under Process
3	CTO Karachi	2531	2021	910	175.54	Under Process
4	RTO-I Karachi	2617	2021	4	2.14	Under Process
		2684	2021	3	0.98	Under Process
5	RTO-II Karachi	2627	2021	67	13.77	Under Process
		2652	2021	5	4.59	Under Process
		2676	2021	20	4.04	Under Process
		2722	2021	42	9.36	Under Process
6	RTO Hyderabad	2644	2021	34	9.82	Under Process
		2734	2021	112	49.08	Under Process
7	RTO Sukkur	2601	2021	38	11.79	Under Process
8	RTO Quetta	2698	2021	6	31.08	Under Process
Total:				1507	1,215.47	
Recovered					8.80	
Balance					1,206.67	

Total Cases	1638		
Total Recovered		10.06	
Grand Total		1,938.75	

Annexure-14

[Para 5.14]

**Non-recovery of tax on sales to retailers, wholesalers and distributors
- Rs 1,262.95 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Lahore	21068	2020	3	27.08	Under process
		21166	2020	1	22.32	Under process
		21201	2020	1	5.65	Under process
		21097	2020	1	1.61	Under process
2	RTO Lahore	20951	2020	1	1.26	Under process
3	RTO Sialkot	21243	2021	1	0.37	Under process
4	LTO Multan	21580	2021	9	158.52	Under process
5	LTO Islamabad	21329	2021	1	3.07	Under process
6	RTO Faisalabad	21437	2021	1	8.23	Under process
7	RTO Islamabad	20907	2020	1	0.20	Under process
Total				20	228.31	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2579	2021	2	51.30	Under Process
		2581	2021	1	4.94	Under Process
		2583	2021	3	9.01	Rs 7.9 million Under Process
		2589	2021	1	0	Under Process
2	MTO Karachi	2550	2021	53	82.89	Under Process
		2555	2021	41	30.00	Under Process
		2556	2021	2	27.21	Under Process

3	CTO Karachi	2526	2021	855	443.33	Under Process
		2530	2021	57	230.02	Under Process
		2536	2021	360	82.93	Under Process
4	RTO-I Karachi	2613	2021	1	8.40	Under Process
		2615	2021	1	2.90	Under Process
5	RTO-II Karachi	2630	2021	5	2.30	Under Process
		2631	2021	1	2.00	Under Process
		2669	2021	10	0.40	Under Process
		2670	2021	20	5.63	Under Process
6	RTO Hyderabad	2790	2021	15	8.94	Under Process
7	RTO Quetta	2688	2021	4	0.59	Under Process
		2689	2021	6	2.78	Under Process
		2690	2021	15	36.61	Under Process
		2802	2021	1	3.54	Under Process
Total				1454	1,035.73	
Recovered					1.09	
Balance					1,034.64	

Total Cases	1474		
Total Recovered		1.09	
Grand Total		1,262.95	

Annexure-15

[Para 5.15]

**Non-recovery of withholding tax on income from property
– Rs 1,144.63 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Multan	21735	2020 & 2021	2	0.64	Under process
		21302	2020 & 2021	2	0.49	Under process
2	RTO Faisalabad	21436	2021	2	9.45	Under process
3	LTO Islamabad	21628	2021	5	47.78	Under process
		21336	2021	1	3.92	Under process
4	RTO Sialkot	21252	2021	1	0.19	Under process
		21236	2021	1	0.06	Under process
5	CTO Lahore	21101	2021	1	15.71	Under process
6	RTO Rawalpindi	21035	2020	7	69.39	Rs 1.15 million Subjudice Rs 68.24 million Under process
7	RTO Islamabad	20906	2020	5	6.21	Under process
8	RTO Lahore	20967	2020	2	0.43	Under process
		20983	2020	3	5.91	Under process
		21132	2020	4	6.75	Under process
		21124	2020	3	29.83	Under process
		20946	2020	2	22.38	Under process
Total				41	219.14	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2584	2021	1	3.15	Subjudice

2	RTO-I Karachi	2614	2021	5	7.57	Under Process
		2683	2021	14	90.92	Under Process
		2737	2021	32	200.88	Under Process
		2767	2021	5	20.32	Under Process
3	RTO-II Karachi	2633	2021	3	1.69	Under Process
		2653	2021	7	3.71	Under Process
		2673	2021	15	54.27	Under Process
		2745	2021	188	233.98	Under Process
4	RTO Hyderabad	2789	2021	72	174.09	Under Process
5	RTO Sukkur	2600	2021	6	16.37	Under Process
		2660	2021	8	1.44	Under Process
		2752	2021	40	22.86	Under Process
6	RTO Quetta	2691	2021	49	29.87	Under Process
		2794	2021	5	68.03	Under Process
Total				452	929.15	
Recovered					3.66	
Balance					925.49	

Total Cases	493		
Total Recovered		3.66	
Grand Total		1,144.63	

Annexure-16

[Para 5.16]

Non-realization of withholding tax on dividend – Rs 722.05 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Multan	21581	2021	1	652.37	Under process
		21552	2021	1	65.22	Under process
2	LTO Islamabad	21636	2021	2	3.52	Under process
		21331	2021	2	0.94	Under process
Total				6	722.05	

Annexure-17

[Para 5.17]

Non/short-recovery of withholding tax on salaries – Rs 513.24 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Sialkot	21620	2021	1	1.85	Under process
		21239	2021	1	2.40	Under process
		21238	2021	2	6.40	Under process
2	LTO Lahore	21224	2018 & 2020	2	4.42	Under process
3	RTO Multan	21741	2021	45	21.78	Under process
4	RTO Lahore	20963	2020	3	3.87	Under process
5	CTO Lahore	21168	2020	2	9.31	Under process
		21096	2020	1	2.56	Under process
		21072	2020	1	6.75	Under process
Total				58	59.34	

DGAIR&C (South) Karachi

S. No.	Office	PDP No	Tax Year	No. of Cases	Amount	Remarks
1	LTO Karachi	2573	2021	51	453.18	Under Process
2	RTO-II Karachi	2654	2021	2	0.83	Under Process
Total				53	454.01	
Recovered					0.11	
Balance					453.90	

Total Cases	111		
Total Recovered		0.11	
Grand Total		513.24	

Annexure-18

[Para 5.18]

**Short-realization of tax due to claims of inadmissible tax depreciation allowance
- Rs 344.76 million**

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	RTO Peshawar	21650	2021	1	0.99	Under process
2	LTO Islamabad	21325	2021	6	18.46	Rs 1.13 million Recovery awaited Rs 17.33 Under process
		21635	2021	3	11.85	Under process
3	LTO Multan	21264	2021	1	104.39	Under process
		21556	2021	1	7.97	Under process
4	CTO Lahore	21667	2021	1	10.31	Under process
		21094	2020	1	4.83	Under process
5	RTO Faisalabad	21598	2021	1	2.46	Under process
		21493	2021	1	158.11	Under process
6	RTO Multan	21585	2021	2	18.62	Under process
7	RTO Rawalpindi	20970	2020	1	6.77	Under process
Total				19	344.76	

Annexure-19

[Para 5.21]

Non-recovery of tax on brokerages and commissions - Rs 140.24 million

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	LTO Islamabad	21634	2021	2	13.81	Under process
		21320	2021	3	77.51	Under process
2	LTO Multan	21256	2021	1	47.71	Under process
3	RTO Sialkot	21241	2021	3	1.21	Under process
Total				9	140.24	

Annexure-20

[Para 6.1]

Non-recovery of adjudged dues / arrears – Rs 34,038.32 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance Amount
1	RTO Rawalpindi	21185-ST	20	203.31	3.92	199.39
		20976-ST	22	91.09	28.55	62.54
		21045-ST	13	76.77	25.60	51.17
2	LTO Lahore	21229-ST	01	75.22	-	75.22
Total			56	446.39	58.07	388.32

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance Amount
1	CTO Karachi	6975-ST	01	67.74	-	67.74
2	LTO Karachi	6992-ST	78	31,686.65	-	31,686.65
3	RTO-I Karachi	7084-ST	01	1,887.29	-	1,887.29
4	RTO-II Karachi	7035-ST	13	9.37	1.05	8.32
Total			93	33,651.05	1.05	33,650.00
Grand Total			149	34,097.44	59.12	34,038.32

Annexure-21

[Para 6.2]

**Short-realization of sales tax due to inadmissible adjustments of input tax credits
– Rs 18,960.08 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance Amount
1	RTO Lahore	21141-ST	04	10,620.94	-	10,620.94
		20987-ST	02	237.76	-	237.76
		20988-ST	01	40.84	-	40.84
		20940-ST	01	12.09	-	12.09
		20957-ST	02	10.33	-	10.33
		20942-ST	04	2.99	-	2.99
		20995-ST	01	0.55	-	0.55
		21121-ST	01	0.38	-	0.38
2	RTO Multan	21744-ST	01	1,000.00	-	1,000.00
		21729-ST	01	1,184.65	-	1,184.65
		21743-ST	04	1,329.04	-	1,329.04
		21754-ST	01	39.08	-	39.08
		21310-ST	01	9.85	-	9.85
		21305-ST	01	3.88	-	3.88
		21759-ST	01	0.48	-	0.48
3	LTO Multan	21568-ST	03	682.90	-	682.90
		21577-ST	03	3.47	-	3.47
		21563-ST	02	0.95	0.16	0.79
		21271-ST	01	0.38	-	0.38
4	CTO Lahore	21214-ST	01	544.35	-	544.35
		21115-ST	01	124.95	-	124.95
		21058-ST	01	38.82	-	38.82
		21080-ST	02	38.41	-	38.41
		21393-ST	03	17.22	-	17.22
		21158-ST	01	11.99	-	11.99
		21106-ST	03	11.73	-	11.73
		21359-ST	03	6.68	-	6.68
		21064-ST	02	3.42	0.64	2.78
		21161-ST	01	3.01	-	3.01

5	RTO Abbottabad	21023-ST	05	226.48	-	226.48
		21026-ST	02	7.50	1.07	6.43
6	RTO Islamabad	20928-ST	01	162.81	-	162.81
		20931-ST	13	10.95	0.02	10.93
		20915-ST	02	56.05	-	56.05
		20917-ST	01	19.00	-	19.00
		20919-ST	01	7.33	-	7.33
		20921-ST	13	4.12	0.78	3.34
		20923-ST	01	0.28	-	0.28
7	RTO Peshawar	21660-ST	02	69.12	-	69.12
		21655-ST	01	2.90	-	2.90
		21469-ST	01	0.47	-	0.47
		21472-ST	01	0.26	-	0.26
8	RTO Faisalabad	21441-ST	01	34.43	-	34.43
		21425-ST	05	5.16	-	5.16
9	RTO Rawalpindi	21044-ST	01	6.34	-	6.34
10	LTO Islamabad	21314-ST	02	3.97	-	3.97
Total			106	16,598.31	2.67	16,595.64

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered / Not due/ vacated	Balance Amount
1	LTO Karachi	6995-ST	01	1,392.11	-	1,392.11
		7003-ST	01	206.56	-	206.56
2	MTO Karachi	6984-ST	18	251.59	-	251.59
3	CTO Karachi	6974-ST	43	237.51	-	237.51
4	RTO-II Karachi	7038-ST	01	2.07	-	2.07
		7040-ST	02	1.51	-	1.51
		7049-ST	01	1.03	-	1.03
5	RTO Hyderabad	7048-ST	01	0.86	-	0.86
		7100-ST	01	0.24	-	0.24
6	RTO Quetta	7071-ST	15	201.78	-	201.78
		7094-ST	03	69.18	-	69.18
Total			87	2,364.44	-	2,364.44
Grand Total			193	18,962.75	2.67	18,960.08

Annexure-22

[Para 6.3]

Non-withholding of sales tax - Rs 12,356.02 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	LTO Lahore	21227-ST	06	355.58	-	355.58
2	CTO Lahore	21155-ST	13	37.57	-	37.57
		21060-ST	03	7.77	-	7.77
		21114-ST	01	2.23	-	2.23
		21076-ST	01	1.69	-	1.69
3	RTO Multan	21755-ST	01	28.40	-	28.40
		21304-ST	01	10.09	-	10.09
4	RTO Faisalabad	21431-ST	31	26.60	-	26.60
		21432-ST	07	1.92	-	1.92
5	RTO Islamabad	20908-ST	03	7.42	-	7.42
6	RTO Sialkot	21608-ST	01	0.42	-	0.42
Total			68	479.69	-	479.69

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	LTO Karachi	6993-ST	237	9,112.19	52.19	9,060.00
		6999-ST	02	453.84	-	453.84
		7004-ST	01	151.94	-	151.94
		7095-ST	01	6.72	-	6.72
2	MTO Karachi	6990-ST	11	2.34	-	2.34
3	CTO Karachi	6969-ST	194	1,466.55	-	1,466.55
		6972-ST	1761	700.92	-	700.92
4	RTO-II Karachi	7037-ST	40	2.35	-	2.35
		7080-ST	55	19.37	-	19.37
5	RTO Hyderabad	7105-ST	42	10.36	-	10.36
6	RTO Sukkur	7081-ST	19	1.94	-	1.94
		7082-ST	557	-	-	-
Total			2920	11,928.52	52.19	11,876.33
Grand Total			2988	12,408.21	52.19	12,356.02

Annexure-23

[Para 6.4]

**Loss of government revenue due to inadmissible payment of sales tax refunds
– Rs 4,791.77 million**

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Sialkot	21602-ST	40	1,260.53
2	CTO Lahore	21150-ST	08	772.76
		21175-ST	10	343.22
		21172-ST	01	252.23
		21055-ST	03	118.27
		21057-ST	01	50.16
		21374-ST	02	15.86
		21375-ST	10	6.42
		21376-ST	01	4.92
		21062-ST	01	4.01
		21378-ST	01	3.70
		21379-ST	02	2.28
		21088-ST	01	1.45
		21380-ST	01	0.80
		21381-ST	02	0.68
		21387-ST	02	0.42
		21388-ST	01	0.39
3	RTO Faisalabad	21500-ST	02	684.54
		21439-ST	01	473.43
		21510-ST	536	443.22
		21502-ST	56	130.36
		21421-ST	24	33.42
4	RTO Lahore	20941-ST	01	3.30
5	MTO Karachi	6985-ST	05	185.40
Total			712	4,791.77

Annexure-24

[Para 6.6]

**Short-realization of sales tax due to non-apportionment of input tax
- Rs 3,865.68 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Not due	Balance Amount
1	LTO Multan	21567-ST	03	817.01	-	817.01
		21569-ST	03	423.49	-	423.49
		21558-ST	01	153.04	-	153.04
		21571-ST	06	51.24	-	51.24
		21270-ST	01	0.73	-	0.73
		21565-ST	01	0.18	0.03	0.15
2	RTO Rawalpindi	21042-ST	03	672.35	-	672.35
		21184-ST	01	304.24	-	304.24
3	LTO Lahore	21225-ST	09	439.31	-	439.31
		21230-ST	01	61.67	-	61.67
4	RTO Abbottabad	21024-ST	02	153.36	-	153.36
		21025-ST	01	12.43	-	12.43
5	RTO Islamabad	20914-ST	13	148.29	0.13	148.16
		20929-ST	05	105.01	-	105.01
6	CTO Lahore	21077-ST	01	108.51	-	108.51
		21056-ST	02	52.79	-	52.79
		21218-ST	01	11.26	-	11.26
		21109-ST	01	6.17	-	6.17
7	RTO Faisalabad	21589-ST	01	38.02	-	38.02
8	RTO Lahore	20958-ST	02	7.04	-	7.04
		21147-ST	02	2.11	-	2.11
		20994-ST	02	0.65	-	0.65
9	LTO Islamabad	21313-ST	01	5.04	-	5.04
10	RTO Sialkot	21618-ST	01	3.87	-	3.87
11	RTO Peshawar	21471-ST	01	3.41	-	3.41
Total			65	3,581.22	0.16	3,581.06

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No of cases	Amount pointed out	Not due	Balance Amount
1	MTO Karachi	6991-ST	01	1.10	-	1.10
2	RTO-I Karachi	7027-ST	01	81.68	-	81.68
		7028-ST	01	51.72	-	51.72
3	RTO-II Karachi	7031-ST	02	23.28	-	23.28
4	RTO Sukkur	7020-ST	02	126.84	-	126.84
Total			07	284.62	-	284.62
Grand Total			72	3,865.84	0.16	3,865.68

Annexure-25

[Para 6.7]

Non-realization of sales tax on taxable supplies – Rs 2,115.05 million

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	LTO Karachi	6998-ST	03	475.44
		7001-ST	02	276.44
2	CTO Karachi	6970-ST	20	1,363.17
Total			25	2,115.05

Annexure-26

[Para 6.8]

Non-realization of further tax - Rs 1,996.27 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered	Balance Amount
1	RTO Rawalpindi	20977-ST	04	150.86	2.01	148.85
		21043-ST	03	129.99	-	129.99
		21047-ST	01	26.57	-	26.57
2	LTO Multan	21559-ST	01	88.04	-	88.04
3	RTO Multan	21750-ST	22	68.76	-	68.76
		21758-ST	01	3.99	-	3.99
4	LTO Lahore	21233-ST	02	25.08	-	25.08
5	RTO Lahore	20991-ST	02	9.11	-	9.11
6	RTO Abbottabad	21182-ST	02	3.63	-	3.63
7	RTO Peshawar	21661-ST	01	1.52	-	1.52
8	RTO Sialkot	21605-ST	01	1.27	-	1.27
9	CTO Lahore	21662-ST	01	0.53	-	0.53
Total			41	509.35	2.01	507.34

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	LTO Karachi	6994-ST	03	1,408.31	-	1,408.31
2	MTO Karachi	6987-ST	03	48.33	1.34	46.99
3	RTO-II Karachi	7036-ST	01	4.11	-	4.11
4	RTO Hyderabad	7047-ST	01	2.34	-	2.34
5	RTO Sukkur	7021-ST	01	22.12	-	22.12
6	RTO Quetta	7075-ST	02	5.14	0.08	5.06
Total			11	1,490.35	1.42	1,488.93
Grand Total			52	1,999.90	3.43	1,996.27

Annexure-27

[Para 6.9]

**Loss of revenue due to inadmissible exemption of sales tax
- Rs 1,728.20 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount	Recovered/ Not due/ Vacated	Balance Amount
1	RTO Rawalpindi	21046-ST	01	573.24	-	573.24
2	RTO Faisalabad	21501-ST	02	214.42	-	214.42
3	RTO Multan	21748-ST	01	118.52	-	118.52
		21734-ST	01	0.25	-	0.25
4	LTO Multan	21266-ST	01	66.74	-	66.74
		21573-ST	01	24.92	-	24.92
5	CTO Lahore	21678-ST	01	57.35	-	57.35
		21664-ST	01	3.01	-	3.01
Total			09	1,058.45	-	1,058.45

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	MTO Karachi	6983-ST	02	333.83	53.66	280.17
2	RTO-II Karachi	7034-ST	01	2.54	-	2.54
		7065-ST	02	375.65	-	375.65
3	RTO Quetta	7076-ST	01	2.51	-	2.51
		7077-ST	01	8.88	-	8.88
Total			07	723.41	53.66	669.75
Grand Total			16	1,781.86	53.66	1,728.20

Annexure-28

[Para 6.10]

Non-imposition of penalties and default surcharges – Rs 1,667.33 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ vacated	Balance Amount
1	LTO Lahore	21231-ST	03	30.31	3.03	27.28
2	LTO Multan	21562-ST	01	26.55	-	26.55
		21575-ST	13	13.58	-	13.58
		21564-ST	04	0.49	-	0.49
3	CTO Lahore	21084-ST	03	21.01	-	21.01
		21219-ST	01	18.23	-	18.23
		21113-ST	04	5.84	-	5.84
		21377-ST	50	4.80	-	4.80
		21285-ST	25	3.24	-	3.24
		21286-ST	12	0.59	-	0.59
4	RTO Faisalabad	21590-ST	01	10.46	-	10.46
		21508-ST	85	1.70	-	1.70
		21433-ST	01	1.09	-	1.09
5	RTO Islamabad	20922-ST	01	0.42	-	0.42
6	RTO Lahore	21122-ST	01	0.24	-	0.24
7	RTO Sialkot	21254-ST	06	0.63	-	0.63
		21255-ST	02	0.61	-	0.61
		21609-ST	01	0.12	-	0.12
Total			214	139.91	3.03	136.88

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No of cases	Amount pointed out	Recovered /Not due/ Vacated	Balance Amount
1	LTO Karachi	7006-ST	49	95.86	-	95.86
		7008-ST	01	61.55	-	61.55
		7010-ST	49	32.18	-	32.18
		7014-ST	01	7.51	-	7.51
		7015-ST	49	5.53	-	5.53
		7002-ST	01	237.14	-	237.14
2	CTO Karachi	6973-ST	6452	268.91	-	268.91
		6978-ST	04	1.94	-	1.94

3	RTO-I Karachi	7029-ST	03	1.65	-	1.65
		7030-ST	12	0.56	-	0.56
		7067-ST	100	12.00	-	12.00
		7068-ST	100	100.00	-	100.00
4	RTO-II Karachi	7039-ST	15	1.80	-	1.80
		7041-ST	35	0.94	0.35	0.59
		7050-ST	25	0.25	-	0.25
		7051-ST	01	0.11	-	0.11
		7061-ST	17	432.49	-	432.49
		7062-ST	60	60.00	-	60.00
		7063-ST	159	1.59	-	1.59
5	RTO Hyderabad	7044-ST	02	7.01	-	7.01
		7046-ST	158	3.25	0.05	3.20
		7097-ST	289	5.90	0.19	5.71
6	RTO Sukkur	7019-ST	07	148.52	-	148.52
		7022-ST	29	9.79	-	9.79
		7024-ST	29	1.80	-	1.80
		7054-ST	15	1.12	-	1.12
		7055-ST	250	2.50	-	2.50
		7057-ST	05	13.96	-	13.96
7	RTO Quetta	7101-ST	338	12.01	-	12.01
		7103-ST	593	5.93	3.60	2.33
Total			8860	1,534.64	4.19	1,530.45
Grand Total			9074	1,674.55	7.22	1,667.33

Annexure-29

[Para 6.11]

**Loss of revenue due to non-realization of sales tax on taxable goods
- Rs 1,395.28 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	LTO Multan	21265-ST	01	223.34	-	223.34
		21572-ST	01	49.02	-	49.02
		21268-ST	01	18.01	-	18.01
		21269-ST	01	14.38	-	14.38
		21579-ST	02	1.74	-	1.74
2	CTO Lahore	21079-ST	01	47.03	-	47.03
		21157-ST	01	15.13	-	15.13
		21212-ST	01	10.68	-	10.68
		21151-ST	01	7.97	-	7.97
		21112-ST	02	5.23	-	5.23
		21087-ST	01	3.80	-	3.80
		21215-ST	01	2.58	-	2.58
3	LTO Islamabad	21334-ST	03	48.05	-	48.05
		21638-ST	01	10.14	-	10.14
		21312-ST	02	7.13	-	7.13
4	LTO Lahore	21232-ST	05	26.35	-	26.35
5	RTO Abbottabad	21180-ST	01	23.31	-	23.31
6	RTO Lahore	21143-ST	01	76.03	-	76.03
		20959-ST	01	1.62	-	1.62
7	RTO Multan	21756-ST	128	11.52	-	11.52
		21306-ST	01	1.79	-	1.79
8	RTO Sialkot	21606-ST	06	1.11	-	1.11
Total			163	605.96	-	605.96

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	LTO Karachi	6997-ST	02	556.88	-	556.88
		7007-ST	36	89.22	-	89.22
		7011-ST	01	17.09	-	17.09
		7016-ST	01	1.51	-	1.51
2	MTO Karachi	6986-ST	02	58.43	-	58.43
		6989-ST	08	7.18	-	7.18
3	CTO Karachi	6976-ST	01	29.16	-	29.16
4	RTO-II Karachi	7032-ST	01	16.91	-	16.91
		7033-ST	01	2.85	-	2.85
5	RTO Hyderabad	7043-ST	01	3.93	3.83	0.10
6	RTO Quetta	7078-ST	01	1.86	-	1.86
		7102-ST	01	8.13	-	8.13
Total			56	793.15	3.83	789.32
Grand Total			219	1,399.11	3.83	1,395.28

Annexure-30

[Para 6.12]

**Loss of government revenue due to excess adjustments of input tax
– Rs 678.17 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	LTO Lahore	21228-ST	02	305.71	-	305.71
2	RTO Multan	21747-ST	02	227.95	-	227.95
		21733-ST	01	10.00	-	10.00
3	LTO Multan	21560-ST	01	66.49	-	66.49
		21578-ST	01	2.78	-	2.78
4	CTO Lahore	21086-ST	01	11.19	-	11.19
		21111-ST	01	3.22	-	3.22
		21162-ST	01	1.41	-	1.41
5	RTO Lahore	21120-ST	01	0.58	-	0.58
		20945-ST	01	0.16	-	0.16
Total			12	629.49	-	629.49

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount pointed out	Recovered/ Not due/ Vacated	Balance Amount
1	MTO Karachi	6988-ST	04	14.77	4.07	10.70
2	CTO Karachi	6977-ST	01	2.37	-	2.37
3	RTO-I Karachi	7066-ST	22	12.42	-	12.42
4	RTO-II Karachi	7059-ST	05	17.81	-	17.81
5	RTO Sukkur	7052-ST	15	5.38	-	5.38
Total			47	52.75	4.07	48.68
Grand Total			59	682.24	4.07	678.17

Annexure-31

[Para 6.14]

Lesser collection of sales tax liabilities against declarations in the annual audited accounts – Rs 183.30 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Peshawar	21657	02	147.38
2	LTO Multan	21574	01	14.05
3	CTO Lahore	21107	01	7.59
		21213	01	6.46
		21159	01	5.98
4	RTO Faisalabad	21507	01	1.84
Total			07	183.30

Annexure-32

[Para 6.15]

Non-realization of minimum tax liabilities (Sales Tax) – Rs 66.07 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Faisalabad	21420-ST	07	36.93
		21443-ST	06	12.25
		21506-ST	02	3.65
		21593-ST	08	3.39
Total			23	56.22

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Sukkur	7023-ST	01	5.53
		7025-ST	01	1.47
2	RTO Hyderabad	7099-ST	02	2.85
Total			04	9.85
Grand Total			27	66.07

Annexure-33

[Para 6.17]

Non-conducting of post-refund audits

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Sialkot	21601-ST	21	877.48
		21592-ST	12	3.45
2	RTO Faisalabad	21587-ST	20	770.40
		21440-ST	65	24.39
		21423-ST	18	7.00
3	CTO Lahore	21152-ST	63	76.31
		21078-ST	24	60.42
		21063-ST	12	3.51
Total			235	1,822.96

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount
1	LTO Karachi	7000-ST	50	537.08
2	CTO Karachi	6979-ST	-	7,057.16
Total			50	7,594.24
Grand Total			285	9,417.20

Annexure-34

[Para 7.1]

**Non-realization of federal excise duty on goods and services
– Rs 1,462.03 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Not due/ vacated	Balance Amount
1	LTO Islamabad	21311-FED	02	935.77	-	935.77
		21637-FED	02	330.92	-	330.92
2	RTO Peshawar	21659-FED	01	174.25	-	174.25
3	CTO Lahore	21221-FED	01	18.38	-	18.38
4	RTO Abbottabad	21028-FED	01	4.74	2.03	2.71
Total			07	1,464.06	2.03	1,462.03

Annexure-35

[Para 8.1]

Non-recovery of adjudged government revenue – Rs 13,298.74 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (SWH), Faisalabad, Prev. Lahore	7759	3	3.00	-	3.00
		7760	1	0.31	-	0.31
2	DC (Pvt. Bonds), Mughalpura Dryport, Appr. Lahore	7872	109	7.53	-	7.53
		7891	1	351.83	-	351.83
	DC (M. Bonds), Mughalpura Dryport, Appr. Lahore	7896	1	0.66	-	0.66
3	AC (DTRE), Dryport, Sialkot	8058	16	22.52	5.19	17.34
	AC (Import), Dryport, Sialkot	8063	1	7.11	-	7.11
4	AC (DTRE/BWH), Dryport Azakhel, Appr. Peshawar	8208	1	49.53	-	49.53
Total			133	442.50	5.19	437.31

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered / vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	1964	1	0.50	-	0.50
		1966	2	7.42	-	7.42
		1967	1	4.81	-	4.81
		1968	1	-	-	-
2	CoC Appraisalment, (PMBQ), Karachi	1913	18	19.55	-	19.55

3	CoC Appraisalment, (West), Karachi	1971	52	4,034.38	-	4,034.38
		1973	36	4,102.37	-	4,102.37
		1974	23	424.52	-	424.52
		1975	1	14.20	-	14.20
		1976	1	0.76	-	0.76
		1977	484	601.46	-	601.46
		2150	19	3.29	-	3.29
		2252	1	6.79	-	6.79
		2268	10	155.40	-	155.40
4	CoC Appraisalment, Quetta	2115	16	6.80	-	6.80
5	CoC Enforcement, Karachi	2197	3	0.24	-	0.24
6	CoC Exports, CH Karachi	1958	3	6.39	-	6.39
7	CoC Gwadar	2027	1	7.30	-	7.30
8	CoC Hyderabad	2036	1	0.03	-	0.03
9	CoC JIAP, Karachi	2254	10	27.94	-	27.94
		2000	1	0.07	0.05	0.02
10	Collector Adjudication- II, Karachi	2335	6	67.87	-	67.87
		2336	59	826.73	-	826.73
		2337	52	276.94	-	276.94
11	Dir Post Clearance Audit, Karachi	2418	48	2,104.72	-	2,104.72
		2419	93	82.17	-	82.17
		2424	5	78.86	-	78.86
Total		948	12,861.48	0.05	12,861.43	
Grand Total		1081	13,303.98	5.24	13,298.74	

Annexure-36

[Para 8.2]

**Blockage of potential revenue due to non-disposal of confiscated goods –
Rs 11,122.60 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DD I & I, (SWH), Multan	7719	17	309.57	0.90	308.67
		7720	22	80.40	30.90	49.50
		7722	16	81.23	43.50	37.73
		7723	10	63.05	14.85	48.20
		7724	1	1.12	0.80	0.32
2	DD I & I, (SWH), Gujranwala, Director I & I Lahore	7738	13	104.55	6.00	98.55
		7739	2	14.00	8.50	5.50
	Dir I & I, (SWH), Lahore	7899	19	429.03	13.27	415.76
3	DC SWH (HQ), Prev. Lahore	7749	43	436.88	-	436.88
		7750	33	247.01	-	247.01
		7748	10	351.39	-	351.39
	AC (SWH), Shahnoor Studio, Prev. Lahore	7752	8	32.10	-	32.10
		7753	52	5.20	-	5.20
		7754	57	605.49	-	605.49
	AC (SWH), Dryport, Faisalabad, Prev. Lahore	7756	61	365.77	83.85	281.93
		7757	30	50.65	16.85	33.80
	AC (ASO), Sargodha Prev. Lahore	7761	15	37.52	0.41	37.11
7762		26	41.29	3.30	37.99	
4	DC (SWH) AFU, AIIA, Lahore	7771	24	-	-	-
		7772	3881	-	-	-
		7822	85	13.01	-	13.01

5	DC (Imports), AFU, Sialkot	7833	81	2.47	0.28	2.19
	AC (SWH), Dryport, Sialkot	8043	99	395.60	119.44	276.16
		8044	20	49.32	-	49.32
6	DC (MBCO) Mughalpura Dryport, Appr. Lahore	7893	1	51.69	-	51.69
7	DC (SWH), Dryport, Islamabad	7930	26	93.10	88.10	5.00
		7931	45	38.05	13.45	24.60
	DC (SWH), AFU, Islamabad	7933	36	3.53	-	3.53
8	DD (Auction), I&I Rawalpindi	7934	12	40.00	17.50	22.50
	DD (SWH), I&I Rawalpindi	7936	10	96.50	6.50	90.00
		7937	11	46.15	3.31	42.84
9	AC (Imports), Dry port, Sust	8031	18	85.13	-	85.13
10	DC (SWH A to G), Prev. Peshawar	8085	23	68.08	10.80	57.28
		8086	31	36.34	4.92	31.43
		8087	23	30.38	-	30.38
		8088	32	25.23	2.77	22.46
		8090	37	5.48	3.81	1.67
		8091	37	3.35	0.94	2.41
	AC (Auction), Prev. Peshawar	8093	16	14.92	5.60	9.31
		8094	144	46.53	-	46.53
	DC (SWH) Abbottabad, Prev. Peshawar	8195	3	9.14	3.43	5.71
	DC (SWH) Nowshehra, Prev. Peshawar	8196	6	9.10	3.50	5.60
		8197	16	13.31	0.66	12.65
	DC (SWH) Mardan,	8199	18	33.35	16.40	16.95

	Prev. Peshawar	8200	6	10.23	4.50	5.73
11	DC (SWH) Kohat, Prev. D.I. Khan	8126	27	89.99	-	89.99
		8127	17	38.20	9.80	28.40
12	DD (SWH) I&I, Peshawar	8201	17	23.52	13.58	9.93
		8202	34	63.20	8.86	54.34
Total		5,271		4,691.15	561.29	4,129.86

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered / vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	1961	26	40.89	-	40.89
		2174	7	63.48	3.46	60.02
2	CoC Appraisalment, (PMBQ), Karachi	1914	12	104.10	-	104.10
		2280	23	179.39	-	179.39
3	CoC Appraisalment, (West), Karachi	2166	2	3,585.00	2.81	3,582.19
		2169	1	3.26	-	3.26
4	CoC Enforcement, Karachi	2047-A	1	1.85	-	1.85
		2048	6	7.92	-	7.92
		2049	1	1.62	-	1.62
		2050	1	0.83	-	0.83
		2051	1	1.50	-	1.50
		2052	1	63.31	-	63.31
		2053	39	-	-	-
		2061	17	98.00	-	98.00
		2062	24	-	-	-
		2063	181	-	-	-
		2066	9	97.16	-	97.16
		2067	4	9.23	-	9.23
		2068	10	2.29	-	2.29
		2070	8	-	-	-
		2190	1	0.73	-	0.73
		2349	6	-	-	-
2352	59	630.22	-	630.22		

		2354	10	6.88	-	6.88
		23565	87	139.43	-	139.43
		23576	14	5.45	-	5.45
		2358	83	-	-	-
		2359	19	144.04	-	144.04
		2360	57	51.98	-	51.98
		2362	1	-	-	-
		2364	15	-	-	-
		2365	1	0.84	-	0.84
		2369	2	2.63	-	2.63
		2374	36	166.73	-	166.73
		2375	12	17.11	-	17.11
		2376	1	2.07	-	2.07
		2377	1	0.12	-	0.12
		2378	12	21.23	-	21.23
5	CoC Enforcement, Quetta	2313	6	33.54	19.68	13.86
		2314	4	156.63	73.40	83.23
		2315	5	14.71	2.95	11.76
		2316	6	12.65	0.70	11.95
		2464	8	208.14	2.28	205.86
		2465	14	-	-	-
		2466	3	16.65	1.63	15.02
		2467	2	16.42	-	16.42
		2468	1	8.40	1.66	6.74
		2469	9	37.34	2.26	35.08
		2471	33	217.09	60.34	156.75
6	CoC Gwadar	1951	38	-	-	-
		2404	7	5.25	3.15	2.10
		2405	0	2.50	1.63	0.87
		2406	3	4.52	1.58	2.94
		2407	1	0.47	0.34	0.13
		2408	4	-	-	-
7	CoC Hyderabad	2030	11	83.29	-	83.29
		2305	2	1.50	-	1.50

		2306	1	2.33	-	2.33
		2307	3	13.15	7.05	6.09
		2308	1	1.13	-	1.13
		2309	1	0.39	-	0.39
		2399	17	34.60	-	34.60
		2400	67	70.17	-	70.17
		2401	26	0.59	-	0.59
		2402	45	16.43	-	16.43
		2403	83	-	-	-
		2414	2	-	-	-
		2415	11	22.09	-	22.09
		2416	9	6.59	-	6.59
		2417	6	4.27	-	4.27
8	CoC JIAP, Karachi	1998	1	10.70	-	10.70
9	DG Pakistan Coast Guard, Karachi	2323	18	53.00	17.99	35.01
		2324	17	47.95	-	47.95
		2325	6	13.50	-	13.50
		2326	12	8.71	-	8.71
		2327	10	1.67	-	1.67
		2328	6	0.94	-	0.94
		2329	6	0.96	-	0.96
		2330	4	5.69	-	5.69
		2331	26	-	-	-
		2332	11	-	-	-
		2333	13	-	-	-
10	Director I&I Gawadar	2282	1	23.87	-	23.87
		2283	5	20.91	-	20.91
11	Director of Transit Trade, Quetta	2391	5	100.19	-	100.19
		2392	1	-	-	-
12	Directorate of I&I Customs, Quetta	2512	1	11.44	-	11.44
		2513	33	219.97	-	219.97
		2514	6	-	-	-
		2517	10	115.85	-	115.85
		2519	1	31.74	-	31.74

		2520	1	19.89	-	19.89
		2521	1	4.51	-	4.51
		2522	1	7.63	-	7.63
		2523	1	2.43	-	2.43
13	Directorate of I&I Sukkur	2459	2	1.53	-	1.53
		2461	1	14.54	10.34	4.20
		2462	9	18.68	-	18.68
		2463	9	-	-	-
14	Directorate of I&I, Customs, Karachi	2496	7	15.41	-	15.41
		2497	1	1.61	1.34	0.28
		2499	1	2.22	-	2.22
		2502	1	4.20	1.43	2.78
		2503	1	0.95	-	0.95
		2504	1	2.99	-	2.99
		2505	1	3.41	-	3.41
		2506	1	0.39	-	0.39
		2507	1	0.97	-	0.97
		2509	1	0.19	-	0.19
Total		1454		7,208.75	216.02	6,992.73
Grand Total		6,725		11,899.90	777.31	11,122.60

Annexure-37

[Para 8.3]

Non-finalization of financial instruments due to non-fulfilment of conditions provided under concessionary SROs – Rs 9,054.85 million

DGAIR&C (North) Lahore

(Rs in million)

S. No	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	AC (ASO), Sargodha Prev. Lahore	7763	1	5.75	-	5.75
2	DC (BG), Dryport, Sialkot	7829	1255	1,499.94	339.32	1,160.62
		7830	284	350.25	-	350.25
		8047	797	1,261.44	-	1,261.44
3	DC (BG), Dryport Azakhel, Appr Peshawar	8124	7	21.31	-	21.31
		8125	16	9.09	4.47	4.62
Total			2360	3,147.78	343.79	2,803.99

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment, (PMBQ), Karachi	1905	17	102.12	11.82	90.30
		1906	4	3.74	-	3.74
		1907	7	18.81	-	18.81
2	CoC Appraisalment, (West), Karachi	1930	1609	1,985.05	-	1,985.05
		1931	1669	1,871.71	-	1,871.71
		1932	293	345.42	-	345.42
		1933	500	340.33	-	340.33
		1934	213	129.64	-	129.64
		1935	4	1.81	-	1.81
		1936	5	5.50	-	5.50

3	CoC Exports, CH Karachi	1959	118	-	-	-
4	CoC JIAP, Karachi	1978	54	-	-	-
		1979	39	78.68	-	78.68
5	CoC Appraisalment (East), Karachi	1986	6	12.42	-	12.42
		1987	45	28.28	-	28.28
		1988	481	432.44	-	432.44
		1989	2	0.51	-	0.51
		1990	5	7.77	-	7.77
		1991	269	559.34	-	559.34
		1992	58	198.52	-	198.52
		1993	12	10.19	-	10.19
6	CoC PMBQ (Export) Karachi	2296	16	0.07	0.03	0.04
		2389	-	-	-	-
7	Director of Transit Trade, Quetta	2389	-	-	-	-
Total			5527	6,262.72	11.85	6,250.86
Grand Total			7,887	9,410.50	355.64	9,054.85

Annexure-38

[Para 8.4]

Loss of government revenue due to inadmissible exemptions/concessions in duties and taxes – Rs 5,405.54 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (un-accompanied baggage), AFU, AIIA, Lahore	7774	3	0.11	-	0.11
	DC (Imports), AFU, AIIA, Lahore	7791	4	0.21	0.06	0.15
2	DC (Import) AFU, Sialkot	7834	1	0.78	-	0.78
3	DC (Imports) Mughalpura Dryport, Appr. Lahore	7838	219	171.65	-	171.65
		7842	211	51.43	-	51.43
		7849	1	17.40	-	17.40
		7856	13	2.91	-	2.91
		7858	42	1.86	-	1.86
	DC Import NLC Dry Port, Appr. Lahore	7885	61	14.81	-	14.81
		7886	3	1.62	-	1.62
	DC Import Prem Nagar, Dry Port, Appr, Lahore	7888	1	0.75	-	0.75
		7889	1	0.38	-	0.38
	DC (Bonds), Mughalpura Dryport, Appr Lahore	7895	1	5.13	-	5.13
4	DC (Imports) Dryport, Islamabad	7957	5	2.51	-	2.51
		7959	80	2.28	-	2.28
		7965	5	0.79	-	0.79
	DC, (Imports), AFU, Islamabad	7988	21	2.68	-	2.68
		8005	78	8.00	0.01	7.99
		8007	7	5.71	0.73	4.99
5	DC (Imports) Dryport Azakhel, Appr. Peshawar	8183	1	0.22	-	0.22
		Total	758	291.23	0.79	290.44

DGAIR&C (South) Karachi

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	1897	7	1.17	-	1.17
		1901	1	4.41	-	4.41
		2079	474	38.86	-	38.86
		2083	12	7.74	-	7.74
		2085	3	4.33	-	4.33
		2086	56	2.89	-	2.89
		2087	6	1.87	-	1.87
		2094	1896	1,376.10	-	1,376.10
		2096	59	165.53	-	165.53
		2100	2	1.51	-	1.51
		2103	1	0.82	-	0.82
		2106	1	0.43	-	0.43
		2110	1	0.08	-	0.08
		2300	3	0.35	-	0.35
		2472	1	1.08	-	1.08
2	CoC Appraisalment, (PMBQ), Karachi	1859	1071	980.94	-	980.94
		1860	195	133.66	-	133.66
		1862	108	58.16	-	58.16
		1863	2	14.40	-	14.40
		1868	2	1.02	-	1.02
		1869	1	0.91	-	0.91
		1873	1	0.56	-	0.56
		1874	1	0.55	-	0.55
		1875	1	0.52	-	0.52
		1885	1	0.27	-	0.27
		1887	2	0.23	-	0.23
		1891	1	-	-	-
		2530	1	0.65	-	0.65
		2531	11	0.05	-	0.05
		3	CoC Appraisalment, (West), Karachi	2008	95	6.70
2009	7			1.62	-	1.62
2014	1			0.12	-	0.12
2019	2			0.13	0.01	0.12
2076	7			1.62	-	1.62
2121	15			20.16	-	20.16
2122	176			12.48	-	12.48
2128	9			37.83	-	37.83

		2129	296	25.10	-	25.10
		2132	19	3.03	-	3.03
		2133	1	2.35	-	2.35
		2151	8	0.72	-	0.72
		2204	1	0.40	-	0.40
		2205	1	0.49	-	0.49
		2208	23	1.73	-	1.73
		2273	2	0.01	-	0.01
		2274	3	2.15	-	2.15
		2275	3	4.25	-	4.25
		2276	1	0.03	-	0.03
4	CoC Appraisalment, Quetta	1836	12	5.34	-	5.34
		1840	9	2.94	-	2.94
		1841	7	2.94	-	2.94
		1842	1	2.35	-	2.35
		1843	1	2.25	-	2.25
		1844	2	1.99	-	1.99
		1845	5	1.92	-	1.92
		1850	3	0.83	-	0.83
		1855	1	0.24	-	0.24
		1856	1	0.19	-	0.19
		1857	4	0.16	-	0.16
		1858	2	0.14	-	0.14
		1896	1	-	-	-
		2116	1	1.91	-	1.91
		2243	1	1.79	-	1.79
5	CoC Gwadar	2028	83	-	-	-
		2441	5	0.67	-	0.67
		2442	8	0.52	-	0.52
		2443	10	0.14	-	0.14
6	CoC Hyderabad	2451	4	0.25	-	0.25
7	CoC JIAP, Karachi	2255	4	4.00	-	4.00
		2260	1	2.16	-	2.16
		2263	3	0.04	-	0.04
		2264	1	0.33	-	0.33
		2267	1	0.52	-	0.52
		2040	4	0.20	-	0.20
		2041	13	1.96	-	1.96
		2042	1	0.30	-	0.30
		2044	1	0.04	-	0.04
		2046	3	0.13	0.03	0.10
2047	3	0.04	-	0.04		

8	Director IOCO, Karachi	2338	37	1,571.79	-	1,571.79
		2339	82	238.31	-	238.31
		2341	60	175.83	-	175.83
		2342	1	23.06	-	23.06
		2345	1	-	-	-
		2072	3	27.95	-	27.95
		2074	1	-	-	-
		2075	1	9.55	-	9.55
9	Directorate of I&I Customs, Quetta	2518	7	112.37	-	112.37
		Total	4,980	5,115.14	0.04	5,115.10
		Grand Total	5738	5,406.37	0.83	5,405.54

Annexure-39

[Para 8.5]

Non-finalization of cases under adjudication – Rs 2,972.08 million

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Enforcement, Karachi	2065	35	45.35	-	45.35
		2192	1	0.46	-	0.46
		2357	48	61.54	-	61.54
2	Collector Adjudication-I, Karachi	2319	15	705.76	-	705.76
		2320	44	189.43	-	189.43
3	Collector Adjudication-II, Karachi	2334	11	971.73	458.54	513.19
4	Dir Post Clearance Audit, Karachi	2423	1	1,450.17	-	1,450.17
		2425	5	6.18	-	6.18
Total			160	3,430.62	458.54	2,972.08

Annexure-40

[Para 8.6]

Non realization of revenue from beneficiaries of export schemes – Rs 2,077.26 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (DTRE), Mughalpura Dryport, Appr. Lahore	7880	1	350.30	-	350.30
		7881	2	121.05	-	121.05
		7882	1	41.73	-	41.73
		7883	1	12.74	-	12.74
		7884	1	7.71	-	7.71
2	AC (DTRE), Dryport, Sialkot	8057	8	20.32	3.86	16.46
		8059	2	12.90	-	12.90
		8060	15	3.27	1.03	2.24
		8061	11	0.71	0.25	0.45
	AC (Bonds), Dryport, Sialkot	8076	1	6.27	-	6.27
	AC (EPZs/EOUs), Dryport, Sialkot	8082	5	4.62	0.92	3.70
		8078	1	53.66	-	53.66
		8079	5	10.10	-	10.10
		8080	2	2.61	-	2.61
		8081	1	4.84	-	4.84
	AC (BG), Dryport, Sialkot	8048	10	5.59	-	5.59
		8050	3	0.47	-	0.47
		8049	1	3.04	-	3.04
3	AC (DTRE/BWH), Dryport Azakhel, Appr. Peshawar	8207	1	33.56	28.11	5.45
4	DC (Bonds) Dryport, Islamabad	7917	6	59.87	-	59.87
		7918	3	35.20	10.53	24.66
Total			81	790.54	44.70	745.84

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment, Quetta	2321	8	742.16	-	742.16
		2322	8	-	-	-
2	CoC Exports, CH Karachi	2211	1	0.69	-	0.69
		2213	1	20.07	-	20.07
		2214	1	16.23	-	16.23
		2215	1	12.62	9.11	3.51
		2216	1	0.57	-	0.57
		2217	5	-	-	-
		2218	1	119.35	6.16	113.19
		2219	1	-	-	-
3	CoC Gwadar	1919	1	-	-	-
		1920	1	-	-	-
		1921	1	-	-	-
		1922	1	-	-	-
		1923	1	41.00	-	41.00
		1924	1	-	-	-
4	CoC JIAP, Karachi	2001	10	-	-	-
5	CoC PMBQ (Export) Karachi	2289	7	149.85	-	149.85
		2290	16	-	-	-
6	Directorate of IOCO, CH, Karachi	2073	1	244.15	-	244.15
Total			68	1,346.69	15.27	1,331.42
Grand Total			149	2,137.23	59.97	2,077.26

Annexure-41

[Para 8.7]

Blockage of government revenue due to non-clearance of bonded goods**- Rs 1,433.12 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (Imports), AFU, AIIA, Lahore	7802	1	1.75	-	1.75
		7805	4	0.67	-	0.67
2	DC (Imports) Mughalpura Dryport, Appr. Lahore	7852	58	13.07	-	13.07
		7855	20	3.47	-	3.47
		7859	21	1.28	-	1.28
		7862	20	0.73	-	0.73
	DC (Pvt Bonds) Mughalpura Dryport, Appr. Lahore	7877	7	2.31	-	2.31
Total			131	23.28	-	23.28

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment, (PMBQ), Karachi	1908	6	38.50	-	38.50
		1909	8	1.21	-	1.21
		1910	17	-	-	-
2	CoC Appraisalment, (West), Karachi	1926	9	112.49	25.99	86.50
		1928	11	59.81	-	59.81
		1929	1	0.22	-	0.22
		2269	226	1,540.74	328.85	1,211.89
		2270	50	11.22	-	11.22
3	CoC Hyderabad	2452	3	0.50	-	0.50
Total			331	1,764.68	354.84	1,409.84
Grand Total			462	1,787.96	354.84	1,433.12

Annexure-42

[Para 8.8]

Loss of government revenue due to short realization of sales tax and value addition tax at import stage – Rs 1,405.63 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (Imports) Mughalpura Dryport, Appr. Lahore	7837	1692	184.80	-	184.80
		7841	747	60.19	-	60.19
		7845	765	34.80	-	34.80
	DC (Pvt Bonds) Mughalpura Dryport, Appr. Lahore	7868	36	74.61	-	74.61
		7871	209	17.59	-	17.59
		7874	67	5.62	-	5.62
	DC (Imports) NLC Dryport, Appr. Lahore	7887	4	0.74	-	0.74
2	DC (Imports) Dryport, Islamabad	7956	11	5.09	0.03	5.06
		7966	23	0.33	-	0.33
	DC (Imports), AFU, Islamabad	8002	49	60.08	-	60.08
		8004	26	28.25	-	28.25
	DC (Imports), AFU, Islamabad	8000	30	0.39	0.01	0.38
3	DC (Imports), LCS Ghulam Khan, Appr. Peshawar	8107	34	4.73	0.17	4.56
	DC (Imports), LCS Angor Adda, Appr. Peshawar	8120	5	13.20	-	13.20
		8121	548	7.06	-	7.06
		8122	278	2.73	-	2.73
	DC (Imports), LCS Turkham, Appr. Peshawar	8128	26	7.03	-	7.03
		8129	127	4.30	-	4.30
		8138	11	0.29	-	0.29
	DC (Imports), Dryport Azakhel, Appr. Peshawar	8167	28	0.96	-	0.96
8168		19	2.22	-	2.22	

4	DC (SWH) Nowshehra, Prev. Peshawar	8198	1	0.11	-	0.11
Total		4736		515.13	0.21	514.92

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered / vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	1902	5	8.69	-	8.69
		2081	7	19.41	-	19.41
		2082	295	10.75	-	10.75
		2084	1	4.96	-	4.96
		2088	1	1.26	-	1.26
		2089	38	1.19	-	1.19
		2090	1	0.56	-	0.56
		2102	3	1.16	-	1.16
		2104	1	0.61	-	0.61
		2105	1	0.50	-	0.50
		2107	22	0.39	-	0.39
		2108	2	0.30	-	0.30
		2109	1	0.21	-	0.21
		2301	73	1.76	-	1.76
		2476	1	1.39	-	1.39
		2487	2	3.05	-	3.05
2	CoC Appraisalment, (PMBQ), Karachi	1861	474	92.80	-	92.80
		1864	3	6.75	-	6.75
		1867	1	1.99	-	1.99
		1871	1	0.73	-	0.73
		2533	1	0.51	-	0.51
		2534	1	0.75	-	0.75
3	CoC Appraisalment, (West), Karachi	2004	1	0.02	-	0.02
		2010	1	0.45	-	0.45
		2017	8	0.32	-	0.32
		2021	32	4.22	-	4.22
		2024	1	0.34	-	0.34
		2025	1	6.45	-	6.45
		2125	5	1.48	-	1.48
		2126	4	0.74	-	0.74

		2130	397	10.19	-	10.019
		2131	4	8.32	-	8.32
		2134	2	1.55	-	1.55
		2135	4	1.09	-	1.09
		2136	1	0.75	-	0.75
		2149	4	14.51	-	14.51
		2159	9	5.33	-	5.33
		2186	26	0.65	-	0.65
		2203	3	8.12	-	8.12
		2206	28	1.71	-	1.71
		2207	1	1.83	-	1.83
		2271	3	0.27	-	0.27
		2272	1	0.84	-	0.84
4	CoC Appraisalment, Quetta	1846	27	1.67	-	1.67
		1848	16	1.04	-	1.04
		1851	14	0.80	-	0.80
		1854	1	0.26	-	0.26
		2144	9	0.54	-	0.54
		2221	4	0.61	-	0.61
		2222	28	0.29	-	0.29
		2223	7	0.30	-	0.30
		2224	3	0.98	-	0.98
		2225	227	109.85	-	109.85
		2226	20	23.11	-	23.11
		2227	11	6.37	-	6.37
		2228	19	17.45	-	17.45
		2229	16	7.49	-	7.49
		2230	17	18.72	-	18.72
		2231	13	8.44	-	8.44
		2232	1	0.57	-	0.57
		2233	65	63.20	-	63.20
		2234	34	33.93	-	33.93
		2235	6	5.22	-	5.22
		2236	14	13.73	-	13.73
		2237	9	9.82	-	9.82
		2238	20	16.77	-	16.77
		2239	34	30.41	-	30.41
		2240	10	8.77	-	8.77
		2241	168	166.26	-	166.26
		2242	17	11.08	-	11.08
		2246	4	0.21	-	0.21
		2247	3	4.86	-	4.86

		2248	10	6.40	-	6.40
		2249	3	4.39	-	4.39
		2250	23	16.30	-	16.30
		2251	45	58.39	-	58.39
5	CoC Exports, CH Karachi	2210	1	10.64	-	10.64
6	CoC Gwadar	2438	10	0.42	-	0.42
		2439	1	0.29	0.14	0.15
7	CoC Hyderabad	1983	2	0.11	-	0.11
		1985	7	0.07	-	0.07
8	CoC JIAP, Karachi	2258	12	0.07	-	0.07
		2259	4	1.28	-	1.28
		2262	3	0.16	-	0.16
		2266	1	0.72	-	0.72
Total		2410	890.85	0.14	890.71	
Grand Total		7146	1,405.98	0.35	1,405.63	

Annexure-43

[Para 8.9]

**Loss of government revenue due to misclassification of imported goods
– Rs 1,137.38 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (Imports), AFU, AIIA, Lahore	7785	44	5.97	-	5.97
		7788	6	1.06	0.37	0.69
		7789	6	1.81	-	1.81
		7790	6	1.40	-	1.40
		7792	2	0.72	-	0.72
		7793	2	0.85	-	0.85
		7794	1	0.19	-	0.19
		7796	1	0.17	-	0.17
		7799	1	21.92	-	21.92
		7801	2	11.29	-	11.29
		7803	5	1.28	-	1.28
		7806	1	0.30	-	0.30
		7809	1	0.21	-	0.21
		7814	5	0.22	-	0.22
7819	4	0.18	-	0.18		
2	DC (Imports), Mughalpora Dryport, Appr. Lahore	7839	317	63.36	-	63.36
		7840	186	70.79	-	70.79
		7846	469	29.59	6.01	23.58
		7847	47	22.17	6.59	15.58
		7848	174	18.01	-	18.01
		7851	157	13.32	-	13.32
		7853	112	32.82	-	32.82
		7861	13	1.08	-	1.08
		7869	53	29.19	-	29.19
		7870	36	26.18	-	26.18
		7873	73	6.04	-	6.04
		7875	25	4.64	-	4.64
		7876	37	3.25	-	3.25
7878	5	0.84	-	0.84		
3	DC (Imports) Dryport, Islamabad	7955	24	23.52	0.02	23.50
		7969	10	4.39	-	4.39
		7970	12	0.68	0.06	0.62

		7971	7	2.26	-	2.26
		7972	11	4.85	0.03	4.82
		7973	18	7.60	-	7.60
		7974	55	0.91	0.10	0.81
		7976	5	1.45	-	1.45
		7977	11	2.75	-	2.75
		7979	37	3.80	0.05	3.75
	DC (Imports), AFU, Islamabad	7980	39	8.54	-	8.54
		7985	18	6.07	-	6.07
		7987	24	4.08	-	4.08
		7989	6	2.52	-	2.52
		7990	5	2.08	-	2.08
		7991	5	1.96	-	1.96
		7992	6	1.68	-	1.68
		7993	9	0.91	-	0.91
		7995	3	0.68	-	0.68
		7997	2	0.46	-	0.46
		7998	7	0.46	-	0.46
		7999	2	0.41	-	0.41
		8006	13	0.49	-	0.49
4	AC (Imports), Dryport, Sust	8034	7	2.27	-	2.27
		8037	14	0.94	0.63	0.31
		8038	3	0.81	0.16	0.65
5	DC (Import), AFU, Sialkot	8074	1	0.10	-	0.10
6	DC (Import), AFU, Peshawar	8141	1	0.77	-	0.77
7	DC (Imports) Dryport Azakhel, Appr. Peshawar	8150	40	13.42	-	13.42
		8151	7	2.80	0.16	2.64
		8152	12	1.77	0.42	1.35
		8155	146	5.87	-	5.87
		8156	1	1.75	-	1.75
		8159	21	1.23	-	1.23
		8160	6	1.99	-	1.99
		8161	17	1.69	-	1.69
		8163	12	1.16	-	1.16
		8164	12	1.09	-	1.09
		8165	4	0.85	-	0.85
		8166	3	0.80	-	0.80
		8170	18	0.77	-	0.77
		8171	68	0.61	-	0.61
8172	9	0.59	-	0.59		

		8174	2	0.51	-	0.51
		8180	6	0.44	-	0.44
		8181	5	0.49	0.33	0.16
		8182	9	0.36	-	0.36
		8186	3	0.31	-	0.31
		8187	8	0.56	0.37	0.20
		8189	16	0.93	0.19	0.74
		8190	8	0.33	0.06	0.27
		8191	11	0.44	-	0.44
		8192	4	0.24	-	0.24
		8193	7	0.27	-	0.27
		8194	6	0.29	-	0.29
Total			2,607	497.88	15.55	482.32

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East), Karachi	2101	1	1.18	-	1.18
2	CoC Appraisement, (West), Karachi	2005	2	0.16	-	0.16
		2120	37	648.91	-	648.91
		2160	1	1.61	-	1.61
		2185	1	0.47	-	0.47
		2277	3	2.49	-	2.49
3	CoC Hyderabad	1981	1	0.23	-	0.23
Total			46	655.06	-	655.06
Grand Total			2,653	1,152.94	15.55	1,137.38

Annexure-44

[Para 8.10]

Loss of government revenue due to non-realization of federal excise duty at import stage – Rs 470.40 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (Imports), AFU, AIIA, Lahore	7787	31	1.69	0.73	0.96
		7798	47	39.49	-	39.49
		7810	4	0.46	-	0.46
2	DC (Imports), Mughalpura Dryport, Appr. Lahore	7843	83	47.71	-	47.71
	DC (Bonds), Mughalpura Dryport, Appr. Lahore	7865	11	315.99	-	315.99
3	DC (Imports), Dryport, Islamabad	7951	11	59.89	52.70	7.19
	DC, (Imports), AFU, Islamabad	7983	14	26.08	-	26.08
Total			201	491.31	53.43	437.88

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	2080	3	20.28	-	20.28
2	CoC Appraisalment, (PMBQ), Karachi	2535	1	0.04	-	0.04

3	CoC Appraisement, (West), Karachi	2123	1	9.93	-	9.93
		2124	1	1.65	-	1.65
4	CoC Appraisement, Quetta	1892	2	0.15	-	0.15
5	CoC JIAP, Karachi	2261	3	0.03	-	0.03
6	CoC PMBQ (Export) Karachi	2209	2	0.45	-	0.45
Total			13	32.52	0	32.52
Grand Total			214	523.83	53.43	470.40

Annexure-45

[Para 8.11]

Loss of government revenue due to non/short-realization of income tax at import stage – Rs 457.86 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	AC (SWH), Shahnour Studio, Prev. Lahore	7755	3	0.41	-	0.41
2	DC (Imports), AFU, AIIA, Lahore	7821	6	0.19	-	0.19
3	DC (Imports) Mughalpura Dryport, Appr. Lahore	7835	921	223.49	3.41	220.08
		7857	1	2.69	-	2.69
		7863	8	0.33	-	0.33
4	DD Auction I&I Rawalpindi	7935	2	0.23	-	0.23
5	DC (Imports), AFU, Islamabad	7981	6	6.44	-	6.44
6	AC (SWH), Dryport, Sialkot	8045	3	0.60	-	0.60
	AC (Import), AFU, Sialkot	8073	6	0.32	0.09	0.23
Total			956	234.70	3.50	231.20

DGAIR&C (South) Karachi

(Rs in million)

S. No	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	2097	2151	162.61	-	162.61
		2173	1	57.92	-	57.92
2	CoC Appraisalment, (West), Karachi	2164	1	0.33	-	0.33
		2168	1	1.90	-	1.90
		2171	1	1.00	0.78	0.22

3	CoC Appraisement, Quetta	1849	11	1.03	-	1.03
		1852	13	0.49	-	0.49
		1853	7	0.48	-	0.48
		2112	27	1.39	-	1.39
4	CoC Enforcement, Quetta	2312	1	0.12	-	0.12
5	CoC Hyderabad	2033	7	0.19	-	0.19
Total		2221		227.44	0.78	226.66
Grand Total		3177		462.14	4.28	457.86

Annexure-46

[Para 8.12]

**Clearance of goods imported in violation of Import Policy Order
- Rs 269.11 million**

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisement (East), Karachi	2095	185	259.82	-	259.82
2	CoC Appraisement, Quetta	1837	3	5.12	-	5.12
		1839	1	3.19	-	3.19
		1893	2	-	-	-
		2114	1	0.98	-	0.98
Total			192	269.11	0.00	269.11

Annexure-47

[Para 8.13]

Loss of government revenue due to under-valuation of imported goods**- Rs 232.47 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (SWH), Faisalabad, Prev. Lahore	7758	3	0.75	-	0.75
2	DC (Imports), AFU, AIIA, Lahore	7768	1	0.06	0.03	0.03
		7800	16	13.10	8.93	4.17
		7813	7	0.21	-	0.21
		7816	2	0.27	-	0.27
		7818	1	0.15	-	0.15
		7820	12	0.17	0.02	0.15
3	DC (Bonds), Mughalpura Dryport, Appr. Lhr	7860	32	1.23	-	1.23
4	DC (Imports) Dryport, Islamabad	7952	17	45.94	-	45.94
		7953	61	47.65	-	47.65
		7954	53	11.14	-	11.14
		7960	14	1.51	-	1.51
		7962	2	1.62	-	1.62
		7963	1	1.79	-	1.79
		7964	11	1.46	-	1.46
		7967	8	4.68	-	4.68
		7968	6	0.79	-	0.79
		7975	7	1.27	-	1.27
		DC, (Imports), AFU, Islamabad	8003	4	4.38	2.99
5	AC (Imports), Dry port, Sust	8033	4	3.95	-	3.95
		8035	5	1.92	0.11	1.81
		8036	5	1.05	-	1.05
6	DC (Imports), LCS Kharlachi, Appr. Peshawar	8117	1	0.51	0.06	0.45
	DC (Imports), LCS Turkham, Appr Peshawar	8131	2	0.86	0.06	0.80
		8132	6	0.72	-	0.72
		8133	3	0.81	-	0.81
		8134	148	5.81	-	5.81

		8137	4	0.13	-	0.13
		8153	13	3.66	0.20	3.46
		8154	13	2.16	0.10	2.06
		8157	4	1.50	0.89	0.62
		8158	5	1.47	-	1.47
		8169	2	0.78	-	0.78
		8173	8	0.48	-	0.48
		8175	7	0.44	-	0.44
		8176	10	0.61	-	0.61
		8177	9	0.50	-	0.50
		8178	6	0.62	0.29	0.33
		8179	5	0.43	-	0.43
		8185	4	0.18	0.12	0.07
		8188	10	0.37	-	0.37
7	DD (SWH) I&I, Peshawar	8203	1	0.67	-	0.67
8	DC (SWH A to G), Prev. Peshawar	8089	1	5.60	-	5.60
		Total	534	173.41	13.78	159.62

DGAIR&C (South) Karachi

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	2091	4	3.27	-	3.27
		2092	4	2.65	-	2.65
		2093	4	1.89	-	1.89
		2111	2	0.77	-	0.77
2	CoC Appraisalment, (West), Karachi	2016	2	1.92	-	1.92
		2127	6	2.15	-	2.15
		2138	7	2.17	-	2.17
		2147	2	1.68	-	1.68
		2148	10	1.96	-	1.96
		2152	3	3.09	-	3.09
		2154	1	0.15	-	0.15
		2155	1	0.31	-	0.31
		2156	7	2.47	-	2.47

		2157	1	0.98	-	0.98
		2158	1	0.11	-	0.11
		2180	3	1.93	-	1.93
		2182	2	0.60	-	0.60
		2198	1	0.32	-	0.32
		2199	1	0.14	-	0.14
		2200	1	1.36	-	1.36
		2201	2	1.23	-	1.23
		2202	1	0.18	-	0.18
3	CoC Appraisalment, Quetta	2113	3	2.20	-	2.20
		2119	1	5.13	-	5.13
		2140	25	18.79	-	18.79
		2143	13	1.38	-	1.38
		2244	1	1.48	-	1.48
		2245	4	3.87	-	3.87
4	CoC Enforcement, Karachi	2188	1	0.34	-	0.34
		2189	1	0.31	-	0.31
		2194	1	0.13	-	0.13
		2348	12	1.65	-	1.65
5	CoC Gwadar	2429	9	0.20	-	0.20
		2430	1	0.24	-	0.24
		2431	1	0.11	-	0.11
		2432	1	0.07	-	0.07
		2433	1	0.09	-	0.09
		2434	2	0.05	-	0.05
		2435	3	0.08	-	0.08
		2436	2	0.19	-	0.19
		2437	13	0.23	-	0.23
		2444	15	0.33	-	0.33
6	CoC Hyderabad	2394	8	2.73	-	2.73
		2410	6	1.65	-	1.65
		2450	7	0.29	-	0.29
Total		197		72.85	0	72.85
Grand Total		731		246.26	13.78	232.47

Annexure-48

[Para 8.14]

**Loss of government revenue due to non-realization of anti-dumping duty
– Rs 113.58 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (Pvt/public Bonds) Mughalpura Dryport, Appr. Lahore	7867	38	77.05	75.25	1.81
2	DC (Imports), Dryport, Islamabad	7958	20	2.28	-	2.28
3	AC (Import), Dryport, Sialkot	8066	2	0.63	-	0.63
	AC (Import), AFU, Sialkot	8072	2	0.49	-	0.49
Total			62	80.45	75.25	5.21

DGAIR&C (South) Karachi

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment, (West), Karachi	2015	12	19.00	-	19.00
		2022	14	18.72	-	18.72
		2023	2	1.42	-	1.42
		2161	12	15.55	-	15.55
		2253	10	18.78	-	18.78
2	CoC Appraisalment (East), Karachi	2491	6	15.87	-	15.87
		2495	11	19.04	-	19.04
Total			67	108.37	-	108.37
Grand Total			129	188.82	75.25	113.58

Annexure-49

[Para 8.15]

Irregularities noticed in auction process – Rs 100.56 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	AC (Auction), Enforcement Peshawar	8095	3	0.81	-	0.81
2	AC (R &R), Dryport, Sialkot	8070	1	2.41	-	2.41
		8071	1	0.70	-	0.70
Total			5	3.92	-	3.92

DGAIR&C (South) Karachi

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Gwadar	1949	5	-	-	-
		1955	28	-	-	-
		1956	-	-	-	-
2	CoC Hyderabad	2031	10	8.87	-	8.87
		2034	5	1.58	-	1.58
		2035	1	0.46	-	0.46
		2037	-	-	-	-
		2038	-	-	-	-
3	CoC Enforcement, Karachi	2054	4	12.35	-	12.35
		2055	1	2.28	-	2.28
		2056	1	0.27	-	0.27
		2057	4	4.53	-	4.53
		2058	1	0.32	-	0.32
		2059	1	0.11	-	0.11
		2060	2	0.27	-	0.27
		2064	1	1.50	-	1.50

4	CoC Appraisalment, (West), Karachi	2162	6	-	-	-
		2163	1	0.38	-	0.38
		2165	1	0.45	-	0.45
		2167	2	1.15	-	1.15
5	CoC Appraisalment (East), Karachi	2175	1	7.14	-	7.14
		2179	10	-	-	-
6	CoC Appraisalment, (PMBQ), Karachi	2279	1	15.28	6.98	8.30
7	CoC Enforcement, Quetta	2311	2	3.22	-	3.22
8	CoC Enforcement, Karachi	2351	1	-	-	-
		2353	1	13.08	7.33	5.75
		2361	1	0.96	-	0.96
		2363	1	-	-	-
		2366	1	3.40	-	3.40
		2367	5	1.94	-	1.94
		2368	10	4.89	-	4.89
		2370	1	-	-	-
		2371	3	3.13	-	3.13
		2372	16	-	-	-
9	CoC Hyderabad	2396	12	1.79	-	1.79
		2398	19	-	-	-
		2409	1	1.24	-	1.24
		2412	1	-	-	-
		2413	1	0.93	-	0.93
10	Directorate of I&I Sukkur	2457	1	0.24	-	0.24
		2458	3	9.21	-	9.21
		2460	1	0.43	-	0.43
11	Directorate of I&I Customs, Quetta	2515	2	5.25	-	5.25
		2516	1	4.32	-	4.32
		2524	1	-	-	-
		2525	1	-	-	-
		2526	1	-	-	-
Total			173	110.95	14.31	96.64
Grand Total			178	114.87	14.31	100.56

Annexure-50

[Para 9.1]

Irregular expenditure due to splitting of purchases – Rs 1,090.50 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1	DG IR Service Academy Lahore	21290-Exp	5	5.00
2	CTO Lahore	21705-Exp	1	1.98
		21701-Exp	1	19.00
		21700-Exp	-	25.56
3	D.G. Internal Audit Islamabad	21402-Exp	-	1.18
4	LTO Islamabad	21351-Exp	2	0.68
5	FBR (HQ) Islamabad	21533-Exp	-	205.61
		21534-Exp	50	614.29
6	Directorate of I&I (IR) Lahore	21685-Exp	1	4.85
7	Directorate General Customs I&I Islamabad	7924-Exp	1	1.59
8	D.G. (DNFBPs) FBR (HQ) Islamabad	7941-Exp	14	4.30
Sub-Total			75	884.04

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount
1	DD/Directorate IOCO Karachi	650-Exp/Cus	1	0.17
2	AC/DC HQ Collectorate of customs (Appraisalment & Facilitation) East Karachi	653-Exp/Cus	1	1.51
		654-Exp/Cus	1	1.05
		663-Exp/Cus	1	2.84
3	AC/DC HQ Collectorate of customs Enforcement CH Karachi	665-Exp/Cus	1	2.10
		678- Exp/Cus	1	0.80
4	Collectorate of Customs (Adjudication) Quetta	681- Exp/Cus	1	1.98
		682- Exp/Cus	1	0.34

5	Directorate of Risk Management Karachi	685- Exp/Cus	1	0.83
		686- Exp/Cus	1	0.83
		687-Exp/Cus	1	1.04
		689- Exp/Cus	1	0.13
		693- Exp/Cus	1	0.94
6	Directorate of Reforms & Automation Karachi	694- Exp/Cus	1	0.79
		695- Exp/Cus	1	0.55
		696- Exp/Cus	1	2.08
7	MCC Appraisalment Quetta	709- Exp/Cus	1	10.00
		713- Exp/Cus	3	0.04
8	Chief Collectorate (Customs) Quetta	716- Exp/Cus	1	1.47
9	Directorate of Internal Audit Customs House Karachi	727- Exp/Cus	1	41.96
		729- Exp/Cus	1	0.80
10	DD/Directorate IOCO Karachi	738- Exp/Cus	1	0.13
11	Collector Adjudication-I Karachi	743- Exp/Cus	1	1.17
		748-Exp/Cus	1	0.77
12	Director Transit Trade (Customs) Quetta	750-Exp/Cus	1	0.61
13	Collector Adjudication-II Karachi	755- Exp/Cus	1	1.09
		757- Exp/Cus	1	0.74
14	Pakistan Customs Academy (DGTR)	769- Exp/Cus	1	2.75
		771- Exp/Cus	1	1.84
15	DDO PMBQ Karachi	790- Exp/Cus	1	2.00
16	CC Exports PMBQ Karachi	794- Exp/Cus	1	-
		799- Exp/Cus	1	-
17	CC Appraisalment (West) Karachi	810- Exp/Cus	5	15.37
18	MCC JIAP-AFU Karachi	828- Exp/Cus	1	2.20
19	MCC Exports Karachi	839- Exp/Cus	1	1.80
		840- Exp/Cus	1	0.45

20	CC Appraisalment (South) Karachi	846- Exp/Cus	1	0.20
		851- Exp/Cus	1	0.30
		852- Exp/Cus	1	0.75
		858- Exp/Cus	2	0.97
		859- Exp/Cus	1	0.83
		861- Exp/Cus	1	0.35
21	Collector Appeals Karachi	864- Exp/Cus	1	0.80
		868- Exp/Cus	1	0.71
22	Director PCA (Customs) Karachi	890- Exp/Cus	1	0.87
		892- Exp/Cus	1	2.32
		898- Exp/Cus	1	0.24
23	AC/DC/DDO Collectorate of Customs Enforcement Quetta	910- Exp/Cus	1	0.39
		913- Exp/Cus	1	0.35
		911- Exp/Cus	1	4.56
24	AC/DC/DDO Collectorate of Customs I&I Quetta	919- Exp/Cus	1	0.47
		922- Exp/Cus	9	4.24
		923- Exp/Cus	1	0.94
		928- Exp/Cus	1	0.10
25	Commissioner Appeal Quetta	816-Exp/IR	1	0.56
26	RTO Quetta	818-Exp/IR	1	3.00
		819-Exp/IR	1	1.67
27	RTO-I Karachi	828-Exp/IR	1	3.34
		829-Exp/IR	1	2.16
		832-Exp/IR	1	2.60
28	CTO Karachi	844-Exp/IR	1	5.62
		845-Exp/IR	1	5.34
		846-Exp/IR	1	0.40
		847-Exp/IR	1	0.02
		848-Exp/IR	1	0.05
		852-Exp/IR	1	4.44
29	RTO Sukkur	855-Exp/IR	1	10.56
		858-Exp/IR	1	1.01
30	RTO-II Karachi	871-Exp/IR	2	0.06

31	LTO Karachi	876-Exp/IR	1	2.72
		877-Exp/IR	1	1.46
		879-Exp/IR	1	2.76
32	MTO Karachi	883-Exp/IR	1	0.88
		889-Exp/IR	1	1.19
		894-Exp/IR	1	1.05
33	Directorate I & I Hyderabad	898-Exp/IR	2	1.04
		904-Exp/IR	1	0.01
34	Directorate Internal Audit Karachi	911-Exp/IR	1	1.00
		916-Exp/IR	1	1.10
35	DOT Karachi	917-Exp/IR	1	0.37
36	Director I & I Karachi	928-Exp/IR	1	1.07
37	RTO Hyderabad	941-Exp/IR	1	3.33
38	LTO Karachi	947-Exp/IR	1	25.16
Sub-Total			100	206.46
Grand-Total			175	1,090.5

Annexure-51

[Para 9.2]

Irregular payment on account of cash rewards - Rs 164.46 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1	Directorate of Internal Audit Islamabad	7908-Exp	1	7.65
2	Directorate General Customs I&I Islamabad	7925-Exp	3	0.63
3	MCC Islamabad	8022-Exp	69	1.01
4	MCC (Appraisalment) Peshawar	8145-Exp	4	2.72
Sub-Total			77	12.01

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount
1	AC/DC HQ Collectorate of customs (Appraisalment & Facilitation) East Karachi	658-Exp/Cus	197	8.71
2	AC/DC HQ Collectorate of customs Enforcement CH Karachi	668-Exp/Cus	251	8.40
3	AC/DC/DDO Collectorate of Customs I&I Quetta	920-Exp/Cus	1	22.33
4	CC Appraisalment (South), Karachi	855-Exp/Cus	1	1.77
		856-Exp/Cus	18	0.45
		860-Exp/Cus	1	0.62
5	Collector Adjudication-I Karachi	747-Exp/Cus	1	1.33
6	Collector Adjudication-II Karachi	756-Exp/Cus	1	2.59
7	Collector Appeals, Karachi	865-Exp/Cus	4	0.60
9	Director PCA (Customs), Karachi	887-Exp/Cus	61	7.97

10	Directorate Internal Audit, Karachi	907-Exp/IR	1	3.01
11	Directorate I & I Hyderabad	895-Exp/IR	2	4.92
12	Directorate of Internal Audit, Customs House Karachi	734-Exp/Cus	1	1.21
13	Directorate of Reforms & Automation Karachi	706-Exp/Cus	1	3.67
14	Directorate of Risk Management Karachi	691-Exp/Cus	1	0.96
15	DOT Karachi	920-Exp/IR	1	1.81
16	MCC Appraisement, Quetta	711-Exp/Cus	1	2.87
17	MCC Hyderabad	724-Exp/Cus	21	0.71
19	RTO Hyderabad	937-Exp/IR	1	53.30
20	RTO-I Karachi	826-Exp/IR	1	25.23
Sub-Total			567	152.45
Grand-Total			644	164.46

Annexure-52

[Para 9.3]

Irregular expenditure of official vehicles – Rs 140.73 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	MCC (Appraisalment), Lahore	7900-Exp/Cus	03	0.67	-	0.67
2	RTO Sialkot	21457-Exp	01	0.23	-	0.23
3	Directorate of I&I (IR), Faisalabad	21491-Exp	06	0.42	-	0.42
4	CTO, Lahore	21712-Exp	01	0.21	0.02	0.19
5	LTO, Islamabad	21349-Exp	01	1.15	-	1.15
6	D.G, Int. Audit, Islamabad	21403-Exp	0	3.82	-	3.82
		21515-Exp	02	0.40	-	0.40
7	Directorate of Internal Audit, Islamabad	7912-Exp	09	4.70	-	4.70
8	Directorate of CBCM, Islamabad	7916-Exp	07	5.27	-	5.27
9	D.G, I&I (Cus), Islamabad	7928-Exp	30	3.54	-	3.54
10	Directorate General Customs, I&I, Rawalpindi	7949-Exp	15	5.20	-	5.20
11	Directorate of PCA (Cus), Islamabad	8013-Exp	11	5.20	-	5.20
Sub-Total			86	30.81	0.02	30.79

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	DD/Directorate, IOCO, Karachi	646-Exp/Cus	5	0.14	-	0.14
2	AC/DC HQ Collectorate of customs (Appraisalment & Facilitation) East Karachi	656-Exp/Cus	2	7.20	-	7.20
		657-Exp/Cus	5	0.00	-	0.00
3	AC/DC HQ Collectorate of customs Enforcement CH Karachi	667-Exp/Cus	2	49.25	-	49.25
		679-Exp/Cus	6	0.00	-	0.00
4	Directorate of Risk Management Karachi	690-Exp/Cus	3	0.74	-	0.74
5	MCC Appraisalment Quetta	712-Exp/Cus	6	2.80	-	2.80
		714-Exp/Cus	1	3.32	-	3.32
6	Chief Collectorate (Customs) Quetta	715-Exp/Cus	1	2.00	-	2.00
7	MCC Hyderabad	718-Exp/Cus	1	2.33	-	2.33
8	DD/Directorate IOCO Karachi	737-Exp/Cus	1	-	-	-
		741-Exp/Cus	3	-	-	-
9	Director Transit Trade (Customs) Quetta	749-Exp/Cus	2	0.36	-	0.36
10	DDO, PMBQ Karachi	789-Exp/Cus	1	0.81	-	0.81
11	CC Exports, PMBQ Karachi	792-Exp/Cus	1	0.01	-	0.01
		797-EXP/Cus	1	0.08	-	0.08
12	Director I & I Gawadar	804-Exp/Cus	3	1.75	-	1.75
13	CC Appraisalment (West) Karachi	809-Exp/Cus	1	0.45	-	0.45
14	MCC JIAP-AFU Karachi	831-Exp/Cus	2	6.93	-	6.93
		833-Exp/Cus	3	-	-	-

15	MCC Exports Karachi	843-Exp/Cus	1	-	-	-
16	CC Appraisement (South) Karachi	849-Exp/Cus	2	0.94	-	0.94
17	Collector Appeals Karachi	867-Exp/Cus	1	0.84	-	0.84
18	Director PCA (Customs) Karachi	894-Exp/Cus	2	4.03	-	4.03
19	AC/DC/DDO Collectorate of Customs I&I Quetta	918-Exp/Cus	1	1.65	-	1.65
		921-Exp/Cus	1	0.49	-	0.49
		925-Exp/Cus	9	2.59	-	2.59
		927-Exp/Cus	2	1.51	-	1.51
20	RTO Quetta	821-Exp/IR	1	4.87	-	4.87
21	RTO-I Karachi	833-Exp/IR	5	0.44	-	0.44
22	CTO Karachi	840-Exp/IR	4	0.96	-	0.96
23	RTO-II Karachi	869-Exp/IR	4	0.36	-	0.36
24	LTO Karachi	874-Exp/IR	5	1.48	-	1.48
25	MTO Karachi	884-Exp/IR	1	4.26	-	4.26
26	Directorate I & I Hyderabad	896-Exp/IR	1	2.20	-	2.20
27	Directorate Internal Audit Karachi	912-Exp/IR	1	0.60	-	0.60
28	DOT Karachi	919-Exp/IR	1	0.15	-	0.15
29	Director I & I Karachi	927-Exp/IR	2	0.40	-	0.40
30	RTO Hyderabad	940-Exp/IR	1	4.00	-	4.00
Sub-Total			95	109.94	-	109.94
Grand-Total			181	140.75	0.02	140.73

Annexure-53

[Para 9.4]

**Blockage of government revenue due to non-disposal of
condemned vehicles and un-serviceable store items – Rs 114.72 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1	DOT IR Islamabad	21398-Exp	1	0.35
2	RTO Sialkot	21417-Exp	0	0.25
3	Directorate I&I IR Lahore	21691-Exp	7	0.07
4	Benami Zone-I Islamabad	21764-Exp	25	0.00
5	FBR (HQ) Islamabad	21536-Exp	257	102.80
6	MCC Islamabad	8020-Exp	8	4.00
7	RTO Lahore	21000-Exp	1	0.92
8	RTO Rawalpindi	21196-Exp	1	0.00
9	Directorate I&I Customs Multan	7731-Exp/Cus	6	6.33
Sub-Total			306	114.72

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount
1	CC Exports PMBQ Karachi	798-Exp/Cus	1	0
Sub-Total			1	0
Grand-Total			307	114.72

Annexure-54

[Para 9.5]

Excess payment of pay and allowances - Rs 91.92 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	RTO Lahore	21004-Exp	1	0.19	0.05	0.14
		21005-Exp	7	0.11	-	0.11
		21006-Exp	6	0.09	-	0.09
		21008-Exp	14	0.07	-	0.07
		21178-Exp	14	0.02	-	0.02
2	RTO Islamabad	21012-Exp	1	0.51	-	0.51
		21011-Exp	11	0.97	-	0.97
		21016-Exp	4	0.04	0.02	0.02
3	RTO Abbottabad	21020-Exp	2	0.09	0.08	0.01
		21179-Exp	9	0.05	-	0.05
4	Directorate of I&I (Customs) Multan	7734-Exp	1	0.07	-	0.07
		7737-Exp	1	0.02	-	0.02
5	Directorate of IOCO Lahore	7765-Exp	1	0.10	-	0.10
		7766-Exp	1	0.08	-	0.08
6	MCC (Appraisal) Lahore	7904-Exp	4	0.06	-	0.06
		7905-Exp	1	0.05	-	0.05
7	RTO Sialkot	21456-Exp	80	0.85	-	0.85
		21468-Exp	19	0.03	-	0.03
		21467-Exp	5	0.03	-	0.03
		21466-Exp	1	0.04	-	0.04
		21465-Exp	2	0.05	-	0.05
		21460-Exp	2	0.12	-	0.12
		21459-Exp	90	0.13	-	0.13
		21458-Exp	2	0.18	-	0.18
		21418-Exp	27	0.13	-	0.13
		21462-Exp	3	0.10	-	0.10
8	RTO Multan	21720-Exp	19	0.24	-	0.24
		21719-Exp	104	0.33	-	0.33

9	CTO Lahore	21714-Exp	0	0.12	-	0.12
		21710-Exp	87	0.58	0.07	0.51
		21709-Exp	1	0.79	-	0.79
		21708-Exp	11	0.90	-	0.90
		21706-Exp	0	1.88	-	1.88
		21707-Exp	93	1.43	0.02	1.41
		21702-Exp	7	4.74	-	4.74
		21699-Exp	0	27.28	-	27.28
10	DG IR Services Academy Lahore	21292-Exp	50	0.68	-	0.68
		21291-Exp	5	0.95	-	0.95
11	Director I&I Faisalabad	21490-Exp	12	0.66	-	0.66
12	RTO Faisalabad	21450-Exp	42	0.21	0.07	0.14
		21447-Exp	181	1.80	0.46	1.34
13	RTO Peshawar	21415-Exp	49	0.22	0.14	0.08
		21413-Exp	46	1.45	0.14	1.31
14	Directorate of I&I (IR) Peshawar	21412-Exp	2	0.11	0.01	0.10
15	Directorate of I&I (IR) Lahore	21684-Exp	11	10.44	-	10.44
16	FBR (HQ) Islamabad	21547-Exp	1	0.22	-	0.22
		21548-Exp	1	0.32	-	0.32
		21545-Exp	1	0.07	-	0.07
		21543-Exp	5	0.11	-	0.11
		21542-Exp	0	0.19	-	0.19
		21541-Exp	15	0.20	-	0.20
		21540-Exp	1	0.36	-	0.36
		21531-Exp	1	0.16	-	0.16
		21530-Exp	1	0.46	-	0.46
		21529-Exp	1	0.44	-	0.44
		21520-Exp	1	2.04	-	2.04
		21522-Exp	49	0.38	-	0.38
		21523-Exp	72	1.32	-	1.32
17	DR&S FBR Islamabad	21516-Exp	4	0.30	0.27	0.03
18	LTO Islamabad	21354-Exp	15	0.26	-	0.26
19	Directorate I&I	21405-Exp	2	0.21	0.04	0.17

	IR Islamabad					
20	Directorate of Internal Audit Islamabad	7909-Exp	1	0.06	0.04	0.02
21	Directorate of Post Clearance Audit Islamabad	8008-Exp	1	0.30	-	0.30
		8011-Exp	9	0.09	0.02	0.07
22	MCC Islamabad	8025-Exp	3	0.16	-	0.16
		8027-Exp	1	0.12	-	0.12
		8028-Exp	25	0.07	-	0.07
23	Collectorate of Customs Sialkot	8051-Exp	3	0.62	-	0.62
		8053-Exp	3	0.21	0.09	0.12
		8055-Exp	3	0.04	-	0.04
24	MCC (E&C) Peshawar	8105-Exp	33	0.28	-	0.28
25	MCC (Appraisalment) Peshawar	8147-Exp	6	0.27	0.14	0.13
		8148-Exp	3	0.13	-	0.13
26	Directorate of I&I (Cus) Peshawar	8206-Exp	11	0.14	-	0.14
Sub-Total			1301	68.52	1.66	66.86

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	DD/Directorate IOCO Karachi	648-Exp/Cus	4	0.10	-	0.10
		652-Exp/Cus	1	0.36	-	0.36

2	AC/DC HQ Collectorate of customs (Appraisalment & Facilitation) East Karachi	661-Exp/Cus	12	0.03	-	0.03
3	AC/DC HQ Collectorate of customs Enforcement CH Karachi	673- Exp/Cus	4	0.33	-	0.33
		674- Exp/Cus	34	0.26	-	0.26
4	Directorate of Reforms & Automation, Karachi	704- Exp/Cus	1	0.67	-	0.67
		705- Exp/Cus	1	2.82	-	2.82
5	MCC, Hyderabad	721- Exp/Cus	15	0.44	-	0.44
		722- Exp/Cus	20	0.36	-	0.36
6	Directorate of Internal Audit, Customs House, Karachi	732- Exp/Cus	1	1.54	-	1.54
7	Collector Adjudication-I, Karachi	742- Exp/Cus	1	1.75	-	1.75
8	Director Transit Trade (Customs), Quetta	753- Exp/Cus	1	0.06	0.01	0.05
9	Pakistan Customs Academy (DGTR)	765-Exp/Cus	13	0.94	-	0.94
		766- Exp/Cus	1	0.02	-	0.02
		773- Exp/Cus	1	0.01	-	0.01
		774- Exp/Cus	7	0.01	-	0.01
10	CC Exports, PMBQ, Karachi	793- Exp/Cus	1	0.02	-	0.02
11	CC Appraisalment (West), Karachi	806- Exp/Cus	4	0.06	-	0.06
		811- Exp/Cus	4	0.58	-	0.58
		812- Exp/Cus	3	0.16	-	0.16
		817- Exp/Cus	1	0.19	-	0.19
		818- Exp/Cus	3	2.02	-	2.02
12	MCC JIAP- AFU Karachi	829- Exp/Cus	4	0.01	-	0.01

13	MCC Exports, Karachi	838- Exp/Cus	13	0.02	-	0.02
14	Director General Transit Trade, Karachi	871- Exp/Cus	1	0.69	-	0.69
		873- Exp/Cus	1	0.01	-	0.01
		876- Exp/Cus	4	0.04	-	0.04
15	Director PCA (Customs), Karachi	883- Exp/Cus	9	0.08	-	0.08
		884- Exp/Cus	5	0.59	-	0.59
		885- Exp/Cus	1	0.03	-	0.03
		886- Exp/Cus	1	0.04	-	0.04
		895- Exp/Cus	1	-	-	-
		900- Exp/Cus	1	-	-	-
		901- Exp/Cus	1	-	-	-
		902- Exp/Cus	4	0.05	-	0.05
16	AC/DC/DDO, Collectorate of Customs I&I, Quetta	914- Exp/Cus	1	-	-	-
		926- Exp/Cus	1	0.14	-	0.14
17	RTO-I, Karachi	837-Exp/IR	8	0.02	0.01	0.02
18	CTO, Karachi	842- Exp /IR	1	0.52	-	0.52
		843- Exp /IR	10	0.05	-	0.05
		851- Exp /IR	1	1.35	-	1.35
		853- Exp /IR	1	1.84	-	1.84
19	RTO-II, Karachi	863- Exp /IR	7	0.04	-	0.04
		868- Exp /IR	10	0.02	-	0.02
20	MTO, Karachi	886-Exp/IR	7	0.06	-	0.06
		887- Exp /IR	1	0.01	-	0.01
		892- Exp /IR	9	0.01	-	0.01
21	Directorate I & I, Hyderabad	900- Exp /IR	2	0.01	-	0.01
		905- Exp /IR	3	0.01	-	0.01
22	RTO, Hyderabad	938- Exp /IR	1	6.28	-	6.28
		939- Exp /IR	15	0.31	-	0.31
		944- Exp /IR	14	0.08	-	0.08
		945- Exp /IR	5	0.02	-	0.02
Sub-Total			280	25.07	0.02	25.06
Grand-Total			1581	93.59	1.68	91.92

Annexure-55

[Para 9.6]

**Irregular withdrawal of government funds in the name of DDO
-Rs 41.94 million**

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1	AC/DC HQ Collectorate of customs (Appraisalment & Facilitation) East Karachi	662-Exp/Cus	1	0.89
2	Collectorate of Customs (Adjudication) Quetta	684- Exp/Cus	1	0.21
3	Directorate of Reforms & Automation Karachi	702- Exp/Cus	1	1.54
4	DD/Directorate IOCO Karachi	735- Exp/Cus	1	0.70
5	RTO Quetta	822-Exp/IR	1	5.07
6	RTO-I Karachi	835-Exp/IR	1	18.59
7	Directorate I & I Hyderabad	903-Exp/IR	2	1.08
8	LTO Karachi	946-Exp/IR	1	13.86
Total			8	41.94

Annexure-56

[Para 9.7]

Unlawful expenditure on purchase and repair due to non-availability of funds under relevant heads - Rs 35.53 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1	FBR HQ Islamabad	21525-Exp	1	30.84
Sub-Total			1	30.84

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount
1	AC/DC HQ Collectorate of Customs (Appraisalment & Facilitation) East Karachi	664-Exp/Cus	2	1.85
2	Directorate of I&I Hyderabad	776-Exp/Cus	1	0.20
3	MCC JIAP-AFU Karachi	827-Exp/Cus	2	0.32
4	Director PCA (Customs) Karachi	889-Exp/Cus	1	0.28
5	AC/DC/DDO Collectorate of Customs I&I Quetta	929-Exp/Cus	1	1.66
6	RTO Sukkur	860-Exp/IR	1	0.26
7	Directorate Internal Audit Karachi	914-Exp/IR	1	0.11
8	DOT Karachi	922-Exp/IR	1	0.02
Sub-Total			10	4.69
Grand-Total			11	35.53

Annexure-57

[Para 9.8]

**Inadmissible payment of rent of residential accommodations
– Rs 35.51 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	LTO Islamabad	21355-Exp	1	0.16	-	0.16
2	D.G. I&I (IR) Islamabad	21406-Exp	3	0.15	0.02	0.13
		21407-Exp	5	0.27	-	0.27
		21411-Exp	1	0.81	-	0.81
3	Revenue Division Islamabad	21512-Exp	5	0.1	-	0.1
4	FBR (HQ) Islamabad	21528-Exp	7	0.53	-	0.53
5	CTO Lahore	21713-Exp	1	0.14	-	0.14
6	Directorate of Intellectual Property Rights Enforcement North Islamabad	7945-Exp	1	0.08	-	0.08
7	Directorate of Post Clearance Audit Islamabad	8009-Exp	2	0.12	-	0.12
Sub-Total			26	2.36	0.02	2.34

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	Collectorate of Customs Enf. Karachi	672- Exp/Cus	8	0.30	-	0.30
2	Directorate of Risk Management Karachi	692- Exp/Cus	1	0.14	-	0.14
3	DD/Directorate IOCO Karachi	740- Exp/Cus	1	0.42	-	0.42
4	MCC Exports Karachi	834- Exp/Cus	4	0.23	-	0.23
		836- Exp/Cus	1	0.15	-	0.15
5	MCC Appraisement (South) Karachi	847- Exp/Cus	1	0.54	-	0.54
6	Director PCA (Customs) Karachi	877- Exp/Cus	1	0.43	-	0.43
		878- Exp/Cus	1	0.43	-	0.43
		879- Exp/Cus	1	0.33	-	0.33
		880- Exp/Cus	1	0.17	-	0.17
		881- Exp/Cus	1	0.71	-	0.71
		882- Exp/Cus	8	2.50	-	2.50
7	AC/DC/DDO Collectorate of Customs I&I Quetta	916- Exp/Cus	1	21.50	-	21.50
8	CTO Karachi	839-Exp/IR	2	0.61	-	0.61
9	RTO-II Karachi	866-Exp/IR	1	1.98	-	1.98
10	MTO Karachi	890-Exp/IR	12	1.25	-	1.25
11	Directorate Internal Audit Karachi	908-Exp/IR	1	0.04	-	0.04
		910-Exp/IR	2	0.56	-	0.56
12	DOT Karachi	921-Exp/IR	1	0.33	-	0.33
		923-Exp/IR	1	0.33	-	0.33
		924-Exp/IR	2	0.23	-	0.23
Sub-Total			52	33.17	-	33.17
Grand-Total			78	35.53	0.02	35.51

Annexure-58

[Para 9.9]

Non-withholding of sales tax on services - Rs 23.97 million

DGAIR&C (South) Karachi

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1	AC/DC HQ Collectorate of customs (Appraisalment & Facilitati) East Karachi	659-Exp/Cus	1	1.10
2	AC/DC HQ Collectorate of customs Enforcement CH Karachi	670-Exp/Cus	1	1.02
		676-Exp/Cus	1	0.12
3	MCC JIAP-AFU Karachi	826-Exp/Cus	1	0.96
		830-Exp/Cus	1	0.42
4	MCC Exports Karachi	837-Exp/Cus	1	0.02
5	CC Appraisalment (South), Karachi	850-Exp/Cus	6	0.33
6	RTO-I Karachi	831-Exp/IR	1	1.02
7	CTO Karachi	849-Exp/IR	1	0.69
		850-Exp/IR	1	1.88
8	RTO Sukkur	859-Exp/IR	1	0.37
		861-Exp/IR	1	0.20
		862-Exp/IR	1	0.15
9	RTO-II Karachi	864-Exp/IR	1	0.92
		867-Exp/IR	1	0.29
10	LTO Karachi	875-Exp/IR	1	12.15
11	MTO Karachi	888-Exp/IR	1	1.62
12	Director I & I Karachi	925-Exp/IR	1	0.67
		932-Exp/IR	1	0.08
Total			24	23.97

Annexure-59

[Para 9.10]

**Non-recovery of loans / advances and interest from employees
– Rs 19.02 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	RTO Peshawar	21414-Exp	8	0.88	-	0.88
2	FBR (HQ) Islamabad	21539-Exp	10	1.94	0.98	0.96
3	CTO Lahore	21703-Exp	20	4.29	0.05	4.24
4	RTO Multan	21716-Exp	6	3.95	1.00	2.95
		21717-Exp	1	1.08	-	1.08
5	Directorate of PCA Islamabad	8010-Exp	6	0.15	0.05	0.10
6	Collectorate of Customs Gilgit Baltistan	8014-Exp	2	0.89	0.39	0.50
7	MCC Islamabad	8023-Exp	6	0.44	0.14	0.30
8	MCC (Appraisalment) Peshawar	8146-Exp	6	0.36	-	0.36
9	LTO Multan	21273-Exp	3	1.63	-	1.63
10	RTO Faisalabad	21445-Exp	4	3.65	1.25	2.40
11	RTO Sialkot	21453-Exp	7	3.21	-	3.21
Sub-Total			79	22.47	3.86	18.61

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	Director I & I Karachi	930-Exp	1	0.08	-	0.08
		935-Exp	1	0.33	-	0.33
Sub-Total			2	0.41	-	0.41
Grand-Total			81	22.88	3.86	19.02

Annexure-60

[Para 9.11]

Non-deduction/payment of sales tax - Rs 14.86 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	CTO Lahore	21704-Exp	55	3.42	-	3.42
2	LTO Multan	21272-Exp	14	1.66	-	1.66
		21276-Exp	2	0.08	0.02	0.06
3	LTO Islamabad	21350-Exp	20	1.02	-	1.02
4	Benami Zone-I Islamabad	21640-Exp	3	0.19	-	0.19
5	AEOI Zone Islamabad	21645-Exp	4	0.16	-	0.16
6	RTO Multan	21728-Exp	8	0.75	-	0.75
Sub-Total			106	7.28	0.02	7.26

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount Pointed out	Amount recovered /not due	Balance Amount
1	Collectorate of Customs (App. & Faci.) East Karachi	655- Exp/Cus	3	0.77	-	0.77
2	Collectorate of Customs Enforcement CH Karachi	666- Exp/Cus	1	4.89	-	4.89
3	Directorate of I&I Karachi	783- Exp/Cus	1	0.60	-	0.60
4	MCC Exports Karachi	835- Exp/Cus	1	0.33	-	0.33
5	RTO Quetta	820-Exp/IR	1	0.88	-	0.88
6	MTO Karachi	885-Exp/IR	1	0.12	-	0.12
7	Directorate Internal Audit Karachi	915-Exp/IR	1	0.02	-	0.02
Sub-Total			9	7.60	-	7.60
Grand-Total			115	14.88	0.02	14.86

Annexure-61

[Para 9.13]

Irregular expenditure on account of courier services – Rs 8.11 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No of cases	Amount
1	RTO Sialkot	21454-Exp	1	1.22
Sub-Total			1	1.22

DGAIR&C (South) Karachi

S. No.	Office	DP No	No of cases	Amount
1	MCC Appraisement Quetta	708-Exp/Cus	1	0.17
2	Chief Collectorate (Customs) Quetta	717-Exp/Cus	1	0.06
3	MCC Hyderabad	725-Exp/Cus	1	0.45
4	Pakistan Customs Academy (DGTR)	772-Exp/Cus	1	0.11
5	DDO PMBQ Karachi	786-Exp/Cus	1	0.44
6	RTO-II Karachi	865-Exp/IR	1	1.39
7	LTO Karachi	878-Exp/IR	1	0.10
8	MTO Karachi	881-Exp/IR	1	0.69
9	Directorate I & I Hyderabad	902-Exp/IR	1	0.81
10	Directorate Internal Audit Karachi	909-Exp/IR	1	0.10
11	RTO Hyderabad	943-Exp/IR	1	2.57
Sub-Total			11	6.89
Grand-Total			12	8.11

Annexure-62

[Para 6.2.3.2]

Non-realization of income tax due to concealment of income – Rs 8,564.78 million

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	Tax Year	No. of cases	Amount	Remarks
1	CTO Lahore	21208	2021	1	218.54	Under process
		21672	2021	1	24.27	Under process
		21163	2020	5	131.34	Under process
		21066	2020	1	104.96	Under process
		21173	2021	1	75.59	Rs 53.80 million Charged & Recovery awaited Rs 21.79 million Under process
		21207	2020-21	1	46.41	Under process
		21369	2019	1	3.93	Under process
		21674	2021	1	3.64	Under process
		21205	2021	2	25.27	Under process
		21070	2020	1	15.91	Under process
		AO 48&49	2021	02	8.36	Under process
		21073	2020	1	6.16	Under process
		21200	2020-21	1	5.65	Under process
		21170	2020	1	4.54	Under process
		21204	2021	1	4.44	Under process
		21095	2021	1	3.46	Under process
2	RTO Faisalabad	21429	2021	1	3.30	Under process
		21496	2021	3	15.08	Under process
		21600	2021	3	1.21	Under process
		21599	2021	3	2.21	Under process
		21426	2021	16	24.69	Under process
		21428	2021	1	5.98	Under process
		21444	2021	1	48.33	Under process
		21597	2021	4	2.64	Under process

3	RTO Sialkot	21248	2021	5	6.73	Under process
		21245	2021	2	32.53	Under process
		21613	2021	5	18.22	Under process
4	RTO Multan	21739	2021	3	30.54	Under process
		21737	2021	1	57.51	Under process
		21725	2021	1	0.55	Under process
		21724	2019	1	0.93	Under process
		21300	2021	1	34.37	Under process
5	LTO Multan	21553	2021	1	26.09	Under process
6	RTO Peshawar	21481	2021	2	92.25	under process
		21485	2021	3	133.32	Under process
		21473	2021	8	235.95	Under process
		21653	2021	5	176.12	Under process
7	RTO Rawalpindi	21038	2020	2	95.65	Under process
		21049	2020	2	70.71	Under process
8	RTO Islamabad	20933	2020	4	677.19	Rs 0.23 million Recovered and verified Rs 677.19 million Under process
		20909	2020	1	144.83	Under process
		20924	2020	1	7.91	Under process
		20912	2020	1	2.17	Under process
		20913	2020	1	1.20	Under process
9	RTO Lahore	20978	2020	1	120.22	Under process
		21131	2021	1	24.02	Under process
		21125	2021	2	31.94	Under process
		20947	2020	1	8.44	Under process
		20984	2020	1	4.52	Under process
		21127	2021	1	4.49	Under process
		21134	2019	1	4.32	Under process
		21128	2020	1	4.19	Under process
		20985	2020	1	3.07	Under process
		20964	2020	1	2.80	Under process
		20949	2019	1	1.74	Under process
20938	2020	1	1.58	Under process		

		21140	2020	1	0.09	Under process
Total				118	2842.10	
Recovered					0.23	
Balance					2,841.87	

DGAIR&C (South) Karachi

S. No.	Formation	PDP No	Tax Year	No. of Cases	Amount	Remarks
10	LTO Karachi	2567	2021	3	871.57	Under Process
11	MTO Karachi	2559	2021	60	3.49	Under Process
12	RTO-I Karachi	2763	2021	1	1,650.53	Under Process
13	RTO-II Karachi	2623	2021	7	46.60	Under Process
		2626	2021	34	20.39	Under Process
		2646	2021	707	350.79	Under Process
		2717	2021	235	89.29	Under Process
14	RTO Sukkur	2590	2021	10	540.26	Under Process
		2591	2021	630	350.79	Under Process
		2597	2021	11	1,338.39	Under Process
15	RTO Quetta	2699	2021	5	236.26	Under Process
		2797	2021	30	28.73	Under Process
		2695	2021	43	183.68	Under Process
		2800	2021	23	12.15	Under Process
Total				1799	5,722.91	

Total Cases	1917		
Total Recovered		0.23	
Grand Total		8,564.78	

Annexure-63

[Para 6.2.3.9]

**Inadmissible adjustment of input tax credit against sales tax deducted by
withholding agents - Rs 2,192.64 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount pointed out	Amount recovered	Balance Amount
1	RTO Multan	21742-ST	01	2,077.38	-	2,077.38
2	LTO Multan	21267-ST	05	57.90	4.89	53.01
3	RTO Faisalabad	21430-ST	22	49.70	-	49.70
		21591-ST	01	8.15	-	8.15
4	RTO Lahore	20993-ST	01	1.52	-	1.52
		21148-ST	01	1.47	-	1.47
		21119-ST	02	1.02	-	1.02
		21149-ST	01	0.39	-	0.39
Total			34	2,197.53	4.89	2,192.64

Annexure-64

[Para 6.2.3.10]

**Loss due to inadmissible refunds/adjustments of input tax against invoices issued
by blacklisted/non-active taxpayers – Rs 7,259.16 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Multan	21745-ST	01	611.77
		21746-ST	07	503.62
2	RTO Faisalabad	21419-ST	01	250.00
		21588-ST	01	250.00
3	RTO Lahore	21116-ST	12	88.53
		21144-ST	05	44.68
		20955-ST	09	20.12
		20990-ST	08	13.45
		20944-ST	01	0.25
4	CTO Lahore	21154-ST	02	48.67
5	RTO Islamabad	20918-ST	03	11.29
Total			50	1,842.38

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount
1	CTO Karachi	6971-ST	59	1,275.40
2	RTO-I Karachi	7026-ST	02	255.78
		7070-ST	26	182.82
		7085-ST	08	41.42
		7086-ST	08	12.71
		7096-ST	03	1,400.00
		7096-ST	02	700.00
3	RTO Hyderabad	7083-ST	01	14.87
4	RTO Sukkur	7053-ST	03	85.83
5	RTO Quetta	7072-ST	17	1,447.95
Total			129	5,416.78
Grand Total			179	7,259.16

Annexure-65
[Para 6.2.3.11]

**Discrepancies in figures of sales/stocks in income tax and sales tax returns
– Rs 3,245.90 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	LTO Lahore	21226-ST	03	419.29
2	RTO Sialkot	21253-ST	04	231.99
		21603-ST	02	93.88
		21616-ST	01	8.27
		21607-ST	01	0.70
3	RTO Islamabad	20916-ST	03	230.22
		20932-ST	05	80.24
		20930-ST	02	21.39
		20920-ST	01	6.32
4	CTO Lahore	21176-ST	01	125.50
		21216-ST	01	59.57
		21153-ST	01	51.48
		21665-ST	02	48.97
		21081-ST	01	29.03
		21083-ST	02	26.60
		21059-ST	01	21.57
		21287-ST	01	17.36
		21217-ST	01	8.01
		21061-ST	01	4.24
		21110-ST	01	4.20
		21663-ST	01	4.76
5	RTO Lahore	21145-ST	01	14.43
		20956-ST	02	11.20
		21146-ST	02	2.59
		20992-ST	01	2.47
		21118-ST	01	1.04
		20943-ST	01	0.63
6	RTO Peshawar	21658-ST	01	45.44
		21482-ST	01	3.76

7	RTO Faisalabad	21503-ST	02	24.39
8	RTO Multan	21730-ST	01	128.01
		21726-ST	01	55.46
		21727-ST	01	8.80
		21760-ST	01	0
Total			52	1,791.81

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount
1	MTO Karachi	6982-ST	02	775.18
2	LTO Karachi	7013-ST	01	7.84
3	RTO-II Karachi	7060-ST	17	432.49
4	RTO Hyderabad	7042-ST	01	5.68
5	RTO Sukkur	7018-ST	07	148.52
		7056-ST	05	13.96
6	RTO Quetta	7074-ST	02	0.52
		7079-ST	11	65.60
		7104-ST	02	4.30
Total			48	1,454.09
Grand Total			100	3,245.90

Annexure-66
[Para 6.2.3.12]

Loss of revenue due to non-registration of persons/potential taxpayers required to be compulsorily registered – Rs 1,023.59 million

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Peshawar	21470-ST	02	198.47
		21484-ST	02	2.02
2	RTO Lahore	21142-ST	37	90.10
		20939-ST	09	69.49
		21117-ST	23	64.30
		20954-ST	15	44.47
		20989-ST	14	39.65
3	RTO Multan	21752-ST	25	46.48
		21731-ST	121	30.11
		21732-ST	04	15.31
4	RTO Rawalpindi	21048-ST	01	18.26
5	RTO Faisalabad	21422-ST	12	21.59
		21442-ST	01	12.33
6	CTO Lahore	21160-ST	01	5.00
Total			267	657.58

DGAIR&C (South) Karachi

S. No.	Office	DP No.	No. of cases	Amount
1	RTO Hyderabad	7098-ST	01	364.32
2	RTO Quetta	7093-ST	08	1.69
Total			09	366.01
Grand Total			276	1,023.59

Annexure-67
[Para 6.2.3.13]

**Short-realization of sales tax due to concealment of production and undervaluation
of taxable goods – Rs 503.33 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No.	No. of cases	Amount Pointed out	Amount not due	Balance Amount
1	LTO Multan	21561-ST	01	39.85	-	39.85
		21576-ST	01	4.63	-	4.63
		21570-ST	01	100.39	-	100.39
2	RTO Multan	21749-ST	02	111.82	-	111.82
		21753-ST	03	88.44	0.16	88.28
3	RTO Sialkot	21604-ST	01	54.75	-	54.75
4	CTO Lahore	21156-ST	01	36.97	-	36.97
		21082-ST	01	26.99	-	26.99
		21085-ST	01	16.07	-	16.07
		21220-ST	01	6.00	-	6.00
		21065-ST	01	2.31	-	2.31
5	RTO Faisalabad	21505-ST	06	8.67	-	8.67
		21424-ST	02	6.60	-	6.60
Total				503.49	0.16	503.33

Annexure-68

**Thematic Audit on Valuation of Imported Goods – Governing Laws, Rules,
Regulations and Variations in Applicability
Price comparison of import from China**

Difference in import value pertaining to woven fabric

S No.	Product Code	Product Description	Pakistan's Imports from China (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament	74.11	44.09	9.63	7.21	12.65
2	'540754	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament	31.04	51.40	10.07	2.79	4.52
3	'551614	Woven fabrics containing >= 85% artificial staple fibres by weight, printed	36.28	11.90	0.87	2.65	0.19

S No.	Product Code	Product Description	China's exports to Pakistan (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	208.00	295.11	513.52	267.74	414.09

2	'540754	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	70.90	125.27	112.25	70.54	82.98
3	'551614	Woven fabrics containing >= 85% artificial staple fibres by weight, printed	93.78	56.69	55.23	43.81	41.13

S No.	Product Code	Product Description	Difference in Value (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	(133.89)	(251.03)	(503.88)	(260.53)	(401.44)
2	'540754	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	(39.86)	(73.87)	(102.18)	(67.75)	(78.46)
3	'551614	Woven fabrics containing >= 85% artificial staple fibres by weight, printed	(57.50)	(44.78)	(54.36)	(41.16)	(40.94)

Difference in import value pertaining to foot wear

S No.	Product Code	Product Description	Pakistan's Imports from China (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'640299	Footwear with outer soles and uppers of rubber or plastics	7.16	1.01	0.92	1.06	0.82

S No.	Product Code	Product Description	China's exports to Pakistan (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'640299	Footwear with outer soles and uppers of rubber or plastics	205.11	112.17	98.35	49.69	60.28

S No.	Product Code	Product Description	Difference in Value (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'640299	Footwear with outer soles and uppers of rubber or plastics	(197.95)	(111.16)	(97.44)	(48.62)	(59.46)

Difference in import value pertaining to toys

S No.	Product Code	Product Description	Pakistan's Imports from China (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls;	56.02	43.99	33.20	23.63	25.46

		other toys					
--	--	------------	--	--	--	--	--

S No.	Product Code	Product Description	China's exports to Pakistan (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages; dolls; other toys	91.30	55.12	38.06	56.18	127.71

S No.	Product Code	Product Description	Difference in Value (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	950300	Tricycles, scooters, pedal cars and similar wheeled toys; dolls' carriages	(35.28)	(11.14)	(4.87)	(32.55)	(102.24)

Difference in import value pertaining to electric lamps and lighting fittings

S No.	Product Code	Product Description	Pakistan's Imports from China (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'940540	Electric lamps and lighting fittings,	31.39	16.00	8.28	3.12	6.62

2	'851310	Portable electrical lamps designed to function by their own source of energy	14.85	12.07	10.14	8.77	8.22
---	---------	--	-------	-------	-------	------	------

S No.	Product Code	Product Description	China's exports to Pakistan (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'940540	Electric lamps and lighting fittings	100.71	56.86	52.11	44.65	64.22
2	'851310	Portable electrical lamps designed to function by their own source of energy	39.47	24.80	21.94	20.69	17.18

S No.	Product Code	Product Description	Difference in Value (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'940540	Electric lamps and lighting fittings, n.e.s.	(69.31)	(40.86)	(43.83)	(41.53)	(57.60)
2	'851310	Portable electrical lamps designed to function by their own source of energy	(24.61)	(12.74)	(11.81)	(11.92)	(8.97)

Difference in import value exceeding \$100 millions

S No.	Product Code	Product Description	Pakistan's Imports from China (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'850300	Parts suitable for use solely or principally with electric motors and generators	37.84	71.43	19.87	13.31	31.51
2	'841510	"Window or wall air conditioning machines, self-contained or ""split-system"""	25.47	15.30	11.43	9.17	17.29
3	'540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	74.11	44.09	9.63	7.21	12.65
4	'840290	Parts of vapour generating boilers and superheated water boilers, n.e.s.	30.86	11.91	14.82	56.27	2.70

S No.	Product Code	Product Description	China's exports to Pakistan (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'850300	Parts suitable for use solely or principally with electric motors and generators, electric ...	340.59	214.37	43.23	121.38	391.77

2	'841510	"Window or wall air conditioning machines, self-contained or ""split-system"""	182.25	193.63	110.68	135.67	178.20
3	'540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament ...	208.00	295.11	513.52	267.74	414.09
4	'840290	Parts of vapour generating boilers and superheated water boilers, n.e.s.	251.05	57.50	48.70	232.10	117.29

S No.	Product Code	Product Description	Difference in Value (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'850300	Parts suitable for use solely or principally with electric motors and generators, electric	(302.75)	(142.93)	(23.36)	(108.07)	(360.26)
2	'841510	Window or wall air conditioning machines, self-contained or ""split-system	(156.78)	(178.33)	(99.25)	(126.50)	(160.91)
3	'540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester	(133.89)	(251.03)	(503.88)	(260.53)	(401.44)

		filaments, incl. monofilament ...					
4	'840290	Parts of vapour generating boilers and superheated water boilers, n.e.s.	(220.18)	(45.60)	(33.88)	(175.83)	(114.59)

Statement showing details of items which are significantly assessed at lower values as compare to data on counter part

S No.	Product Code	Product Description	Pakistan's Imports from China (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'540233	Textured filament yarn of polyester (excluding that put up for retail sale)	120.40	126.43	160.30	144.17	199.00
2	'851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks and ...	70.94	48.70	57.79	66.12	65.09
3	'291736	Terephthalic acid and its salts	12.03	19.25	1.39	0.83	37.15

4	'392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s (excluding ...	28.18	22.43	20.85	18.56	27.11
5	'721934	"Flat-rolled products of stainless steel, of a width of \geq 600 mm, not further worked than	13.82	19.98	15.50	18.92	24.06
6	'600632	"Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of $>$ 30 cm (excluding ...	48.07	45.82	12.37	9.64	14.01
7	'842199	Parts of machinery and apparatus for filtering or purifying liquids or gases	27.86	16.44	3.92	12.99	6.94
8	'551511	Woven fabrics containing predominantly, but $<$ 85% polyester staple fibres by weight, mixed	0.58	0.15	0.33	0.20	0.41

9	'620192	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted ...	0.06	0.03	0.02	0.01	0.05
---	---------	---	------	------	------	------	------

S No.	Product Code	Product Description	China's exports to Pakistan (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'540233	Textured filament yarn of polyester (excluding that put up for retail sale)	143.84	161.76	181.54	155.79	253.23
2	'851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks and ...	86.34	56.30	76.71	87.63	146.61
3	'291736	Terephthalic acid and its salts	33.70	78.76	51.91	42.76	107.23
4	'392690	Articles of plastics and articles of other materials of heading 3901 to 3914,	57.45	40.65	42.00	60.10	109.79

5	'721934	"Flat-rolled products of stainless steel, of a width of \geq 600 mm, not further worked than	35.58	41.58	38.41	40.41	104.21
6	'600632	"Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of $>$ 30 cm	73.31	80.67	111.01	58.53	97.17
7	'842199	Parts of machinery and apparatus for filtering or purifying liquids or gases, .	49.31	22.52	19.47	36.61	79.93
8	'551511	Woven fabrics containing predominantly, but $<$ 85% polyester staple fibres by weight, mixed ...	21.55	36.29	58.14	28.13	52.95
9	'620192	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted ...	25.76	68.43	22.24	49.76	70.52

S No.	Product Code	Product Description	Difference in Value (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'540233	Textured filament yarn of polyester (excluding that put up for retail sale)	(23.43)	(35.33)	(21.25)	(11.61)	(54.22)
2	'851770	Parts of telephone sets, telephones for cellular networks or for other wireless networks and	(15.39)	(7.60)	(18.93)	(21.51)	(81.52)
3	'291736	Terephthalic acid and its salts	(21.67)	(59.51)	(50.52)	(41.92)	(70.07)
4	'392690	Articles of plastics and articles of other materials of heading 3901 to 3914, n.e.s	(29.27)	(18.23)	(21.16)	(41.54)	(82.68)
5	'721934	"Flat-rolled products of stainless steel, of a width of \geq 600 mm, not further worked	(21.75)	(21.60)	(22.91)	(21.50)	(80.15)

6	'600632	"Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm	(25.23)	(34.85)	(98.64)	(48.90)	(83.16)
7	'842199	Parts of machinery and apparatus for filtering or purifying liquids or gases,	(21.45)	(6.09)	(15.55)	(23.62)	(72.99)
8	'551511	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed ...	(20.98)	(36.14)	(57.81)	(27.93)	(52.54)
9	'620192	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted ...	(25.69)	(68.41)	(22.22)	(49.75)	(70.47)

Statement showing details of items which are significantly assessed at lower values as compare to data on counter part

S No.	Product Code	Product Description	Pakistan's Imports from China (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'611030	Jerseys, pullovers, cardigans, waistcoats and	0.24	0.29	0.08	0.16	0.21

		similar articles, of man-made fibres, knitted ...					
2	'420232	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried ...	0.06	0.17	0.26	0.19	0.20
3	'880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	0.01	0.01	0.01	0.01	0.07
4	'852791	Radio-broadcast receivers, for mains operation only, combined with sound recording or reproducing ...	0.00	-	0.00	0.01	0.07
5	'620192	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted ...	0.06	0.03	0.02	0.01	0.05
6	'611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of	0.31	0.21	0.14	0.04	0.04

		cotton, knitted or crocheted ...					
7	'840140	Parts of nuclear reactors	19.86	88.04	78.25	-	-

S No.	Product Code	Product Description	China's exports to Pakistan (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	25.91	29.46	175.38	11.32	32.30
2	'420232	Wallets, purses, key-pouches, cigarette-cases, tobacco-pouches and similar articles carried ...	18.42	6.67	9.31	17.14	25.62
3	'880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	21.81	4.51	10.48	37.30	26.38
4	'852791	Radio-broadcast receivers, for mains operation only, combined	25.05	13.54	9.31	8.91	20.86

		with sound recording or reproducing ...					
5	'620192	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted ...	25.76	68.43	22.24	49.76	70.52
6	'611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	17.60	16.44	8.18	21.46	41.75
7	'840140	Parts of nuclear reactors, n.e.s. [Euratom]	36.87	80.08	43.36	20.68	25.01

S No.	Product Code	Product Description	Difference in Value (Million Dollar)				
			Value in 2017	Value in 2018	Value in 2019	Value in 2020	Value in 2021
1	'611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted ...	(25.67)	(29.17)	(175.31)	(11.16)	(32.09)
2	'420232	Wallets, purses, key-pouches, cigarette-cases, tobacco-	(18.36)	(6.50)	(9.05)	(16.96)	(25.43)

		pouches and similar articles carried ...					
3	'880330	Parts of aeroplanes or helicopters, n.e.s. (excluding those for gliders)	(21.80)	(4.51)	(10.47)	(37.29)	(26.31)
4	'852791	Radio-broadcast receivers, for mains operation only, combined with sound recording or reproducing ...	(25.04)	(13.54)	(9.31)	(8.89)	(20.79)
5	'620192	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted ...	(25.69)	(68.41)	(22.22)	(49.75)	(70.47)
6	'611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted ...	(17.29)	(16.23)	(8.04)	(21.43)	(41.71)
7	'840140	Parts of nuclear reactors, n.e.s. [Euratom]	(17.01)	7.96	34.89	(20.68)	(25.01)

Price comparison of import from other origins
Difference in import values (Belgium)

S No.	Product code	Product label	Pakistan imports from Belgium	Belgium exports to Pakistan	Difference
			2021 (million)	2021 (million)	2021 (million)
1	'52	Cotton	151.68	469.82	(318.14)
2	'08	Edible fruit and nuts; peel of citrus fruit or melons	66.60	199.28	(132.68)
3	'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	36.86	140.51	(103.66)
4	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	4.71	20.95	(16.23)
5	'07	Edible vegetables and certain roots and tubers	37.21	45.50	(8.29)
6	'12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal	9.73	17.48	(7.75)
7	'86	Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures ...	5.85	11.56	(5.72)
8	'51	Wool, fine or coarse animal hair; horsehair yarn and woven fabric	3.11	8.25	(5.14)
9	'87	Vehicles other than railway or tramway rolling stock, and parts and accessories	1.08	5.81	(4.73)
10	'57	Carpets and other textile floor coverings	7.71	11.35	(3.65)
11	'41	Raw hides and skins (other than furskins) and leather	6.51	9.35	(2.85)

Difference in import values (France)

S No.	Product code	Product label	Pakistan's imports from France	France imports to Pakistan	Difference
1	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	27.298	54.403	(27.105)
2	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	75.695	93.269	(17.574)
3	'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	9.846	18.336	(8.490)
4	'76	Aluminum and articles thereof	5.384	13.620	(8.236)
5	'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	6.976	12.699	(5.723)
6	'74	Copper and articles thereof	1.368	6.421	(5.053)
7	'75	Nickel and articles thereof	1.304	4.928	(3.624)
8	'23	Residues and waste from the food industries; prepared animal fodder	2.766	4.965	(2.199)

Difference in import values (Germany)

S No.	Product code	Product label	Pakistan's imports from Germany	Germany exports to Pakistan	Difference
			2021 (million)	2021 (million)	2021 (million)
1	'88	Aircraft, spacecraft, and parts thereof	1.105	157.065	(155.960)
2	'99	Commodities not elsewhere specified	0.286	88.140	(87.854)

3	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	276.231	334.214	(57.983)
4	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	75.236	131.279	(56.043)
5	'72	Iron and steel	41.360	90.261	(48.901)
6	'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	10.142	44.562	(34.420)
7	'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	59.044	88.661	(29.617)
8	'87	Vehicles other than railway or tramway rolling stock, and parts and accessories	27.161	54.818	(27.657)
9	'76	Aluminum and articles thereof	13.446	35.909	(22.463)
10	'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	1.252	21.591	(20.339)
11	'44	Wood and articles of wood; wood charcoal	20.969	39.138	(18.169)
12	'32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	28.906	46.921	(18.015)
13	'34	Soap, organic surface-active agents, washing preparations, lubricating preparations, artificial ...	20.413	32.907	(12.494)
14	'48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	5.316	16.751	(11.435)
15	'74	Copper and articles thereof	4.222	11.806	(7.584)
16	'83	Miscellaneous articles of base metal	0.849	5.181	(4.332)

17	'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	9.207	13.460	(4.253)
18	'21	Miscellaneous edible preparations	1.216	5.245	(4.029)

Difference in import values (Netherland)

S No.	Product code	Product label	Pakistan's imports from Netherlands	Netherlands exports to Pakistan	Difference
			2021 (million)	2021 (million)	2021 (million)
1	'TOTAL	All products	577.76	781.50	(203.74)
2	'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	160.57	178.57	(17.99)

Difference in import values (Spain)

S No.	Product code	Product label	Pakistan imports from Spain	Spain exports to Pakistan	Difference
			2021 (million)	2021 (million)	2021 (million)
1	'93	Arms and ammunition; parts and accessories thereof	0.050	42.426	(42.376)
2	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	31.388	52.072	(20.684)
3	'27	Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral ...	32.075	52.692	(20.617)
4	'74	Copper and articles thereof	1.813	21.336	(19.523)
5	'99	Commodities not elsewhere specified	0.599	7.867	(7.268)

6	'52	Cotton	21.662	28.669	(7.007)
7	'76	Aluminum and articles thereof	9.492	13.796	(4.304)
8	'88	Aircraft, spacecraft, and parts thereof	0.006	4.197	(4.191)
9	'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	3.678	7.383	(3.705)
10	'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	0.234	3.808	(3.574)
11	'69	Ceramic products	2.876	6.255	(3.379)
12	'32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	19.444	22.447	(3.003)

Difference in import values (UAE)

S No.	Product code	Product label	Pakistan imports from UAE	UAE exports to Pakistan	Difference
			2021 (million)	2021 (million)	2021 (million)
1	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television ...	24.026	571.463	(547.437)
2	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	77.826	463.442	(385.616)
3	'73	Articles of iron or steel	10.519	165.028	(154.509)
4	'39	Plastics and articles thereof	328.040	478.007	(149.967)
5	'33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	15.450	108.147	(92.697)

6	'24	Tobacco and manufactured tobacco substitutes	0.541	87.830	(87.289)
7	'40	Rubber and articles thereof	8.808	80.143	(71.335)
8	'71	Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad	3.288	54.068	(50.780)
9	'30	Pharmaceutical products	141.397	190.933	(49.536)
10	'87	Vehicles other than railway or tramway rolling stock, and parts and accessories thereof	7.860	57.206	(49.346)
11	'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical ...	7.424	54.526	(47.102)
12	'29	Organic chemicals	25.058	53.217	(28.159)
13	'54	Man-made filaments; strip and the like of man-made textile materials	1.318	28.943	(27.625)
14	'09	Coffee, tea, maté and spices	0.595	23.142	(22.547)
15	'22	Beverages, spirits and vinegar	0.767	21.641	(20.874)
16	'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	10.650	30.873	(20.223)

Difference in import values (UK)

S No.	Product code	Product label	Pakistan's imports from United Kingdom	United Kingdom exports to Pakistan	Difference
			2021 (million)	2021 (million)	2021 (million)
1	'72	Iron and steel	433.759	464.156	(30.397)

2	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	71.121	84.285	(13.164)
---	-----	--	--------	--------	----------

Difference in Import Values (Italy)

S No.	Product code	Product label	Pakistan's imports from Italy	Italy exports to Pakistan	Difference
			2021 (million)	2021 (million)	2021 (million)
1	'84	Machinery, mechanical appliances, nuclear reactors, boilers; parts thereof	239.76	396.68	(156.92)
2	'85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television	24.54	93.88	(69.34)
3	'90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical	18.24	45.15	(26.91)
4	'72	Iron and steel	35.02	44.16	(9.14)
5	'39	Plastics and articles thereof	15.47	22.17	(6.70)
6	'49	Printed books, newspapers, pictures and other products of the printing industry; manuscripts, ...	0.08	5.57	(5.50)
7	'94	Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; ...	1.14	5.74	(4.60)
8	'32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments and other colouring ...	15.76	20.25	(4.48)
9	'74	Copper and articles thereof	3.44	7.90	(4.46)
10	'48	Paper and paperboard; articles of paper pulp, of paper or of paperboard	4.86	8.76	(3.90)
11	'69	Ceramic products	1.79	5.20	(3.41)

Annexure-69

[Para 12.1]

**Irregularities noticed during the sectoral analysis of provisional
assessment – Rs 3,608.26 million**

DGAIR&C (North) Lahore

(Rs in million)

S. No.	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	DC (Imports) Dryport, Sialkot	8064	1	1.17	-	1.17
2	DC (BG), Mughalpura Dryport, Appr. Lahore	Para-1 F.448	788	2,126.57	-	2,126.57
		Para-2 F.448	431	1,131.34	-	1,131.34
		Para-3 F.448	30	129.77	-	129.77
		Para-4 F.448	1	5.11	-	5.11
3	DC (BG), AIIA, Lahore	Para-1 F.452	5	57.47	-	57.47
		Para-2 F.452	7	72.27	-	72.27
Total			1263	3,523.7	-	3,523.7

DGAIR&C (South) Karachi

S. No	Office	DP No	No. of cases	Amount pointed out	Amount recovered/ vacated/ not due	Balance Amount
1	CoC Appraisalment (East), Karachi	2098	6	28.94	-	28.94
2	CoC Appraisalment, (PMBQ), Karachi	1904	21	72.67	44.42	28.25
3	CoC Appraisalment, (West), Karachi	2018	6	26.52	-	26.52
4	CoC Hyderabad	1984	1	0.85	-	0.85
5	CoC JIAP, Karachi	2043	32	-	-	-
Total			66	128.98	44.42	84.56
Grand Total			1329	3,652.68	44.42	3,608.26