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CBR PAKISTAN

DOT Gazette

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An Interview with Observers from IBFD

In the month of March, 2007 DOT paid host to ATAIC Conference of the Heads of Training Institutions. Two observers from IBFD Mr. Aurobindo Ponniah (IBFD Head, Malaysia and Dr. V. Van Kommer (Manager, Government Consultancy) attended this conference. Mr. M Muneer Quershi DG DOT interviewed the two gentlemen on this occasion and an extract of this interview is reproduced as under.

Q.1 Kindly dilate upon the mandate and functions of IBFD (International Bureau of Fiscal documentation).

Ans: IBFD is a foundation established in 1938 with the view to maintain fiscal documentation that could benefit the tax world at large. We are an independent organization based in Amsterdam, the Netherlands and run by a board of trustees comprising of eminent tax personnel. Over the years our library has grown to include tax laws of all countries and is one of the largest tax libraries in the world. In addition we specialize in tax publications and journals written by tax professionals on issues such as transfer pricing, European taxation etc.

now have a full fledged tax academy in Amsterdam for training government officials and corporations. This academy offers in-house structured courses to interested governments and multinationals e.g. IBFD in collaboration with the Malaysian Tax Academy are running courses on" transfer pricing" for the Malaysian Revenue Services. Dr. Kommer, (Manager, Government Consultancy) added that their services also included advising various governments on policy implementations.

Q.2 How many countries in the developing world have benefited

Ans: Our major beneficiaries are South East Asia, Central Asia, Nepal, Vietnam, China, Central Africa and Countries in Eastern Europe. As countries of Latin America are Spanish speaking areas, language remains a barrier for most of Latin America as our medium of training is English.



Right to left: Mr. Aurobindo Ponniah (IBFD Head, Malaysia, Dr. V. Van Kommer (Manager, Government Consultancy)

Q.3 I understand that you have an office in India and another one in Malaysia.

Ans: No. We don't have an office in India. We are based in Amsterdam and have a small sub-office at Washington D.C. Since November 2006, we have opened up an office in Malaysia

may expand further in this region.

Q.4 Can you tell us something as to how you collect data and establish a data base?

Ans: Normally we have one professional for each country for collection of data. For example we have divided Asia Pacific into South East Asia, Central Asia and Pacific regions. For each region we assign two researchers with requisite qualifications such as an MBA or PhD. These researchers have further contacts amongst local correspondents in a country for supply of information on tax matters. For Pakistan our local correspondent for the last many years is

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EDITORIAL

The warm breeze of a typical summer, did nothing to dampen our enthusiasm for a momentum driven month of April following a hectic March . The resounding success of the ATAIC (Association of Tax Authorities of Islamic Countries) Conference of Heads of Training Institutions (12-14 March) speaks volume for the managerial acumen of the DOT administration headed by the Director General Mr. M. Munir Qureshi. As no team can ever succeed without the teamwork & commitment of those involved , the letters of appreciation issued by the Director General's office to all team members (may it be officers or officials) gave a new impetus to the DOT administration.

Dot has always been a centre for imparting training as well as an avenue for much needed discourse and discussions in the present phase of reform & change . In order to apprise all stake holders amongst the field formations of the reform initiatives and the way forward, a one day "Awareness Workshop" was organized in collaboration with the HRM wing (CBR) in the Directorate. Officers belonging to both direct as well as indirect taxes participated in this workshop. Not forgetting the all important task of training, the Directorate also managed to conduct a Capacity Build-

....Continued from page 1

practitioner and an author of various publications.

To ensure the sanctity of data collected, we require the local correspondents to supply the original text in the local language. For example in case of a tax treaty we request the government for original copy of that treaty. Any translation or transcription by our correspondents



with any change incorporated is not acceptable to us.

Q.5 Do you hire correspondents on the basis of the needs of an area?

Ans: Yes and No. We have a team of dedicated researchers who may cover more than one particular country. For example our Malaysian expert may also handle Thailand. In Amsterdam we have a team of 70 tax professionals.

Q.6 As you may already know, the informal sector in Pakistan is very large and income equal to around 40 per cent of GDP is generated by this sector and yet no taxes are being paid by it. What role, if any can IBFD play in assisting us in this regard?

Ans: We can offer assistance in further documentation of your

Through proper and thorough documentation of your domestic and other companies you can access a part of your informal sector. We can also help in training of officers working in LTUs. Even in Holland, their LTU remains connected with the IBFD data base. We can further compare tax systems of various countries to develop "best practices model" for improving the implementation side of a reform initiative.

Q.7 Can you tell us something about your educational backgrounds?

Ans: **(Aurobindo Ponniah)** I am basically a Law Graduate from U.K. and then I joined the private sector. I have now spent almost 17 years in this field and currently I am heading our office in Malaysia.

(Dr. V. Van Kommer) I am also a Law Graduate and joined the tax service as a Tax Inspector. Having served in various capacities, I then joined the diplomatic corp. I am also an author of various books on issues such as Performance Management, Effective Tax Administration etc. but my interest has always been in the implementa-

Q.8 It is interesting to note that both of you gentleman have law backgrounds whereas the common perception for a research foundation is that people involved in research generally have an economics background.

Ans: Yes, it is interesting that in countries like India, Pakistan, Indonesia, Malaysia etc. generally economists handle tax administration whereas the trend is different in countries of Europe and even in America

Q.9 Do you use video conferencing as a tool in you organization?

Ans: No. E-learning with all its potential, has certain limitations. We have started using e-learning for maintenance purposes e.g. case studies of laws. Huge investment is required for e-learning and generally it does not result in much satisfaction with a recipient of the information.

Q.10 But video conferencing and e-learning is sometimes cheaper for the recipients and also results in more accessibility to experts.

Ans: It is our experience that face to face interaction in a class room environment is more rewarding and learning is more for the recipient. However, we are developing our e-learning facilities and have started using it for maintenance purposes.

The interview was concluded with an offer from the two experts from IBFD that they would be willing to lend their expertise in implementation of the reform initiative currently under way in CBR.



Interviewed by:
M. MUNEER QURESHI
(DG DOT)

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A trip down the memory lane



In course of his career Mr. Khawar attended various international courses such as a course on "Computer Systems Accounting and Auditng" held in University of Glasgow, U.K. in 1984 and "Advanced Tax Management Course" organized by the Japanese International Cooperation Agency (JICA) at Tokyo in 1991.

Continuing with our journey into the past, we now move to the 2nd Common Income Tax Batch. The DOT gazette feels honored in having Mr. Khawar Khurshid Butt, Member, ITAT, Lahore to share the memories of his common with us.

Mr. Khawar did LL.B. and Masters in Political Science from the Punjab University, Lahore. His display of leadership qualities was apparent even during his student life when he was elected President of Students Union of Forman Christian College, Lahore for the session 1969-70. He was also an accomplished debater of F.C. College and Punjab University Law College, Lahore in the period 1969-73.

In course of his career Mr. Khawar attended various international courses such as a course on "Computer Systems Accounting and Auditng" held in University of Glasgow, U.K. in 1984 and "Advanced Tax Management Course" organized by the Japanese International Cooperation Agency (JICA) at Tokyo in 1991.

During his distinguished career, Mr. Khawar served on various important assignments. His humility and straight forward approach makes him a model officer and a good human being. As remarked by one of his junior colleague "Khawar Sahib believes in leading not through criticism or coercion but through reposing trust in junior officers especially new entrants to the service".

FLASHBACK

The 2nd Common Batch of Civil Services Academy comprised of approximately 245 Officers. Continuing with the policy followed in the earlier batch, the service allocation was done by the Establishment Division after completion of the Common Training Program at Civil Service Academy (CSA), Lahore.

Learning from the experience of 1st Common Batch where a number of probationers failed to qualify in the Final Passing Out Examination (FPOE), the 2nd Common Batch took their initial training with relative seriousness.

In those days, the Academic Block of CSA was located at Montgomery Hall (presently Quaid-e-Azam Library, The Mall). Hostel accommodations were available at three different locations for the probationers namely: The Walton Campus, The International Hotel (Upper Mall) and The DMG Campus. Mr. Khawar Campus was located in a relatively less prestigious part of Lahore, it was fondly known amongst the probationers as "the Third World". This label was further strengthened by an old dilapidated bus which occasionally transported probationers from Walton Campus to the Main Campus for weekly extension lectures etc. Another honor for Mr. Khawar was his selection as PMC (President Mess Committee) at the CSA (Watlon Campus).

Mr. Khawar fondly remembers his departmental training and the teachers who imparted training with all due dedication and devotion. Mr. Muhammad Afzal affectionately known as "Lala Afzal" was the Director at the Academy, which was situated at Income Tax Complex, Nabha Road in those days. Lala Afzal was less of a teacher and more of an Institution who faithfully guided the steps of many new entrants to the service. The most interesting fact revealed by Mr. Khawar is that outstation probationers were not provided with any hostel accommodation or transportation facility during the course of their Specialized Training. A sharp contrast from present day Directorate General of Training & Research (DOT) where a purpose-built Campus provides best possible hostel and transport facilities to the Probationers. The Departmental FPOE of the Income Tax Officers was conducted by CBR itself in those days and the examination hall was located at Nabha Road (presently the Auditorium).

Moving to the 2nd Common

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tioners, it comprised of 19 aspiring young Tax administrators who by the Grace of Allah today are holding important assignments inside and outside CBR. The Batch has the distinction of being a very unified group which saw the promulgation and application of three Income Tax Ordinances starting from Income Tax Act, 1922 to the new Income Tax Ordinance, 2001. A brief introduction of the Batch who are now more of a family than colleagues with association of more than 32 years is as under:

1. Malik Bashir Ahmed

Hailing from Punjab, Malik Sahib has mostly served in Karachi and has to his credit important assignments in Southern and Corporate Regions at Karachi. He is currently posted as Director Inspection and Audit (I&A), Karachi.

2 Mr. Javed Athar

Mr. Javed holds a master's degree in Economics from Karachi University and has also done LL.B. Hailing from Vehari (District Burewala), he has the distinction of having served in almost all major stations within Pakistan. He is interested in music and has a very good collection of rare musical treasures. He has done various foreign training courses including "Train the Trainers" Workshop from U.K. and "Advanced Tax Management Course" organized by the Japanese International Corporation Agency (JICA). He is presently posted as CIT, RTO, Gujranwala.

3. Mr. Ihsan ul Haq

Mr. Ihsan holds a master's degree in English and has also University, Islamabad. A very humble man , who has interest in Sufism. While under training at NIPA (National Institute of Public Administration) in Quetta in the year 1993-94, he took a personal initiative to visit the backward and far-flung areas of Baluchistan. After promotion to Grade-21 in 2003, he was posted as RCIT, Central Region, Multan. He is currently posted as Coordinator Special Initiatives in CBR.

4. Mr. Naseer Ahmad

Currently serving as Member, ITAT, Lahore Bench, he commands respect and fond feelings amongst batch-mates and juniors alike. Except for very short period of time, he has served in Lahore which reflects his love for the city.

5. Mr. Liaquat Ali Leghari

Mr. Leghari belongs to Leghari tribe settled in Sadiqabad, Punjab. Extremely soft-spoken and sober, he is now settled in Karachi. He resigned from service in the year 2003.

6. Mr. Amjad Javed Hashmi

Mr. Amjad is the most proficient in Income Tax Law amongst the 2nd Common Batch. He found the courage to bid farewell to the Income Tax Service after 27 years and established an independent Law Practice at Karachi. He resigned in the year 2002 and is doing very well in Income Tax / Sales Tax and Customs Law Practice. He is currently teaching law in two Universities. He also has to his credit various law related publications.

7. Mr. Muhammad Aslam

Mr. Aslam belongs to Mandi Bahauddin. He has done Masters in Economics from Punjab University and has good command over Income Tax and related Laws. He is currently posted as CIT, Appeals, Gujranwala.

8. Mr. Muhammad Istataat Ali

Mr. Istataat belongs to Chakwal, Punjab. He has mostly served in Islamabad and Rawalpindi. A Law Graduate, he served as a Civil Judge before joining the Income Tax Service. Bold and straightforward, he is known to be a gentleman with command over Income Tax Law. He has also done his Masters in Strategic Studies from National Defense University, Islamabad. He is currently serving as Member, ITAT, Islamabad, Bench.

9. Mr. Mahmood Saleem Mahmood

Another outstanding officer of our Common. He has distinguished himself not only amongst the batch but also amongst other contemporary officers in federal bureaucracy. He has successfully served with various governments in different capacities. Currently, he is holding the important position of Additional Secretary (In charge), Women Development Division in the Ministry of Women Development at Islamabad. He has done "Ad-



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First Row (sitting L to R) Abdul Latif Khan (Secretary Mess Committee II Term), Mohammad Yousaf Alvi, M. Zafar Ali Rizvi (Asstt Director), Kh. Anees Ahmad (Deputy Director), Mr. Mahdi Hassan (Director), Khawar Khurshid Butt (President Mess Committee I Term), Sibtain Fazal Halim (President Mess Committee II Term), Jalauddin Qureshi (Member Mess Committee II Term), Usama Maud

Second Row(sitting L to R) Mohammad Hussain Chaudhry (Member Mess Committee II Term), Dost Mohammad Khan (Secretary Mess Committee I Term), S. Muddasir Noor, Fazal Nabi, Ziaul Hasan Siddiqi, Mahmood Salim Mahmood, Zahid Hussain, Tariq Jamil Syed Sardar Hussain Shah (Member Mess Committee I Term), Mohammad Sharif, Ghulam Shabbir Khan Baluch, Nazir Ahmad, Malik Bashir Ahmad

Third Row (sitting L to R) Mohammad Ali, Maqbool Ahmad, Sarfraz Khan Habibi, Abdul Rauf Chaudhry (Member Mess Committee I Term), Qaiser Ali Shah (Member Mess Committee I Term), Mohammad Wasim, Mohammad Ayub Khan Tarin (Member Mess Committee II Term), Shahid Najm, Masud Muzaffar, Mohammad Saleem

Fourth Row (Standing L to R) Mohammad Ihtesham Khan, Tariq Shafiq Khan (Perfect), Saif Alf, M. Akram Shaheedi, Mohammad Ashraf Khan, Nazir Hussain, Iftikhar Hussain Tariq

vanced Tax Management Course" under the auspices of Japanese International Corporation Agency (JICA). He has also attended courses at Royal Institute of Public Administration, UK and Management Course at Harvard, USA.

10. Mr. Masood Ali Jamshed

Mr. Masood has done M.Com. from Hailey College, Punjab University. Has great command over accountancy and Income Tax Law. He has a jovial personality and commands respect amongst batchmates and juniors alike. He has never believed in compromising his principles even in

Mr. Liaquat has done M.A. Economics from Punjab University, Lahore and Masters in Strategic Studies from National Defence University Islamabad. A very well read and intellectual person, he has also served as Member Directing Staff in NIPA, Peshawar. He is currently serving as Member, ITAT, Peshawar.

12. Mrs. Abdia Ali

Mrs. Abida is the only lady officer in 2nd Common Batch. She holds an M.Sc. in Home Economics and has done Masters in Strategic Studies from National Defense University Islamabad. A very soft spoken and gentle person, she has

sionally sound officer. She was the first amongst 2nd Common, to be promoted to Grade-21 (in the year 2000). She is presently posted as DG, RTO, Peshawar, on deputation from Ministry of Law & Justice.

13. Mr. Bilal Khan

Mr. Bilal has done Masters in Economics from Peshawar University and Masters in Strategic Studies from National Defense University Islamabad. He is currently serving as Member National Tariff Commission, Islamabad. He attended "Common Wealth Advanced Management Course for In-service Tax Offi-

Mr. Humayun is currently serving as Regional Director, NAVTEC (National Vocational and Technical Education Commission), Karachi. A thorough gentleman, Mr. Aqeel has done masters in History from Karachi University.

15. Mr. Musharaf Akhund

Hailing from Sindh (Urban), Mr. Akhund did his masters in Economics from Sindh University. Opting for voluntary retirement in 2001, he is now permanently settled in USA.

16. Mr. Muhammad Iftikhar Khan

Hailing from FATA Janni Khel Wazir Tribe, Mr. Iftikhar has done MA Economics from Peshawar University and Masters in Strategic Studies from N.D.U, Islamabad. A good-natured man, he has always displayed the traditional Pathan hospitality. He has mostly served in NWFP and is currently posted as CIT, Appeals, Peshawar.

17. Mr. Muhammad Ishaque Memon

Belonging to Deeplo (Tharparkar), he is a graduate from Sindh University. Before joining the Income Tax Group, he served in Habib Bank Limited for two years. He is currently posted as Commissioner, Zone-A, Karachi.

18. Mr. Arjundas Oad (Deceased)

Mr. Arjundas hailed from Sindh (Rural). He met with a fatal road accident way back in 1978. A jovial person who died very young which put an end to an otherwise bright and promising young officer. Physically a strong man, he was accompanied by his family when the accident hap-

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AN INTERVIEW WITH

Madam Noor Azian Abdul Hamid

Director Malaysian Tax Academy



Q.1 What impressions are you carrying back viz-a-viz- our training academy?

Ans: I was pleasantly surprised, you have the best at the DOT Academy. Your computer labs are very impressive and up-to-date. In fact, these labs are even better than the computer facilities available at the Malaysian Tax Academy. Most importantly, the layout of your hostels and the gardens are beautiful.

Q.2 In three adjectives how would you express the ATAIC Conference 2007?

Ans: Educative, educative and educative.

Q.3 In one line, briefly, how can we follow up on what we have achieved?

Ans: We have achieved a lot in getting all the countries together, but I must admit that because of the language barrier, we sometimes had problems. We need to overcome this bar-

concerned, we must come up with concrete suggestions for the future and have regular follow-up sessions.

Q.4 Would you say that DOT is comparable with the Malaysian Tax Academy?

Ans: Yes! However, you have a little bit more luxury of space whereas we have less space available at our Academy but then we are not comparing apples with apples. The Malaysian Tax Academy handles a number of cross disciplines. We have hostel accommodation comprising of 150 rooms , but sometimes the in-take of new officers is much more than the available accommodation, e.g., this year we have around 475 new officers joining the Academy. Space is a big issue for us and construction work is currently underway to resolve this infrastructural issue. As far as facilities are concerned we are more or less at par, however, your Auditorium

Q.5 What are your suggestions to make training more effective?

Ans: I think as far as training is concerned, there is a large gap between the levels of training needed for different countries, e.g. as revealed during country presentations by participants of this Conference, some countries lack even the basic level of training, whereas, countries such as



Pakistan are looking towards advanced level of I. T. Training such as data warehousing and simulation techniques. We have to address specific issues for a specific country. We have to tailor training according to the needs of each country.

Q.6 Your suggestions for further cooperation between Pakistan and Malaysia in the field of tax administration?

Ans: I think we need to sit

and requirements of our countries as revealed during this Conference. There are many areas where we can cooperate in the field of training.

Q.7 Finally are you satisfied by the period assigned to the Conference?

Ans: I think that three days are fine, but in future we need to differentiate between a "Technical Conference" and a " Conference on Issues related to Training ". Subject matters such as technology needed for improving training can be incorporated in a training conference but a purely Technical Training Conference should be kept separate. In future, we need to confine ourselves to a "Conference on Training Issues of Heads of Training Institutions" where specific issues related to tax training can be discussed. Technology related issues in relation to training can then be included in such a Conference.

Interviewed by
MS. IRAM ADNAN
(Add Director)



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AN AWARENESS WORKSHOP









Mr. Muhammad Talha, Member (HRM), Mr. Ather Maqsood Ahmed, Member (FR&S) and Mr. Abdur Razzaq, Member (Audit) spoke on the occasion. In his opening speech, Mr. Muhammad Talha explained in depth the HRM initiatives and the progress on projects such as restructuring of offices, the legal framework of reforms, the procedure of job placement through IJP (Internal Job Posting) and the renewed focus on training and development in liaison with institutions such as LUMS, IBA etc.

The success of any reform initiative is dependent upon its skillful execution and involvement of a motivated workforce. In order to keep all field officers of CBR well informed of the progress so far of reform initiatives along with a road map of future, a one day "Awareness workshop" was held in DOT, Lahore in collaboration with HRM (Wing) CBR.

Mr. Muhammad Talha, Member (HRM), Mr. Ather Maqsood Ahmed, Member (FR&S) and Mr. Abdur Razzaq, Member (Audit) spoke on the occasion. In his opening speech, Mr. Muhammad Talha explained in depth the HRM initiatives and the progress on projects such as restructuring of offices, the legal framework of reforms, the procedure of job placement through IJP



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(Internal Job Posting) and the renewed focus on training and development in liaison with institutions such as LUMS, IBA etc. He informed the audience of the pace of reforms resulting in setting up of regional offices where placement of officers was being done in a transparent manner by advertising the jobs on internet. He explained in depth that the focus was on developing a professional work force whereby the new entrants to service went through a one year MBA Taxation program from IBA, Karachi. For mid career officers , training modules in liasion with LUMS and IBA, Karachi were being finalized.





Mr. Ather Maqsood Ahmed, Member (FR&S) dilated upon the Tax policy and Administrative reform initiatives and the outcome so far. He highlighted some of the factors which impeded the growth of revenue collection in Pakistan such as low tax / GDP ratio, narrow tax base due to ex-

tackle macro economic and fiscal imbalances, a three pronged strategy comprising of resource mobilization, expenditure management and debt deduction and exit strategy were envisaged. He explained that as a result of this strategy, tax rates had been lowered to reduce tax evasion, "tax on production and investment" had been replaced by "tax on consumption and income" and there was a gradual reduction of corporate tax rates to make investment internationally competitive. As a result of these measures collection of direct taxes had increased from Rs. 183.4 (M) in financial year 2004-05 to Rs. 225.0 (M) in financial year 2005-06 or a growth of 22.7%. Overall ,there was an increase in tax collection by 20.8% in financial year 2005-06 as compared to financial year 2004-05.

Mr. Abdur Razzaq, Member (Audit) highlighted the performance of the Audit Wing and the initiatives undertaken to de-

scheme under the Income Tax Ordinance, 2001. He informed the audience that the audit wing in collaboration with a professionally qualified academy and DOT, Lahore had so far trained 128 Audit Officers/Officials belonging to both Income Tax and Sales Tax to conduct meaningful audits by applying modern investigative techniques.

These presentations were followed by a detailed Q & A session where the participants raised important queries related to the future of audit and job placements through IJP.

