DOT Gazette

Employees Workshop 2008



By
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Deputy Director

The commitment of present Federal Board of Revenue (FBR) leadership to the reform process underway is consistent and unwavering. The top leadership not only believes in implementing broad spectrum reforms but also in taking the FBR personnel into confidence on important measures affecting the future of Organization. The present Chairman, FBR Mr. Muhammad Abdullah Yusuf is credited with the singular honor of being the only Chairman, FBR to have twice addressed the entire workforce on reforms underway within a space of less than 1½ years.

The first address of Chairman, FBR took place on 19th Dec., 2006 amidst fears of future job retrenchments as a consequence of reforms initiated in FBR. The second address of Chairman, FBR now took place on 6th Feb., 2008 in shape of an elaborately organized occasion marking the successful implementation of the reform phase where almost 2/3rd of employees now stand selected for I.J.P positions (double pay positions).



In case of our Directorate General almost all officers and officials from grade 5-16 have been selected for double pay positions. The Chairman treating the Directorate as a special case has further promised selection of the remaining support staff in BS 1-4 on priority. Hence an occasion for rejoicing and celebration for the employees posted in RTO, Lahore and the Directorate General of Training and Research.

The "Employees Workshop" on 6th February 2008 thus provided an excellent opportunity to the employees to provide feedback on the reforms implemented so far and at the same time it provided a forum to the top FBR leadership to convey its expectations from the employees.

The partially overcast morning on 6th February and the aesthetically designed venue inside this Directorate provided the perfect setting for the organization of a successful event.

In his inaugural speech the Director General , RTO Lahore, Mr. Haji Ahmad welcomed the Chairman FBR Mr. M. Abdullah Yusuf to Lahore and thanked him for initiating a regular system of communication and feed back. He remarked that the welfare of officers and staff has always been the priority of the present Chairman and members of FBR. As a result of the keen interest of the present leadership at FBR, till date 1919 officers and 1227 officials (almost 65% of the entire workforce) posted in RTO, Lahore stood selected for IJP positions and drawing double pay. He further added that change was always difficult for a large scale organization like FBR but he assured the Chairman FBR of the continued commitment of officers and staff of RTO, Lahore to work hard and try to collect the due taxes while upholding the principles of integrity, professionalism, transparency, neutrality and accountability. He concluded his speech by thanking the Chairman, FBR once again for gracing the occasion with his presence.

The speech by D.G. RTO, was followed by another welcome address by Mr. Ejaz Mufti, Supervisor RTO, Lahore who welcomed the Chairman on behalf of the secretarial staff of RTO, Lahore. He congratulated the Chairman, FBR on his recent elevation as Secretary General, Revenue Division. The Chairman, FBR he remarked, had successfully kept his promise and reassurances that no job retrenchments would result as a consequence of reforms initiated. He then pointed out to some of the problems being still faced by the non-gazetted staff members. The promotion channel for non-gazetted official remained extremely slow

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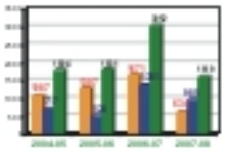

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EDITORIAL

The March issue of the DOT Gazette would like to pay homage to queen of all seasons spring. With all its colors and vivacity it sends the spirits soaring and the minds wondering. In DOT itself the neat rows of marigolds and pansies and the nodding rose bushes are a heartening sight. What pleasure it is to be amidst such color and beauty. The lush green DOT Lawns and the spectrum of floral display provide the natural setting for a welcoming campus. The occasion for welcoming and paying host presented itself in shape of organization of an "Employees Workshop "on 6th February 2008 inside the DOT Campus.

The Chairman FBR, Mr. M. Abdullah Yusuf is the only Chairman in the history of FBR to have twice addressed an Employees Workshop within a short span. Such workshops are necessary for providing an opportunity for feedback and two way communication. FBR is currently undergoing massive reforms and such workshops provide an excellent opportunity for the top leadership to get first hand feedback from the employees. After all the purpose of all reforms measures is the attainment of organizational and personal objectives while ensuring the success of the new system.

The Employee Workshop held on 6th Feb. 2008 was a huge success in conveying the message of personal commitment and hard work to the employees. Now that the reforms stood implemented partially with almost 65% employees enjoying the benefits of double pay and better work environment it is now time for quality performance. The excellent discipline and patience displayed by around 2500 employees present at the occasion is representative of the quality of the FBR personnel and their trust in the top leadership.

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causing despair and despondency amongst the staff.

Officials hired 25-years ago as Inspectors were still working in their original posts without any future for promotion. Similarly Stenographers, Steno typists, UDC etc. hired as far back as 1986 were working in the same posts they were hired in. The cadre of Supervisors was specific only to Income Tax Group and there was no channel available for their promotion. He requested that the secretariat staff not selected for IJP positions should be informed of their shortcomings and be given another opportunity to polish their skills and re-apply for IJP positions. He further requested that a system of IJP selection for officials in Grade-1 such as Armed Guards, Sweepers etc. should be devised as these officials worked hard for the organization and remained committed to their jobs. In the end he reiterated the commitment of entire workforce at RTO, Lahore to continue working to the best of their abilities for their mother organization.

The Chairman, FBR in his speech expressed his deep pleasure in addressing the Employees Workshop specifically arranged for the employees of Lahore region. He reiterated the importance of communication and feed back for a growing and changing organization like FBR. He stressed that FBR was one of the most important departments playing a vital in Pakistan's economy. The running of such an important department was not the job of one person and all three major stake holders i.e., the staff, Government of Pakistan and the taxpayers needed to work together to bring about change and prosperity to the country. One of the important reasons for bringing out reforms in FBR was to improve the per capita



income of the country which was extremely low at US$ 850 per annum in comparison with neighboring countries where this was much higher. This per capita income had increased from US $ 450 in the last six to seven years to US $ 850 through the commitment and hard work of people of Pakistan. However, in order to achieve the goals of further progress and development, policies had to be devised to encourage foreign investment and high growth rates.

FBR had an important role to play in attracting foreign investment through formulation and then implementation of fiscal policies. Previously, lengthy procedures, complicated systems and lack of consistency in fiscal policies greatly affected the business feasibility of investors. Realizing these handicaps, FBR has now introduced policies conducive to investment. These measures include simplification of procedures and introduction of transparency and responsiveness to the demands of the business community.

The Chairman Mr. M. Abdullah Yusuf emphasized the importance of change in world economies where high tariff walls and duties protected local industry previously. However, today with the introduction of WTO, a system of free international trade with no tariffs and restrictive duties has been introduced. For countries, such as Pakistan relying on quota regimes for export of textile, leather goods etc. scenario has changed. Our industry was waking up to this change requiring high competitiveness to reduce the cost of doing business. FBR in its turn was trying to facilitate the private sector through schemes such as CARE, whereby Customs clearance has been reduced to single day clearance. Similarly, LTUs have been established

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starting with the first in Karachi in 2002, where all three internal taxes have been combined for the facilitation of taxpayers.

In Income Tax, a Universal Self Assessment Scheme [USAS] has been introduced to increase the level of confidence and at the same time to enhance the existing tax base from two million tax returns filers. However, he emphasized that in the new system a service has been provided to the taxpayers in form of introduction of USAS and there was a need now for enforcement through tax audits to serve as a deterrent for taxpayers. He informed the audience that a system of electronic filing of tax returns has been introduced and in the next phase these returns would be processed electronically for risk profiling. In future the system itself would process the returns filed electronically, with the aid of data warehouse, where a single identifier for all internal taxes would ensure matching of data with the return filed. Similarly, a system of third party verification was being introduced.

Mr. Abdullah Yusuf further remarked that the reputation of FBR as a department had improved remarkably after the introduction of reforms. So much so that Transparency International has down graded FBR in its list of most corrupt departments. The employees now have a decent and respectable place to work in which would further inculcate better work ethics. 13 RTOs and 3 LTUs were underway and these setups would greatly improve the work environment for the officers and officials. Another important component of the reforms was "technology "as it had become an important business tool and therefore there was a need for maximum investment in this field.



The Chairman then highlighted the significance of training as an important component of reforms. The importance attached to training establishments like this Directorate is apparent from the allocation of funds and from the volume of training assignments entrusted to them. He stressed the commitment of the Board in providing maximum opportunities to FBR employees for local as well as foreign trainings.

He stressed the need to work further to improve the tax to GDP ratio which was low at 11%. There was a need to cover the "tax gap' which signified the difference between the tax potential and what was actually collected by the department for achieving the objectives of making Pakistan a self-sufficient and self-reliant country.

He further added that introduction of double pay positions was a step only introduced in FBR, thereby making officers in other departments critical of performance of FBR employees. The employees he stressed now had to prove their worth to their fellow colleagues in their other departments.

He then enlisted some of the other improvements and reforms brought about through the sincere efforts of present FBR leadership. Previously, any medical bill exceeding Rs.30,000/- had to be routed through Ministry of Health, Islamabad. The issue was resolved and was pending approval before the Secretaries Committee. Similarly the issue of promotion of secretarial staff was being looked into and in principle the up-gradation of scale of Inspectors from BS12 to 14 had been approved. Similarly, the revenue budget of FBR (which was four years ago Rs.3 billion only) was currently Rs. 7.5 billion and out of this sum Rs.5 billion was being spent on the pay and welfare of the employees. Similarly issues such as housing, medical and education of staff was being dealt with systematically. Since 1st Nov., 2007, the FBR Act 2007 has been promulgated. One of the important provisions of this Act was the establishment of a FBR Foundation entrusted with the task of welfare of the employees. FBR is further in the process of bringing all its residential facilities together and acquire more facilities under this head. Similarly, 40 to 50 Kanal land at Thokar Niaz Baig, Lahore has been purchased with the vision to provide housing and offices for the staff posted in Lahore region.

After enumerating all the above measures taken so far, he impressed upon the staff to commit themselves and provide the necessary resolve for running FBR successfully. He once again reiterated that the employees should have no fear of retrenchment except for people who wanted voluntarily to leave the organization.

In the end, he once again impressed upon the staff members to come up to the expectations and fulfill their duties not only for their personal success but also for the success of their organization.

The Chairman's address was followed by a detailed Q& A where he patiently responded to all the queries raised by the secretarial staff.

This memorable address was followed by a sumptuous lunch arranged for the entire workforce comprising of approximately 2500 staff members present at the occasion. The excellent organization of the management committee was displayed in complete discipline observed by the assembled officers and staff members.

The DOT administration and the RTO Office have earned a well deserved compliment for the successful organization of this event.

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Pictorial - Employees Workshop 2008















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Pictorial - Employees Workshop 2008













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Looking to the Future



By
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DG(DOT)(DT)

As teaching institution, DOT(DT) has had a relatively limited role in the Deptt of Income Tax since it's creation in 1954 as a separate functional unit in the CBR. Till 2002 DOT was concerned almost exclusively with imparting specialized training in Bookkeeping & Accountancy including vernacular accounts ie accounts written in urdu and gujrati- Income Tax Law and office procedure to probationary officers newly inducted to the then Pakistan Taxation Service [PTS], later on, the Income Tax Group.

A major shift in DOT functionality took place in 2003 with the start of the (mandatory) MBA program for newly inducted Income Tax Group and the Customs, Excise & Sales Tax Group officers. The two DOTs were now required to especially adapt their training regimen for the probationary officers so as to be consistent with the MBA in Tax Administration at the Institute of Business Administration, Karachi, that all probationary officers were now required to complete. In fact the DOT STP became an integral part of the MBA program and the two terms [of roughly three months duration each] that the probationers spent at DOT(DT), Lahore, and DOT (Customs), Karachi, counted for one term at IBA, KYC, and on successful completion of the STP, the probationers received [21] credit points that were included in their final score at the end of the IBA MBA program. Henceforth, the two DOTs STP Syllabi and Curricula was drawn up in consultation with IBA Faculty.

The IBA MBA program for FBR probationary officers is to continue till 2009 when the FBR contract with IBA will lapse.

FBR is spending approx Rs 5 lacs on each of the probationers undergoing the IBA led special MBA program in Tax Administration. A total of 40 50 officers from the two tax jurisdictions go through the special MBA Program in each session, aggregating a total expenditure of Rs 25 million Odd.

Given the available resources and excellent physical infra structure with which it has been invested and the accumulated experience of many years of training tax personnel , DOT(DT) is today well placed to break away from the mould in which it

has been cast and be re-born as an eminent, specialist, fiscal learning institution of significance. The pressing need for such a transformation arises from the fact

that the great majority of officers inducted yearly into the Income Tax Group through the CSS Exam are generalists with little or no exposure to subjects like Accountancy, Commerce, Law especially Income Tax Law- Finance, Management and Economics. The MBA program at IBA, Karachi, is specifically designed to remedy this deficiency. However such training for about fifty probationary officers annually at Rs 500,000 per officer is expensive and is also not cost-effective considering the fact that the existing arrangements for training of Direct and Indirect Tax personnel can be upgraded at reasonable expense by FBR to impart specialist training of the same quality as that done currently by IBA.

It is understandable that as a stop gap, temporary measure probationary officers have been sent by FBR to IBA to qualify in the specially designed MBA program in Tax administration which is expected to inculcate in them the specialist skills required to deal with the complexities and subtleties of fiscal investigative analysis and to be able to work efficiently in an advanced Information technology environment. However such an arrangement cannot be seen to be viable as permanent, long term policy because of the heavy cost of the IBA MBA program and the fact that the existing arrangements for training of FBR personnel can be upgraded to impart the same level of training as that currently done by IBA.

On the Direct Taxes side, the existing Directorate General of Training & Research at Lahore is almost self sufficient in terms of physical infra structure at least, to start a full fledged MBA program of it's own. Yes, some additions to existing facilities would be required like a purpose built Examination Hall and an increase in the residential Hostel capacity. An addition would also be required to the number and variety of books on different subjects currently available in the Library. An upgrade of the existing I.T. facilities including setting up of a Video Conference facility would also appear to be in order. Other than that, DOT(DT) has all the physical infra structure that you would expect in a modern institution of Higher Education and it would appear to meet the requirements of the Higher Education Commission of Pakistan [H.E.C] for Institutions that have Degree awarding status. FBR currently has the necessary funds available to it under TARP for the upgrade discussed above and the current utilization of the available funding indicates that there is considerable scope for launch of a serious DOT upgrade.

So far as Teaching Faculty is concerned, however, the problem has a different dimension. There is no doubt that the existing faculty at DOT(DT) is not adequate to run a full fledged MBA program.

The MBA program of study is unique in that it is 'cross disciplinary' in nature and cuts across selected areas of various disciplines like Accountancy, Finance, Economics, Law, Sociology and even Psychology. In contra-distinction, in the case

of an 'intra disciplinary' program you have one basic area of study as say in 'Economics.' It follows therefore that the faculty requirements for an MBA program are much more diverse and you require specialists in various disciplines to run the program. You need Economists, Statisticians,

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Accountants, Management Specialists, Mathematicians, I.T. Specialists and the like. Interestingly, there is no requirement for a "Business" specialist, as such, in a MBA program faculty.

It follows from what has been stated above that in order to run a credible MBA program DOT(DT) will need to employ a well qualified 'core faculty' in Law, Economics, Statistics, Accounts of full time instructors in essential disciplines. While the FBR presently does not have the required number of Highly Qualified instructors [Ph.D's] in the existing cadre of Income Tax group officers in the various disciplines required in an MBA program there is no dearth of officers with foreign degrees, including Masters Degrees, from reputable Institutions of higher learning and these officers can render valuable assistance in running an MBA program. The best among them can be posted full time on the DOT(DT) faculty as instructors while others can assist by being available 'part time' and deliver lectures as required for which service they would be adequately compensated.

While it would be necessary to employ highly qualified teaching faculty relevant to an MBA program from the private sector, in the long run DOT(DT) and DOT(Customs) can send suitable regular officers on their faculty to well reputed centers of learning abroad to acquire high level qualifications. In the TARP funded by the World Bank $ 500,000.00 have been earmarked for training of DOT(DT) personnel abroad and this should be sufficient to lay down a firm basis for specialist training of DOT(DT) faculty.

Although enlargement of the DOT(DT) faculty to run a credible MBA program does entail a significant financial outlay in the long run, the benefits to FBR of having in-house capability to run an MBA program clearly far outweigh the costs incidental to such a program. It is estimated that if DOT(DT) were to run an MBA program of it's own for the Direct and Indirect Tax jurisdictions, FBR could save an amount of Rs 15 million on each batch of [50] trainees.

Besides the MBA Program, the capacity building program for officers and support staff can and should be taken over entirely by the 2DOTS and there is no need to outsource the same to LUMS & IBA _ provided ofcourse the necessary upgrade in DOT capacity is forthcoming. Also, specialized training, like the effective conduct of tax Audit should also remain a DOT prerogative.



ATAIC conference at DOT (DT), Lahore, March 2007.

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DOT(DT) - I.T. Learning Institution for the FBR Employees

By
Muhammad Atiq
Additional Director (IT)

The IT wing of this Directorate is responsible for providing IT Trainings as well as managing the IT Infrastructure of the organization.

DOT Complex has three Computer Labs, equipped with P-IV computers to train classes of about 90 participants at a time. Computers have been provided in the library for the use of participants along with audio visual aids. The IT section is well equipped with Laser printers, Scanners as well as UPS (uninterrupted Power Supply). PCs have been provided in hostel rooms to the under training probationary officers and other trainees. High speed Internet facility is available for each node in DOT's computer network. The whole state of the art IT infrastructure is being looked after by an efficient team of professionals headed by an Additional Director (IT). The team comprises of dedicated PRAL personals deputed for DOT, two computer operators and a data coder.

Making use of this elaborate IT infrastructure, the DOT IT faculty is involved in imparting computer related hands on trainings to the entire workforce of FBR based upon the requirements from the field formations.

In the current financial year (Starting from 1st July 2007) the Directorate successfully conducted Trainings on TMS and Mahasil for officers of FBR and has planned to conduct additional trainings on E-Filing and E-Payment.

Similarly the IT faculty was fully involved in imparting computer related trainings as a segment of IBA, Karachi Capacity Building Programs for officers in BS 17-19. The first phase of these trainings commenced from 2nd July 2007 till 1st September 2007 and the 2nd phase of this training spanned from 22nd October to 8th December 2007.

Since 1st July 2007, a comprehensive training schedule for secretarial staff of RTO, Lahore has been arranged in this Directorate. The first phase of this crash computer training program concluded in September 2007 and through this phase a total number of 260 officials such as Stenographers, Steno typists, Inspectors, Supervisors, UDCs and LDCs etc. were trained in basic computer skill such as I. T. basics, Microsoft Word, Excel, Power point and the use of Internet facilities.

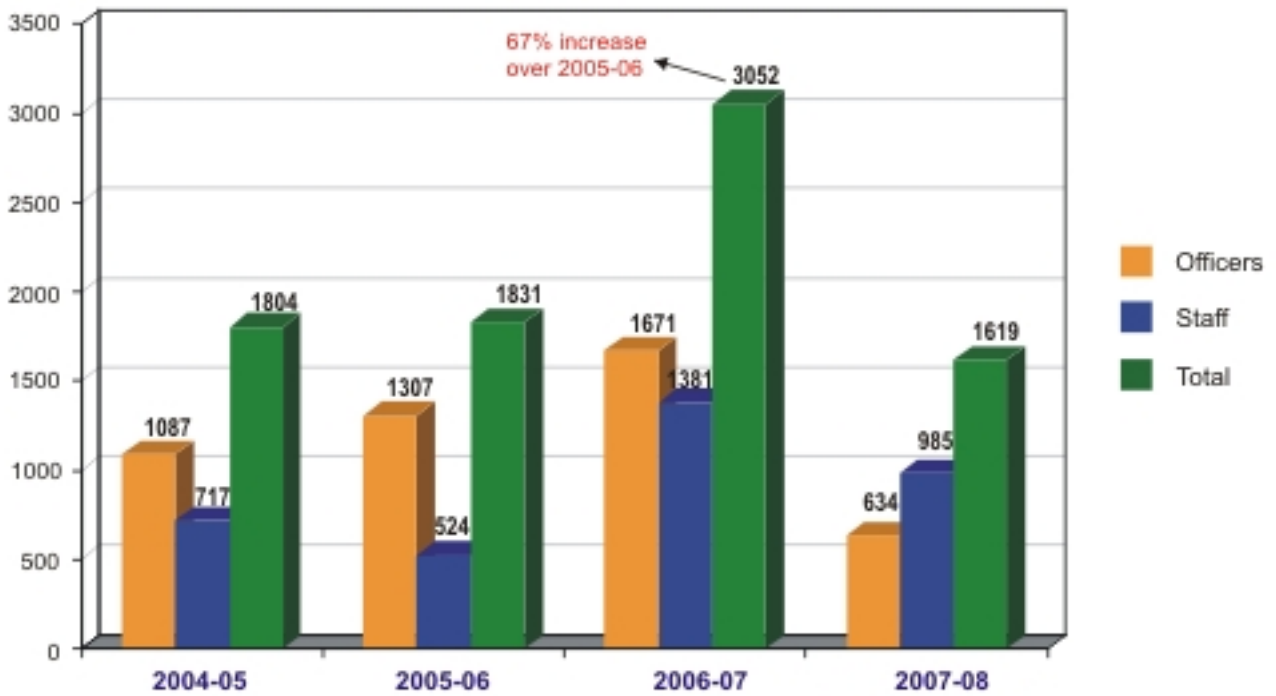
The 2nd phase of this crash computer training program commenced from January, 2008 and shall continue up-till March, 2008 . The purpose of above computer training programs is to familiarize the secretarial staff with the changed setup in RTO's requiring computer skills and systems efficiencies.

The Directorate thus remains committed to serve its objectives and mission statement of imparting knowledge and developing skill and competencies of the entire workforce of FBR.

The DOT, Lahore has always taken a lead in introducing new technologies to its training facilities. In order to become a fully equipped modern training institution, efforts are under way to introduce the facility of video conferencing.

The whole I.T team is thus doing its utmost to compete with the best possible standards in vogue at international level. DOT's I.T. infrastructure is also playing an important role in the ongoing reforms process by providing a testing as well as training environment for the newly developed software systems.

DOT Activities during 2004-05, 2005-06, 2006-07 & Jul. 07 to Jan. 08



(Figures from Jul 07 to Jan 08)