DOT Gazette

# D.O.T (DT)



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The Directorate General of Training & Research (Direct Taxes) is FBR's principal training establishment for it's Direct Tax personnel. It's predecessor, the Directorate of Training from which the acronym, DOT, derives, was set up as a separate functional unit in 1954 and for the first time it found specific mention in the then tax statute. The Income Tax Act of 1922 (as adapted in 1947 in Pakistan). Prior to that, training was mainly on the basis of informal arrangements like mentoring by senior officers after the officers joined the Income Tax Department on the basis of competitive civil service examination conducted by FPSC.

Till 1976, DOT was situated at Karachi in rented premises. In 1976 it moved to Lahore again to rented premises. In 1986 it finally moved to it's present , custom built, permanent location in Allama Iqbal Town. In 1986, DOT's 'training' mandate was enlarged to include 'Research.' Till 1988 DOT was headed by a 'Director' a grade-20 officer and thereafter by a Director General, a grade-21 officer.

While the main DOT campus is at Lahore, it also has two sub offices at Islamabad and Karachi. These are smaller establishments each headed by an Additional Director.

The DOT campus at Lahore is situated in a sprawling 6.4 hectare area and the main administrative block, I.T Labs, classrooms, Library, syndicate rooms, auditorium, Conference room, gym, faculty residences, plant nursery, green belt and two hostels, with capacity to house 54 resident trainees, actually occupy some 4.4 hectares. Out of the total DOT area, two plots of one hectare each have been allocated to DOT(Customs) in 2005 and to Customs, Intelligence & Investigation Wing in 2006.

The total expenditure budget for DOT including the two sub-offices- aggregates Rs 64.343 mill in fiscal 2006-07 out of which Rs. 44.263 mill relates to the main campus at Lahore.

Over the years FBR CBR of yesteryears- has made a significant investment in building up necessary infrastructure incidental to it's training activities. Presently it has three, state of the art, I.T Labs equipped with 90 Hewlett Packard Pentium IV, dual core PC machines and TFT display in a fully networked environment backed by three dedicated servers, two UPS units of 15 KVA & 30 KVA capacity and an independent electricity power generation plant of 210 KVA capacity. High speed, DSL internet connectivity soon to be upgraded to Broadband- is available for the entire DOT campus.

All classrooms, I.T. labs, auditorium and Conference Room have multimedia projection facility and public address system. The Library has four, internet ready PC workstations with loaded proprietary software to access Income Tax case law and, since 2007, also the vast, online data base of the 'Bureau of Fiscal Documentation' [IBFD] at Amsterdam, Holland, after DOT acquired full membership rights.

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FBR PAKISTAN

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## EDITORIAL

The editorial team of the DOT Gazette wishes its august readers a very new year. May the year 2008 bring much desired peace and prosperity to our homeland. It is time now to tread the path of national reconciliation and work collectively for achieving the national goals of development and social justice. Our nation born out of fierce opposition and challenges shall negate all counter claims to its existence and solidarity.

The year 2008 commenced at the Directorate General with a farewell organized for the outgoing 34th Specialized Training Program (STP) on Wednesday, 2nd January. Mr. M. Abdullah Yusuf Chairman FBR/ Secretary Revenue Division was the chief guest at the occasion. The ceremony was attended by the senior officers of the Income Tax group as well as by the family members of the probationary officers especially invited for the occasion. Ms. Arooj Mehwish Rizvi was declared the best probationer of the 34th STP. The formal ceremony was followed by a bon fire lit dinner in the spacious DOT lawns.

The officers of 34th STP shall now leave for IBA, Karachi for one year MBA in Tax Management. The DOT gazette wishes the young officers of 34th STP best of luck in their future careers as tax professionals.

**DOT Gazette wishes all its readers a very happy New Year**

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The entire built up area is air-conditioned.

DOT Lahore has a fleet of 11 vehicles including one coaster, two Vans and 9 saloon motor-cars.

The DOT (main campus) workforce comprises 11 faculty members headed by a Director General. It also has 116 support staff.

The entire DOT workforce main campus and two sub offices comprises 143 support staff personnel and 16 faculty members. All faculty members and some support staff enjoy a special compensation package ( double the basic salary) after they have qualified in a rigorous selection procedure. All DOT faculty appointments are made by FBR in exercise of express statutory stipulation and as per a transparent, Internal Job Placement Policy based on competitive selection.

DOT was originally set up mainly to impart specialized training to Income tax officers inducted to the department of Income Tax of the then CBR after they had completed initial



training at the Finance Services Academy, Lahore and later, the Common Training at the Civil Services Academy, Lahore. Any other training activity was seen as incidental to this basic function. After 2002 and the launch of the far reaching CBR (later FBR) Tax Reform Program under World Bank auspices, training acquired a whole new meaning and came to be seen as a crucial factor in the performance of FBR in terms of revenue mobilization capability.

Beginning 2005, after the probationary Income Tax Group officers have completed their STP training at DOT(DT), Lahore, they are then required to under go training at the Institute of Business Administration, Karachi after they have completed Specialized Training Program at DOT, leading to an MBA degree in Tax Administration. For admission to the IBA MBA program it is essential that the probationers clear the STP Internal Exam held at the end of the probationary officers' second term at DOT. The two terms that the Income tax Group officers spend at DOT constitute one term for the IBA MBA degree program. The syllabi and curricula at DOT is thus now finalized in consultation with IBA, Karachi. A total of 21 credit points are awarded for the DOT training segment. To date, the 31st, 32nd and 33rd STP batches have completed training at IBA and most of the

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trainees have been successful and have been awarded MBA degrees.

After the probationary officers have appeared in the STP Internal Exam at the end of the probationary officers' second term at DOT(DT), Lahore, they are also required to appear in a Final Passing Out Exam (FPOE) conducted by the Federal Public Service Commission. Their position in this exam has a bearing on their inter-se seniority in the Common Training Program, Income Tax Group Batch in which they are placed and is also an essential pre-requisite to their confirmation in the regular Income Tax Group and the end of their probationary status. Failure to clear the FPSC FPOE can lead to a termination of their appointment in Government Service.

Another major change has been the enlargement of the DOT training mandate to include the training of FBR support staff especially the clerical staff and departmental Inspectors.

Over time this has acquired ever increasing significance and this is evident from the fact that in 2007 some 1500 support staff have received training at DOT,man campus, Lahore and the two sub-offices, especially in I.T. and communication skills.



Since 2002, a mandatory capacity building program for departmental field officers was also implemented at DOT. Initially, the departmental field officers underwent two weeks of capacity building training at DOT. Subsequently, this was modified so that the skill development of the capacity building program spread over one week was implemented at DOT while the concept development segment of the program was implemented at IBA, Karachi. Finally, beginning 2006 the capacity building program for all departmental officers is carried out in it's entirety at IBA, Karachi and LUMS, Lahore.

The Target Population for DOT is some 750-1000 direct tax officers of the FBR placed in BS 17-20 and some 5000 support staff personnel who qualify for various kinds of training under the tax reform program.

Although the Capacity Building program is now designed and implemented by IBA, Karachi and LUMS, Lahore, in it's entirety, for officers placed in BS 17-19 posted in the Punjab and the NWFP, IBA uses DOT, Lahore, premises and facilities to impart training.

Notwithstanding the fact that capacity building is no longer a DOT responsibility, nevertheless specialized training for field officers has been started at DOT. Thus specialized training in the conduct of Audit including Audit conducted jointly by sales tax and income tax group officers- is being conducted at DOT since 2006.

DOT has also become the preferred venue for the launch of many important learning initiatives by FBR. In this context it is important to mention the launch of the hugely significant Tax Management System [TMS] in 2006 at DOT. TMS was the first significant I.T. based initiative in automation on the Direct Taxes

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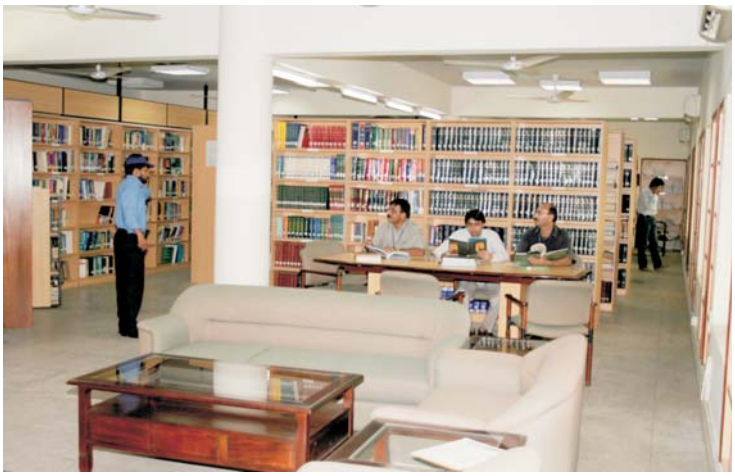
side since the launch of the Tax reform Program in 2002. TMS was seen as especially significant because it represented also the first 'in-house' software development initiative as all the programming was done at PRAL CBR's wholly owned corporate entity dedicated to revenue automation. A core group of officers was trained at DOT to become master trainers in TMS.On the express directions of the Chairman, CBR, STP participants were also given training in TMS by DOT technical personnel. However, TMS had many teething problems and has now been superseded by an improved version called 'Mahasil.' This new, improved version of TMS has also been launched at DOT and a core group of instructors trained in it's use. Although 'Mahasil' too will eventually be superseded by I-TMS [ Integrated Tax Management System] being developed by a foreign developer, 'Mahasil' will nonetheless provide extremely useful 'hands on' experience to departmental direct tax personnel in automation of the work cycle.

Since 2005 an international dimension to DOT's training capability has been in evidence. In 2005 direct tax officers from the Association of Tax Authorities of Islamic countries [ 20 countries in all with Turkey participating as an 'observer'] attended an intensive two weeks training course in revenue forecasting at DOT using software developed by IRS Canada consultant, Dr Anil Gupta, who came over to personally conduct the simulation exercises. This was followed in March 2007 with the first ever conference of Heads of ATAIC direct tax training establishments. In 2008 DOT hopes to play host to members of the Economic Cooperation Organization [ECO] conducting a specially designed capacity building program for them.

Various training methodologies have been put to use at DOT to impart training. The traditional in-house faculty lecture based training method is still in use but is being increasingly supplemented and even superseded by more advanced methodologies like the conduct of syndicate sessions, role play sessions, simulation exercises using proprietory computer software, extension lectures by specialists and hopefully soon by other more advanced methodologies using video conferencing and dedicated e-learning modules. This new 'multi-dimensional' training methodology is of considerable significance in the dynamic environment in which FBR personnel can realistically expect themselves to be placed in the years to come in which they would be required to interact intensively and extensively with members of the tax paying public. Expertise in communication skills is especially important in this context.





Although DOT has a great deal of independence with regard to the conduct of training programs nonetheless DOT does function under FBR oversight and especially with regard to the design of training programs for various categories of FBR personnel consultation with FBR through the Member (HRM) is essential. The Member (HRM) in fact plays a key role in the selection of all DOT personnel as he oversees the selection process for ALL FBR personnel. The Member (HRM) also provides guidance to the DG(DOT) on all STP related training initiatives and is closely associated with Specialized Training initiatives such as Audit Training. Also with regard to the MBA program for FBR Income Tax Group probationary officers, all interaction with IBA Karachi is through the Member (HRM).

It is thus clear that DOT has come a long way from the once, dedicated, training establishment for Income Tax Officers ONLY. As many as 3052 FBR personnel in all categories [ officers as well as support staff] received training of some kind at DOT in 2006-07. This is a 67% improvement over the immediately preceding year.

DOT hopes to further augment it's capabilities by setting up a specialist Forensic Investigation Lab on it's premises, by enlarging it's faculty and by imparting advanced training to faculty members in training centers of excellence abroad. In this context a presentation has already been before a World Bank Team and the initial feedback appears to be encouraging.

Once the required improvements in infra structure have been carried out, DOT aims at becoming a regional training hub in which ATAIC and ECO tax personnel as well as tax personnel from non member countries come to DOT on a regular basis to receive training in a quasi commercial context so that the payments made by foreign participants not only cover costs but also a modest surplus to help fund further improvements at DOT. Furthermore, by 2010 DOT also hopes to be able to award the MBA degree to Income tax Group officers by conducting a Business Administration program of it's own. There will then be no need to send departmental officers to outside institutions like the IBA for an MBA degree.

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# Pictorial - 34th STP Pass Out




The 34th Specialized Training Program batch of Income Tax Group probationary Asstt Commissioners of Income Tax completed their training at DOT(DT) on the 31st of Dec 2007 and formally ended their assignment with a passing out ceremony on the 2nd of January 2008. Mr M Abdullah Yusuf, Secretary General, Revenue Division and Chairman of the Federal Board of Revenue was the Chief guest and gave away certificates to the batch of 27 officers that included five lady officers. The Director General, DOT(DT), Mr M Muneer Qureshi addressed the jam packed auditorium recapitulating the training activities carried out over the preceding one year. He also explained the development of training infra structure and teaching methodologies, over time, at DOT(DT). The Chairman FBR also spoke on the occasion. He appreciated the DOT invitation extended to the newly elected office bearers of the Lahore Chambers of Commerce and industry to attend the passing out ceremony and congratulated them on their assumption of office. He emphasized that under the new dispensation in place consequent to various tax reform initiatives launched by FBR, tax administration was no longer a one sided affair but a partnership in which the tax paying community was an equal partner. He pointed out that it is the private sector that should take the lead in the development of the economy while the public sector should create the necessary environment conducive to strong economic growth. The Chairman said that this development pattern or model was not peculiar to Pakistan but was today the norm globally. Mr Abdullah Yusuf lamented that although Pakistan had considerable potential and the workforce was second to none but unfortunately we had not been able to get the fundamentals right and resultantly many countries that had been able to do so were now overtaking us on the economic development front although they had been far behind us initially. The Chairman said that only those countries would be able to move forward that are able to maintain their competitive position in a challenging international environment.

Finally, he congratulated the graduating class of Income Tax Group officers and exhorted them to take full advantage of the opportunities for self improvement given to them. He also appreciated the improvements made in DOT training infra structure but observed that these were not enough and more needed to be done if DOT was to become a world class institution. The Chairman then distributed certificates and prizes to the 34th STP officers.



After the closing address and vote of thanks, there was a very well attended dinner / bonfire for the probationary officers passing out and the guests invited to the function.

# Pictorial - 34th STP Pass Out























# Pictorial - 34th STP Pass Out







2nd. position in 34th STP





3rd. position in 34th STP





















# MESSAGES FOR THE PROBATIONERS OF THE 34th STP.

Mr Usman Khalid Mirza,
Member (DT), FBR.

"...I extend my heartiest congratulations to all of you for showing great commitment to a national cause by preparing yourself intellectually as well as professionally to serve your country through this dynamic and vibrant organization. I am sure your perspective is very clear and you are thoroughly conversant with your renewed role in the era of transformation and reforms. You have been groomed by very able and competent faculty in such a manner as would enable you to ensure that the paradigm shift in Revenue Division is smoothly handled, thereby yielding unprecedented results. This transition was inevitable obviously in the back drop of a hackneyed, out dated, rotten and counter-productive department. The founding fathers of the current reforms identified several bottlenecks in the previous circle based system of the Income Tax Department.



The system of taxation as had evolved in Pakistan prior to the introduction of reforms, was marred by adhocism, unwarranted legal and administrative swings, wide gap between tax payers needs and their awareness, rigidity of the administrative framework, adversarial relationship between taxpayers and tax collectors, poor pace of organizational business processes and system, lopsided management of human resources and paucity of resources vital to give a boost to productivity. The Think Tanks of the reforms have now laid much emphasis on human resources, business processes, information management and facilitation rather than coercion and stringency. Tangible steps have now been taken after prolonged deliberations and consultations amongst all stakeholders. A new relationship with taxpayers has been conceived which is primarily based on facilitation as its foremost principle. Functional division has now become the core tenet of the process of organizational restructuring. Professionalism, transparency and integrity are the major slogans of our times and do constitute the major fabric of reforms.

Promotion of voluntary tax compliance remains the prime focus of the tax administration reforms. You have seen that substantial investment has been made in infrastructure development, end-to-end automation of business processes, and human resource development. We have won taxpayer's confidence through Universal Self Assessment Scheme [USAS] in the Income Tax structure, yet the provision of a transparent and effective deterrence for the tax evaders has a very important role in the new system. Therefore, a fair and judicious mechanism of audit is in the process of evolution. The future tax system envisages a clear separation between all domestic and international taxes. Hence there is a dire need to prepare our work force for the formidable challenges linked with the reforms.

Lastly, I would like to register a few words of caution i.e. as you would be taking up your new assignments, never miss sight of the spirit of reforms as introduced by the architect of change Mr. Abdullah Yusuf, Secretary Revenue Division and Chairman, FBR. He in fact is the anchorperson who in a very short span of time, endeavored single handedly in changing the besmeared and polluted image of the organization. My other advice for you would be to spread out your intellectual capacity in the best interests of the organization which would include interalia the power of analysis, professionalism and best practices. These are crucial times for you when you are entering a new phase of your carrier. This period is in fact a mix of the old and new system which compels us to carefully and discreetly shun away the legacies of the old system which would with the passage of time be finally obliterated as the process of reforms continues and reaches its logical conclusion, most probably by 2009.

Mr Muhammad Talha,
Member (HRM), FBR.

I feel great joy in felicitating you on successful completion of your training at DOT. With this passing out ceremony you will be moving to the final leg of your training at IBA. The excitement and enthusiasm with which you are bearing today should be kept alive as it will help you steer your way through the tough schedules n the weeks and months to come. I advise you to treat this training as a valuable opportunity and make the most of it. It is not just an academic pursuit with an end result in the shape of a degree rather it is a life time learning experience. You will learn not just the theoretical aspects of taxation and management but also learn how to manage your time, how to work under pressure, how to prioritize among conflicting and pressing tasks, how to organize your life so as to get optimum results with your efforts. These skills will help you through out your life. The IBA experience will give you a favor of working in the private sector.

FBR is being run on corporate lines to make it more efficient and productive. The experience of learning in an environment led by top private sector managers and leaders will be very useful to you in business process reengineering and revamping old systems at FBR. I wish you the best in future.