pril Issue.qxp 4/9/2007 10:35 AM Page 1

April 2007 VOL: 9

CBR PAKISTAN

DOTGazette

IN THIS ISSUE



ATAIC International Conference of Heads of Training Institutions, March 12-14, 2007, DOT (DT) Lahore, Pakistan. pg.1



ATAIC PICTORIAL pg. 5

A★T★A★I★C

Int'l Conference of Heads of Training Institutions of the Association of Tax Authorities of ISLAMIC COUNTRIES

"....The theme of the conference was 'Technology as a Force Multiplier in training and the workplace'....."

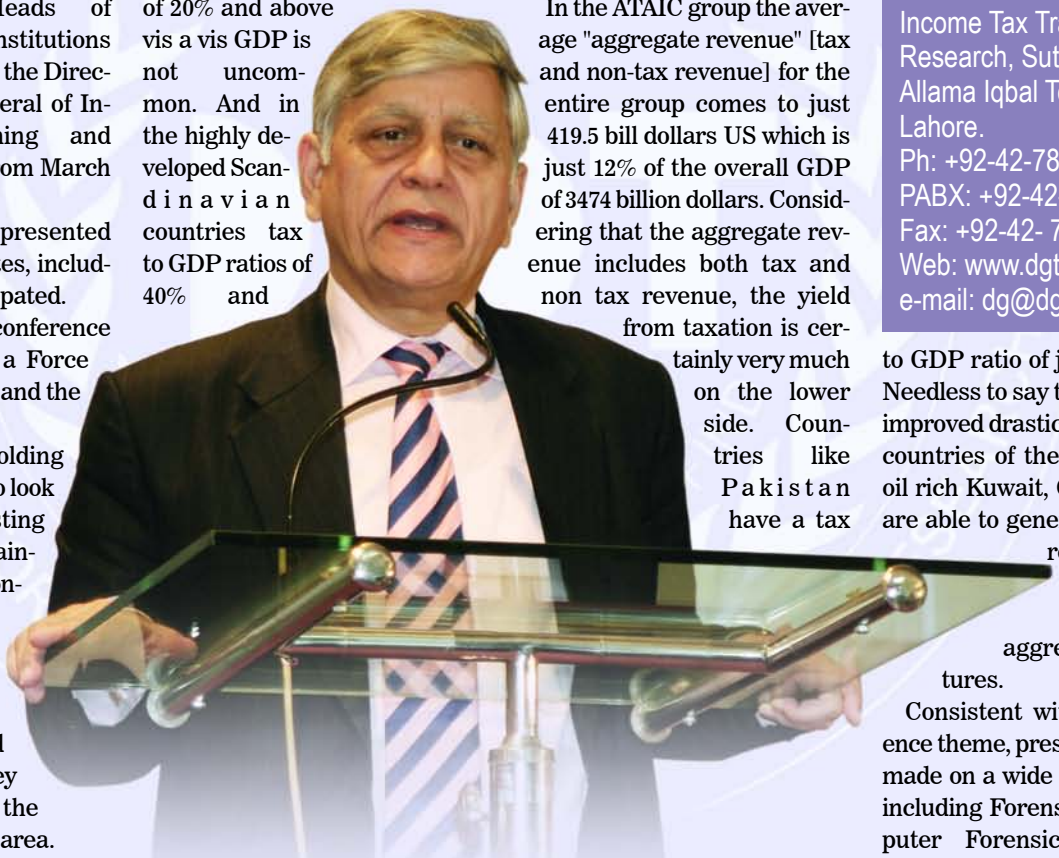
The first Conference of ATAIC Heads of Training Institutions was held at the Directorate General of Income Tax (Training and Research), Lahore from March 12 -14, 2007.

Nine countries represented by seventeen delegates, including observers, participated.

The theme of the conference was "Technology as a Force Multiplier in training and the workplace."

The purpose of holding this conference was to look in-depth at the existing arrangements for training of direct tax personnel in the ATAIC group, to evaluate different options to improve the same and develop a broad consensus on the key issues involved and the best practices in this area.

The poor yield from taxation is a feature common to many countries of the ATAIC group. The tax to GDP ratios are well developed countries where a yield of 20% and above vis a vis GDP is not uncommon. And in the highly developed Scandinavian countries tax to GDP ratios of 40% and above are commonplace.



ATAIC Chairperson, Mr M Abdullah Yusuf, the driving force behind the March 2007 Conference of ATAIC Training Heads, in whose tenure as Chairman, CBR, CBR has, todate, hosted three ATAIC Conference (April 2005, on Revenue Forecasting,

In the ATAIC group the average "aggregate revenue" [tax and non-tax revenue] for the entire group comes to just 419.5 bill dollars US which is just 12% of the overall GDP of 3474 billion dollars. Considering that the aggregate revenue includes both tax and non tax revenue, the yield from taxation is certainly very much on the lower side. Countries like Pakistan have a tax to GDP ratio of just about 10%. Needless to say this needs to be improved drastically. Only three countries of the ATAIC group, oil rich Kuwait, Qatar and Iran are able to generate aggregate revenues significantly in excess of their aggregate expenditures.

Consistent with the Conference theme, presentations were made on a wide range of topics including Forensic Audit, Computer Forensics, Simulation methodology, Computerization in the tax department and it's role in selecting Returns for audit, data warehousing, multi

PATRON
M. Muneer Qureshi (Director General)
STAFF ADVISOR
Dr. Hamid Ateeq (Additional Director)
EDITOR-IN-CHIEF
Amna Faiz BhattY (Deputy Director)
LAYOUT & DESIGN
Zafar Iqbal

Directorate General of Income Tax Training & Research, Sutluj Block, Allama Iqbal Town, Lahore.
Ph: +92-42-7842710
PABX: +92-42- 7830211
Fax: +92-42- 7842702
Web: www.dgtrdt.gov.pk
e-mail: dg@dgtrdt.gov.pk

pril Issue.qxp 4/9/2007 10:36 AM Page 2

CBR PAKISTAN

April 2007 VOL: 9

DOTGazette

SYNDICATE BRAINSTORMING



CLOSING SESSION









DOT WALKABOUT









POST CONFERENCE



pril Issue.qxp 4/9/2007 10:36 AM Page 3

April 2007 VOL: 9

DOTGazette

EDITORIAL

March 2007 was one hectic month. It was the month of *the Conference*- The first meeting of ATAIC Heads of Training Institutions since the inception of the Association in 2003. Many months of diligent preparation went into the landmark event. Eventually the hard work paid off and when the delegates started arriving on March 10, DOT(DT) had an almost festive look to it with National Flags of the Member countries fluttering on the flagpoles on the sparkling green front lawn ablaze with the bright colors of spring flowers. The above average rain in March contributed to a pleasant extension of winter chill and added to the natural beauty of the conference setting. And that was not the only change one noticed on entering DOT. The main entrance to the DOT administrative block looked quite, quite different. The old faded photographs of stern tax men of yesteryears were gone and in their place were panels of outstanding examples of Islamic calligraphy - by the great Sadequain. The brand new Conference Room - the main conference venue- was another significant change at DOT. With state of the art electronics and sound system and eye catching furniture it made an immediate impact on all who entered the room.

Alas! all good things do have an ending. But the memories remain. And the tremendous goodwill generated in these three memorable days at DOT will

dimensional training methodology etc

The use of modern technology has revolutionized work place practices in all areas. Information Technology has probably had the biggest impact of all the different technologies available.

At the heart of Information Technology is the ubiquitous computer. This may be a full fledged 'mainframe,' a 'mini mainframe,' or a P.C. Whatever it's configuration, given appropriate software, a networked environment and suitable peripherals, this machine has magnified enormously the human capability to store, retrieve and process vast amounts of raw data.

In revenue mobilization, the training of tax personnel in diverse disciplines is today heavily dependent on modern technology. Forensic audit, computer forensics and Simulation are all highly specialized areas in which tax personnel need to be trained intensively in order to make it possible for them to conduct meaningful audit, detect tax evasion, bring the concealed / suppressed income to tax and, in selected cases, successfully prosecute tax evaders in a court of law, leading eventually to a significant jump in government revenues - revenues necessary to launch programs of economic development and meet other pressing expenditures, including those on Defense and Administration.

At the DOT(DT) main campus at Lahore there has already been a sea change in the induction of modern technology to impart training to tax personnel. Four, state of the art computer labs with 100 odd P-IV branded computers with comprehensive, uninterrupted power backup

ronment are the core component of the new technology dedicated to provide training on the Tax Management System (TMS) newly developed by Pakistan Revenue Automation Ltd, a fully owned CBR subsidiary company. Besides, multi media projection, electronic panaboards with built in optical scanners, laser printers and flat bed optical scanners etc lend full support. It is now possible to render realistic simulation scenarios using dedicated proprietory software.

DOT(DT) is also well on the way of becoming a full fledged member of the International Bureau of Fiscal documentation and will soon be able to tap the superb on-line IBFD resources including comprehensive data base and specialized tax journals and this promises to lead to a quantum jump in DOT(DT) training potential. Incidentally, IBFD membership does not come cheap and CBR's willingness to commit significant resources to the much sought after membership of this prestigious institution is symbolic of it's firm resolve to upgrade the training and research establishment and bring it up to International standards.

The first Conference of ATAIC Heads of Taxation Training Institutions was inaugurated on the 12th March 2007 by Mr Salman Nabi, Member (Direct Taxes), CBR and in his inaugural address he recapitulated Pakistan's participation in the ATAIC Technical Conferences held so far and CBR's initiative in emphasizing the need for a conference convened expressly to appraise the arrangements for training of taxation personnel within the ATAIC group. He pointed out that most ATAIC

recurring fiscal deficits and there was an urgent need to augment revenues meaningfully which can only happen if there was a very well trained workforce of taxation personnel.

Mr Salman Nabi drew attention to the fact that in an era of globalization and economic integration it was imperative that taxation personnel are familiar with the latest investigative techniques and understand the relatively new science of computer forensics for which a concerted training effort was necessary. He pointed out that a beginning had already been made by DOT when in 2005 a 12 day workshop on revenue forecasting was organized using the micro simulation approach developed by a foreign consultant to plot future revenue streams. He expressed confidence in DOT's ability to conduct more workshops on these lines and advised that DOT implement a CBR commitment to the United Nation's to use the available training facilities at DOT on an international plane.

Mr Muneer Qureshi, DG(DOT)(DT) also spoke on the occasion.

During the conference proceedings delegates from all the participating countries made presentations and there was something of value in each presentation. However the presentations by the delegates from Malaysia and Turkey do need special mention. Malaysia has made significant progress in developing training modules in Forensic Audit, Computer Forensics and Simulation and has been identified as a Best Practices ATAIC Member in these disciplines. The efficacy of Tax Administration in Malaysia is evident from the fact that with

pril Issue.qxp 4/9/2007 10:36 AM Page 4

has more than four million registered taxpayers (20% odd). Likewise, Turkey has much to offer in computerization generally and more particularly, data ware housing and although not yet an ATAIC Member but because of it's active participation as an 'Observer' in all ATAIC conferences / meetings, is identified as a Best Practices country in these areas that ATAIC members can emulate. The progress made by Turkey in the imaginative use of computers and related Information Technology is evident from the fact that 91% of corporate tax taxpayers in Turkey use the e-filing channel for tax Returns and overall some 67% of the total taxpayer population [corporate and non corporate] required to file Tax Returns use the e-channel. This translates into savings of some 6000 tons of paper annually with a monetary value of some 1.2 million euros.

From Pakistan there was a useful presentation by PRAL CEO, Mr Nasir Khan on the computerized Tax Management System in which DOT(DT) facilities have been used to provide training to a core group of master trainers who are now in a position to impart training to members of CBR's field formations in different parts of the country. The TMS is unique in that it has been developed by CBR / PRAL using in-house expertise. It is based on the Oracle Data Base platform and is being used to input tax data to build a 'taxpayers profile' and to implement and store statutory orders of income tax assessment, rectification and issuance of refunds.

Mr Muhammad Talha, Member (HRM) CBR, [Pakistan] made a very succinct presentation on Human Resource Development / Capacity Building and explained how the reform process has evolved since 2001 with special reference to the training program for CBR personnel.

Also from Pakistan, Mr Muneer Qureshi, the Director General DOT(DT) explained to the conference delegates the new 'multi dimensional' training methodology being developed at DOT(DT).

In contradistinction to the previous, lecture based uni-dimensional training methodology in vogue since 1947 [and even earlier!], the new holistic, multi-dimensional training methodology exploits new approaches to learning including dynamic, interactive class participation, case study, role play and simulation. It was explained that this approach seeks to relate course content with the conditions actually prevalent in the economy and training is thus made more meaningful and more relevant to the real world in which tax personnel work. The 'under ground economy' is one such real world scenario in which the new training methodology has promise. The UGE is of great significance to most developing countries in that this segment robs the exchequer of much needed tax revenues besides creating destabilizing distortions in the economy and under mining the rule of law in the country. The capacity building training at DOT(DT) makes full use of this new training methodology as does the specialized training program (STP) for the income tax group probationary officer's.

Maj Gen® Sikandar Shami [(HI(M)], Director General of the prestigious Civil Services Academy- where the training of the 'raw' CSS 'recruits' entering tually begins- gave a very lucid presentation on the initial training process and explained how they too at CSA are using modern approaches to teaching to achieve optimal benefit.

At the end of the three days of intensive deliberations, the delegates agreed on nineteen recommendations and the following communiqué has been released by DGDOT(DT) and sent to all ATAIC Members:

RECOMMENDATIONS OF THE DELEGATES PARTICIPATING IN THE CONFERENCE OF HEADS OF ATAIC TRAINING INSTITUTIONS HELD AT DOT(DT), LAHORE, PAKISTAN. March 12 - 14, 2007.

The Reports as submitted by the Conference Rapporteurs having been scrutinized, corrected / amended, where necessary, and finally duly approved by the respective Chairpersons in the various Sessions,

It is hereby resolved that:

1. The officer's of the (Taxation) Training Institutions of the Association of Tax Authorities of Islamic Countries (ATAIC) will continue to meet at regular intervals to discuss and consider issues pertinent to the training of their taxation personnel.
2. All Members of the ATAIC shall participate fully in Conferences / Workshops held and absence will be avoided.
3. To improve interaction between Members, special efforts will be made to overcome the "language barrier" between Members.
4. Normally, English (UK) will be used as a common medium of expression between Members and Members will make efforts to improve the English expression and comprehension of their Taxation especially those likely to participate in International Conferences.
5. When ATAIC Members hold Conferences, where possible, simultaneous translation facilities (English to Arabic) will be provided.
6. There shall be improved sharing of relevant information between ATAIC Members and the World Wide Web /Internet will be fully and properly put to use in this context.
7. Relevant statistical information / data will be organized and maintained in a common, mutually acceptable format, with effective safeguards / security to ensure data integrity but at the same time readily accessible by Members.
8. ATAIC Members will make their Training Institutions / facilities available for training of each others taxation personnel on a reciprocal, 'no profit, no loss' basis.
9. As far as possible, Members will endeavor to use state of the art but "appropriate" technologies in imparting instruction, including "information technology."
10. Members will also use dynamic but "appropriate," multi-dimensional training methodologies, including 'simulation modules,' in imparting instruction.
11. Members will consult each other on curricula for different subjects in which instruction is imparted in the training institutions and will endeavor to 'harmonize' curricula used, as far as is practical and feasible.
12. There shall be special emphasis on providing training in 'forensic audit,' and 'computer forensics' to taxation personnel.

April Issue.qxp 4/9/2007 10:37 AM Page 5

DOT Gazette

information technology, including computers and related peripheral equipment, will be accelerated in training institutions.

14. Malaysia will be "Best practices model" in imparting instruction in 'Forensic Audit,' 'Computer Forensics' and in the use of 'Simulation Methodology' in training.

15. Turkey (OBSERVER COUNTRY but active participant) will be "Best practices Model" in computerization and data warehousing.

16. Pakistan's experience with 'Self Assessment' / 'voluntary compliance,' 'Withholding Taxation' and 'Joint Audit Training' will be referred to by Members in designing their training programs.

17. The Pakistan Direct Taxation Training Institution (DOT(DT)) will make necessary arrangements to provide training in English Language communication skills to ATAIC Members desirous of receiving such training, on a 'no profit, no loss' basis.

18. The 'Informal Sector' will receive special emphasis in the Training curricula.

19. ATAIC Taxation Training Manuals will be digitized and On-Line access by Members will be enabled.

Issued by M Muneer Qureshi DG(DOT)(DT), the Conference Convener, this 14th day of March, 2007 and sent to all Members of the ATAIC.

DOT was privileged to have the Chairperson ATAIC, Mr M Abdullah Yusuf - who is also the Secretary General, Revenue Division and the Chairman CBR- in person to address the conference delegates on the final session of the conference. Mr Abdullah Yusuf congratulated the delegates on a 'job well done' and exhorted them to make full use of the latest technological developments to increase the efficiency and productivity of the ATAIC taxation personnel. He said that while there was no need to try and "re-invent the wheel," nevertheless, it was necessary that developing countries be aware of latest technological developments and be willing to use such technologies after imparting suitable training to the workforce. Proper training is thus a 'condition precedent' to the ability of tax administration to devise effective technological solutions to the many complex problems faced in revenue mobilization. In this context he referred especially to 'data warehousing' and 'information technology' and advised ATAIC members to share information in these areas.

Contributed by
M Muneer Qureshi





pril Issue.qxp 4/9/2007 10:37 AM Page 6

INAUGURATION CEREMONY













pril Issue.qxp 4/9/2007 10:39 AM Page 7

DOTGazette

CONFERENCE SESSIONS





















pril Issue.qxp 4/9/2007 10:39 AM Page 8

CULTURAL EVENTS



















