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MESSAGE OF MEMBER (INLAND REVENUE) FBR

The team presently at the helm of FBR has been brought in at a critical and challenging juncture. We face a daunting task of meeting the revised revenue target of Rs. 1630 billion in the remaining few months of this financial year. FBR's current priorities include revenue enhancement through automation, merit-based placement of a personal and broadening of tax base. Enhancement of revenue is direly required to overcome the current economic crisis created by dwindling inflows from international donors, ravages of the recent floods, expanses of the ongoing war on terror, and global commodity inflation. Our tax-to-GDP ratio is among the lowest in the world. There is a need to identify and address the causes behind this. To distribute the tax burden equitably, the tax base has to be broadened and sectors which have long enjoyed exemption need to be brought into the tax net. We also need to detect grey areas having substantial tax potential, and implement effective measures to tap that revenue. This demands visionary planning, systematic approach and commitment at all levels of FBR.

No modern organization can operate effectively with dysfunctional and unreliable information systems. There is undoubtedly room for improvement of existing automation processes, as officials are unable to fully utilize the computerized data. Better monitoring of tax returns, withholding taxes and quarterly statements would help improve overall revenue collection. A robust and user-oriented information system needs to be in place for fast and accurate analysis and comparison of data from different sources.

Moreover, we need to successfully conclude the TARP, and address other key issues like automation and poor public perceptions. The Tax Administration Reform Project, on which substantial resources have been spent, is nearing its end. We need to take stock and see where efforts need to be made to achieve the original vision of the reform process.

Since FBR plays a vital role in the development of our national economy, it places heavy responsibilities on our shoulders, and demands high standards of efficiency, integrity and professionalism. In this



context, merit and integrity would be rewarded; while there will be zero-tolerance for inefficiency and corruption.

Taxpayer facilitation is another priority. Towards this end, FBR plans to set up 40 regional taxpayers facilitation center (TFCs) at district level for people living outside the big cities to file their tax returns. These centers would be fully equipped with modern technology and hooked up directly with the Board for data updates and information.

Despite all these challenges, I remain optimistic and determined. Pakistan is a country with great potential. I firmly believe that with proper planning, dedicated teamwork and a professional approach, there is no reason why our economic situation cannot be improved. Through concerted efforts and synergetic teamwork, I am confident that Insha-Allah we will be able to achieve our goals.

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Welcome

The DOT faculty and staff would like to extend felicitation to Mr Shahid Nasim, Director General and Mrs Sameera Yasin, Director on assuming the charge in Directorate General of Training and Research (Inland Revenue). We all welcome them and wish them the best in their present assignment to suitably equip the probationary officers with necessary skills in relevant disciplines which would help serve as a prerequisite for a successful career.

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EDITORIAL

This issue of DOT gazette is a humble effort to keep alive the tradition of highlighting the events held at DOT during the last quarter of 2010. This issue provides an opportunity to the learned readers to have an insight in to the ongoing events and also offers some thoughts for consideration. DOT has been continuously endeavoring to keep pace with the shifting training needs for the officers as well as staff of Inland Revenue. Besides the demanding training schedule of 37th STP during these months, outdoor visits of probationers were also organized by DOT. The probationers visited LCCI and had a fruitful session with leading businessmen. Besides a series of short refresher courses for auditors, inspectors and other staff of Inland Revenue were held during this period. The DOT faculty made all possible efforts to make these training sessions professionally sound, comprehensive and interactive. The aim of all such training activities at DOT is to stimulate the potential of FBR work force and add in their existing skill.

Meanwhile, Mr Taqi Sharif, the World Bank consultant visited DOT and highly appreciated the conduct of training activities at the directorate. DOT also had the honour to welcome the Honorable FTO, Mr Shoaib Suddle who addressed the Probationary officers, faculty members and Chief Commissioners of RTOs' and LTU Lahore. Like a professional training institute in order to acknowledge, appreciate and honor the position holders of 36th STP an elegant prize distribution ceremony was organized in the month of December.

Visit of Mr. Shoaib Suddle, Federal Tax Ombudsman

Mr. Shoaib Suddle, Federal Tax Ombudsman visited Directorate General of Training and Research (IR) on 3rd December 2010 to address the Probationary Officer of 37th Specialized Training Programme. He was received by Mr. Abdul Wadood Khan Director General and Mrs. Sameera Yasin Director DOT. Chief Commissioners of RTOs and LTU Lahore were also present on the occasion.

In his address the honourable Federal Tax Ombudsman discussed the main grievances of the taxpayers and suggested different solutions to reduce maladministration. He was of the opinion that delay in processing the applications of taxpayers is one of the major cause of complaint.

In his speech the honourable FTO dilated upon the performance of FTO office during his tenure and informed the officers about speedy disposal of complaints. He also discussed and referred to the Malaysian model where complaints are most efficiently and amicably disposed off through the office of Minister of Complaints.

During question & answer session the honourable FTO replied to the queries of probationary officers and gave different suggestion to reduce maladministration.

Director General and Director DOT appreciated his valuable suggestions and said that his recommendation can certainly improve the working of department and will enormously help in creating taxpayer friendly environment.













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Visit of Mr Taqi Sharif, Consultant of Work Bank

Mr. Taqi Sharif consultant of World Bank visited Directorate General of Training & Research (Inland Revenue) Lahore on 5th of November, 2010. He was received by the Director General, Mr. Abdul Wadood Khan, and faculty members. The programme started with a detailed presentation regarding ongoing training programmes at DOT, (IR) Lahore. He was given an over view of the training of officials from BS-7 to 15. In the presentation, modules of Training of Officials were discussed at length. Details regarding training of information technology and 37th Specialized Training Programme also formed part of the presentation.

Mr. Taqi Sharif informed the Director General that main purpose of his visit was to monitor the progress of World Bank funded projects. He added that a very modest target date has been set due to the prevailing economic scenario and flood devastation. He also mentioned that the World Bank is keen in providing expert opinion so that the desired target should be met within stipulated time. He further opined that staff of FBR should receive the best possible training in order to bring about successful integration of taxes.

He further added that World Bank has received request by FBR for foreign training of officers in about fifty universities of the world. World Bank is interested in foreign training of officers but training should be relevant as well as job specific.



Director General, DOT recaptured the whole discussion and informed him about the dedicated performance of his team towards the achievement of goals set by the World Bank. He also thanked him for his visit and for information sharing with the faculty about the ongoing World Bank project and its priorities.









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PRIZE DISTRIBUTION CEREMONY - 36TH STP

Prize distribution ceremony for position holders of 36th Specialized Training Programme (STP) was held on 22nd October 2010. Mr. Asrar Rauf, Member Tax Policy was the chief guest. He was given a warm welcome by the Director General Mr. Abdul Wadood Khan and faculty members. Chief Commissioners of Lahore RTOs and Probationary Officers of 37th STP were also present at the occasion.

Director General in his address said that for 36th Specialized Training Programme best resourse persons from within and outside the department were engaged to impart lectures in different disciplines of Law, Accounting and Information Technology. All efforts were made to provide most modern facilities in a conducive environment so that the young officers can make the best use of training period. DOT faculty made untiring efforts to strengthen their command on subject and increase their conceptual clarity.

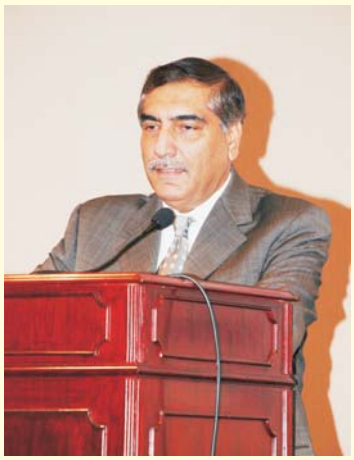
Over all positions were won by Ms Sabah Sajid, Mr Zeeshan Asif, Ms Sumera Kanwal and Shahzad Ali Khan respectively.

Subject-wise position were as follows:

Information Technology:
Shahzad Ali Khan
Income Foundation Course:
Sabah Sajid
Audit 2:
Muhammad Imran
Audit 1:
Sabah Sajid
Sales Tax & Other Acts:
Salma Shaheen
Enforcement:
Sabah Sajid
Accountancy:
Shazad Ali Khan

Ms Hira Nasir, Dr. Tanvir Hussain Bhatti and Mr Naveed Hassan were given prizes for 100% attendance.

Chief Commissioners of Lahore RTOs Mr Ansar Javed and Mr Mustafa Ashraf expressed their satisfaction upon the performance of young officers in filed offices. They said that the young officers have been performing their duties with dedication and professionalism. Mr Asrar Rauf expressed that Federal Board of Revenue has high hopes of the young officers and they must work for better projection of the department. He further expressed that the young probationary officers have been trained well and now they should perform to their utmost to achieve the desired results.















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Perforated Tax Net and Baseless Tax Base: A Myth or Reality



By:
Dr. Sohail Ahmed Fazlani
Assistant Commissioner (Prob)

Ever since I have entered into Inland Revenue service the terms tax net and tax base have struck my ears hundreds of time. The very first lecture delivered by our honorable and respected Director General also revolved around these terms. He gave us an elaborative and interesting lecture comprising of not only word of mouth but the actual facts and figures. He repeated the words tax net and tax base with a smirk on his face many times in the presentation giving the impression of its being a gigantic task.

Broadening the base of taxation in Pakistan is difficult but not impossible. Discussing the true reasons for this ailment may be difficult for me to identify at this stage being a beginner but one thing is for sure that it's more like a chicken/egg phenomenon to me.

One school of thought says that it is because of the lack of confidence of the general public on the taxation system and the rapidly changing faces in the political arena of the country while the other view point was brought to our notice when we visited Lahore Chamber of Commerce and Industry (LCCI) on 26th November 2010; the organization is considered as a mouth piece of majority of traders/taxpayers in Lahore. One important factor unanimously mentioned by all members was the element of corruption in the department especially at lower level. Another factor identified was the exemption of Agriculture from tax net. Some of the members also objected to the harsh attitude adopted by field officers of the department. Others even questioned the right of government to impose heavy taxes without providing services to the community in return. They are generally of the opinion that the government should provide the services and facilities to them before asking for the tax.

On the contrary the government is waiting for the strong tax return and concrete tax base to build a strong edifice of due services and amenities to the common man. We have discussed all the factors which were identified by the LCCI and common taxpayers with our respected senior officers and they very candidly and frankly discussed the issues with us and identified some of the limitations which are responsible for the prevailing elements;

- Difficulty in Detecting Tax fraud cases out of single page return / statement.
- Corporate Culture in decade old Governmental Organization
- Lack of coordination in Functional Units.
- Non compliant culture.
- Extra work force.
- Unwanted Alternate Dispute Resolution mechanism.

In short we need basic training for officers and office staff, Enforcement of Audit, Inter organization data base be integrated, Integration of Functional Units, Assets Management Cell, Maintenance management, Taxation Of Agricultural income (by including it in Federal list or through strengthening of provincial Arrangements). The most important step in this regard is restoring the confidence of the existing tax payers on government and taxation system which may serve as further motivation for non tax payers. Once the distrust and lack of confidence of general public is dealt with whole heartedly, gradually the perforated tax net can be repaired and required broader tax base will be achieved.

RESEARCH TOPICS FOR 37th STP

Preparation of research reports is a regular feature of specialized training programme. However special emphasis was given to this aspect during 36th Specialized Training Programme and it met with success and appreciation. 37th Specialized Training Programme has been designed with the same vision and research papers have been included in the curriculum. Following research topics were selected after thorough deliberation by the Director General in consultation with faculty and keeping in view the impending economic challenges for the country.

1-Recent floods and their impact on the fragile economy of Pakistan.

2-Role of Agricultural Income Tax in broadening of tax base.

3-Integration of Sales Tax, Income Tax and Federal Excise under Inland Revenue Issues and prospects towards optimum revenue.

4-Tax to GDP ratio Measures for improvement.

5-Sectoral analysis of sugar industry with special reference to price hike.

6-Telecommunication sector its contribution to FBR revenues, problem and issues.

SUGGESTED READINGS

Besieged
By Mahmood Farooqui

The Arabs
By Eugene Rogan

The Storm of War
By Andrew Robert

Inspiration
By Paulo Coelho

Hopes and Prospects
By Noam Chomsky

How to Sell Yourself
By Arch Lustberg

Reflections on the Revolution in Europe
By Christopher Caldwell

The Five Essential People Skills
By Dale Carnegie

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Visit of Probationers of 37th STP to LCCI

With the special interest and efforts of Director General, DOT, Mr. Abdul Wadood Khan, the first local visit of Probationary officers of 37th STP to Lahore Chamber of Commerce (LCCI) was arranged on 26.11.2010. A delegation comprising of 37-Probationers and 4-faculty members of DOT, headed by Dr. Ahmad Shahab

A formal briefing to the delegation started with the recitation of Holy Quran followed by a presentation by Sheikh Muhammad Arshad, Senior Vice President of LCCI. DOT delegation was warmly welcomed and briefed about the history and working of LCCI. He further informed that LCCI was established in 1923 under the name of North Indian Chamber of Commerce which was later changed to West Pakistan Chamber of Commerce and finally the present nomenclature of LCCI was adopted during the 1960s. He apprised the delegation that LCCI comprises of 9 departments including Audit, R&D and information. The main role of LCCI is to serve as a bridge between government and business community. LCCI performs its role through a number of standing committees, conducts seminars and training courses to create awareness in business community about new business opportunities and facilitates Visa processing for its members.

At the end of the presentation, they cordially invited questions from the participants of delegation. Probationary officers of 37th STP actively participated in the question & answer session. While replying to questions, Sheikh Muhammad Arshad pointed out the number of hurdles including NOCs from various departments of government for launching any new business. LCCI has conducted a study, by involving renowned economists and policy makers, to produce Vision 2030 to facilitate the government in its further policy formulation for revenue matters. While replying to another question, he apprised the social services rendered by LCCI during natural calamities. LCCI contributed Rs. 7.5 crore during the devastating earthquake of 2005 and Rs. 3 crore during recent unprecedented floods. LCCI further intends to rehabilitate the flood affected people in a model village comprising of 150 houses.



Speakers welcomed the increasing number of ladies joining FBR and appreciated their knowledge, ability and ennobling presence. They expected that the lady officers will help improve the soft image of the department. All LCCI members requested the government to explore new avenues of investment in the country by improving law and order situation. At the end, LCCI thanked the delegation for sparing time to visit LCCI and Dr Ahmad Shahab was presented a shield as a token of thanks.









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Refresher Training Courses for Officials

Directorate General of Training and Research (IR) is consistently working to apprise and update the professional skills of officials. During the period October- December 2010 seven different refresher courses of five days duration were conducted for officials of BS 7 to 15. In these courses 176 Auditors, Inspectors, Supervisors, UDCs and LDCs participated to update their knowledge and skills for better performance in the newly created Inland Revenue Service. After integration of Income Tax and Sales Tax departments it was imperative to train the officials from both the departments. Modules of training included all important provisions of Income Tax Law, Sales Tax Law, Federal Excise Duty and Accounting principles. These modules were designed after thorough deliberations and keeping in view the job descriptions of different cadres.



Refresher courses are a regular feature not only at DOT Head quaters Lahore but also in regional directorates of Karachi and Islamabad. During the current financial year 795 officials have been trained in law and information technology at Lahore. 325 qnd 911 officials have received the similar training at regional directorates of Islamabad and Karachi respectively. The participants gave positive feedback and they expressed their satisfaction with the teaching methodology and course content.









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MESSAGE OF DIRECTOR, DOT, LAHORE



Sameera Yasin
Director, DOT

I am at a loss as to what to say. Everything around is in turbulence and turmoil. Pakistan is suffering, individually each one of us is suffering and what lies ahead??? Nothing much to hope and what is behind, a debris of regret, shame and embarrassment. What has brought us to where we are? Probably our own deeds and actions, misplaced priorities and preferences and vested interests. It is time to reflect as a society, as a nation and as part of the Ummah which is based on fair principles of justice and equality, of trust and reliance and noble aspirations and inspirations of character and soul. While translating my frustrations in words which are nothing but inadequate tools of expression, I feel a reawakening from within and can see bright young probationary officers around me. There is evident hope. Although they are born in practical lives in times of adversities of terrorism, social injustices and foul practices in all spheres of life, they must change the ugly to the beautiful, evil to goodness and vice into virtue to make a smooth sailing possible. It needs a resolve to give the best and do the most to fulfill the aspirations of success, peace and prosperity.

Knowledge is very important, but character building cannot be ignored. This can be done by inculcating a value system adhering to the teachings of Quran and Sunnah and abiding by the socio-cultural environment of our society. At this point of time I urge upon all the Probationary Officers to reflect upon the nuances and nuisances around and try to build a culture of professionalism within the organization which shall affect and reflect upon their personal and professional lives in future. Remember each one can make a difference and you have to embark upon your journey with a reformist's spirit and approach in life. It's time to begin "Wish you good luck".

Role of civil servants in the current scenario



By
Dr.Tanvir Hussain Bhatti
Assistant Commissioner (IRS)

Today Pakistan is at the crossroads of grave challenges. Its economy is in a shambles; its democratic institutions are fragile and its society is confronting unprecedented challenges of extremism and terrorism. The masses are languishing in the chains of poverty, shackles of illiteracy, fetters of gross injustice, tentacles of social discrimination, and confines of social stratification. Civil servants can play a tremendous role by resolving national crises that are perpetually squeezing and steamrolling the teeming millions in the sweltering heat of impoverishment, fear of death and horror of gross injustice.

I want to convey the most significant message of my life to the privileged civil servants, the message for which I live and for which I love to die. Everyone is slave to physical needs, everyone is slave to death but only those will survive in glorious chapters of history who are slaves to self-actualization. Civil servants can achieve self-actualization through serving the public interests. Remember, it is least important for how long duration you remain in the service but it is of utmost significance how you served.

O' privileged civil servants luck has placed the crown of responsibility over your heads. It is my humble submission to you to ladle out justice to build trust of the public in the state institutions that has been badly cracked due to excesses of self-centered elements. No country can make any headway in the welter of the contemporary melting pot without dispensation of justice to the people.

The civil service is still the best service of the country where well educated people get maximum opportunities for maximum duration of time to serve the public and the state. Bureaucracy is powerful executive machinery of the country. Therefore, Pakistan can make progress with gigantic strides if the bureaucrats fully utilize their capacity, competence, commitment and courage for national interests. I urge upon these honored eagles of Iqbal and soldiers of the Quaid to sign a promissory note that they will spare no effort to utilize these glad tidings of opportunities that are smiling upon them for welfare of the public, progress of the country, prosperity of the nation and strength of the state.

Patriotism is imperative to cement the nation together. Nations afflicted with deficiency of patriotic sentiments are facing internal rifts that provide vacuum to foreign nosy parkers, having their own axe to grind, to interfere in their internal affairs. Civil Service is privileged to have so diverse intellectuals in its powerful fold belonging to every nook and corner of the country. Therefore, civil servants must act as true symbol of federation to unite the fragmented segments of the nation like rosary beads in a thread.

Civil servants can change the destiny of this moribund nation through commitment with national concerns. They have to consider work as duty and not a burden. People deprived of gorgeous sentiments of patriotism and pride of performance seek means to avoid national responsibilities.