

Reform Initiatives: From FBR to a Digital Tax Administration

- Led by Minister for Finance & Revenue
- With input from:
 - Chairman FBR and Team
 - Task Force on Tax & FBR Reforms



FBR Restructuring

- **Establishment of a National Tax Authority**
 - Federal and Provincial Taxes
- **Establishment of Tax Policy & Revenue Division**
 - Separation of Tax Policy from Administration
- **Autonomous FBR under Tax Administration Oversight Board**
 - Financial Autonomy with single line budget as percentage of collection
 - Collaboration with NADRA - as Technical Member of Policy Board
- **Separation of Customs from FBR**
 - Focus on Trade Facilitation and Border Controls
 - Oversight Board with representation from relevant ministries

Transforming FBR into IT-Driven Digital Tax Administration

- **Digitalization of entire Supply Chain**
 - Digital Invoicing
 - Additional Sectors in Track & Trace System
 - New Categories in Point of Sale System
- **Digitalization of 3rd Party Data**
 - Acquisition of data through IT Common Transmission System
 - Establishment of Compliance Risk Management System
 - Data Analytics & AI
- **Synchronized Withholding Administration & Payment System (SWAPS)**
 - Linking Payer, Payee, Bank & FBR through one Portal
 - Simultaneous Payments to Vendor & FBR

Broadening of Tax Base

- **Legislation for Documentation**
 - Law drafted and vetted by Law Division
 - Regular & Real-Time 3rd Party Data of economic transactions
 - Will obligate entities/departments to transmit data
- **Implementation Plan**
 - Dedicated IT-driven offices established - District Tax Offices
 - Closer to Economic Centers
 - 30% of existing Human Resource
 - Awareness Campaign & facilitation
 - Data exchange/integration with NADRA

Simplified Scheme for Retailers

- Contribution in GDP is 18.8% whereas in taxes it is 4%
- **Scheme to determine indicative income**
 - Shift in policy from collection through utility bills
 - Based on factors of location, value and rent
 - Mobile App *Tajir Dost* to calculate and pay the tax
- **Indicative Income as 3 times of the rental value**
- **Tax is payable in 12 monthly installments**
- **Tax paid to be adjusted at the time of filing of return**

Controlling Smuggling & Mis-Invoicing

- **Anti-Smuggling**

- Whole of Govt approach including Joint Check Posts
- To equip check posts with surveillance and IT monitoring
- Improved prosecution of smugglers and facilitators
- Separation of Anti-Smuggling function from cargo clearance

- **Mis-Invoicing**

- Integration of Pakistan Customs with China Single Window
- Using AI Technology to reduce the role of appraiser
- Identify high risk entities and shipments using Data Analytics; and
- Create specialized work force for Post-Clearance Audit

Thanks