



Citizens' Voice Project

Citizens' Voice and Public Accountability in Tax Collection Sector

Monthly Progress Report June 2013

Grantee: Governance Institutes Network International

Disclaimer:

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LIST OF ACRONYMS

APP	–	All Pakistan Press and Publication
CBOs	–	Community Based Organizations
CVPA	–	Citizens' Voice Project
FCCI	–	Faisalabad Chamber of Commerce and Industries
FGDs	–	Focused Group Discussions
FOs	–	Farmers' Organizations
GINI	–	Governance Institutes Network International
IEC	–	Information Education and Communication
HR	–	Human Resource
KII	–	Key Informant Interview
KPIs	–	Key Performance Indicators
MIS	–	Management Information System
MPAs	–	Member of Provincial Assembly
PMEP	–	Performance Monitoring and Evaluation Plan
RBM	–	Result Based Management
RM	–	Research Manager
RTO	–	Regional Tax Office
TDEA	–	Trust for Democratic Education and Accountability
TL	–	Team Leader
TOR	–	Terms of Reference

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A. Project Summary:

Reporting	
Name of the Sub-Grantee Organization:	Governance Institutes Network International
Project duration:	From <u>Nov 19, 2012</u> To <u>Nov 18, 2013</u>
Title of the project:	"Citizens' Voice and Public Accountability in Tax Collection Sector" Central Punjab
Project Location:	Country: Pakistan Province: Punjab District (s): Sargodha, Faisalabad, Gujranwala
Project Objectives (overall and per sector):	<ul style="list-style-type: none">a. Strengthened Citizen Voice through Oversight of public bodies allowing policy reformsb. Government-civil society linkages to enhance accountability

B. Project Achievements in the Reporting Period:

In order to achieve the project objectives;

1. Engaging sales tax paying enterprises in working for the simplification of the administrative burden of complying with the sales tax law.
2. Establishing forums where citizens and civil society can participate in and contribute to the policy making, legislative and monitoring processes, and engage with political parties /elected representatives, parliamentary committees, anti-corruption departments, and relevant public bodies.
3. Oversight of relevant institutions to identify strengths, weaknesses and challenges to inform public discourse and provide appropriate feedback into policymaking, administration and monitoring at the Federal level.
4. Promotion of informed public dialogue around the policies and administration of Federal Sales Tax.
5. Campaigns and media reporting for the recognition and implementation of universally accepted tax-payers' rights and effective grievance redress where those rights are violated by Federal authorities

GINI carried out the following activities contributing to the cause of the project, in the month of June, 2013;

- 1. Electronic dissemination of Taxation Watch Report**
- 2. Meetings with Members and Secretaries of FBR/President of Islamabad Chamber of Commerce and Industries/President Islamabad Women Chamber of Commerce and industries**
- 3. Coordination with Inland Revenue Offices in Districts**
- 4. District Mobilization Workshops**
- 5. Electronic and Print Media Campaign**
- 6. Correspondence with Stakeholders**
- 7. Project Projection on Webpage and Social Media (facebook)**

Activity Wise Description

1. Electronic dissemination of Taxation Watch Report

Electronic mass mailing continued, for the dissemination of taxation watch report to the prospects of the intervention.

The Taxation Watch Report deciphers the major trends and milestones in Tax Collection sector in general and Sales Tax in particular. GINI has established a network of stakeholders bridging the rights holders and duty bearers in Sales Tax sector. The registered sales tax paying enterprises of district Faisalabad, Gujranwala, and Sargodha espousing with Tax Bar Associations, Non-Governmental Organizations and other forums working on Taxation from the Demand-side group where as Government entities, Inland Revenue offices, RTOs and FBR form the Supply-side group. GINI keeps follows the policies, rules and procedures in the sector and convenes debates and opinion poll using social media among the panelists who are the Presidents/Secretaries of Chamber of Commerce and Industries, Commissioners/Deputy Commissioners of Revenue Departments, Members of Tax Bar Associations, Researchers, think Tanks, from the respective districts and Federal level. GINI tabulated the Taxation Perceptions Index (TPI) which is sourced from a quarterly online survey, as well as a quarterly review of Federal Sales Tax policy and administration by a panel of analysts, constituted from among the stakeholders mentioned above. The scores for this Index are based on indicators of equity and fairness of tax policy and the effectiveness and efficiency of tax administration.

2. Meetings with Members and Secretaries of FBR/President of Islamabad Chamber of Commerce and Industries/President Islamabad Women Chamber of Commerce and industries

Coordination and partnership meetings were held in the month of June as well with the President ICCI Mr. Zafar Bakhtawari and President IWCCI Ms. Farida Rashid, Commissioners Regional Tax Offices, Tax Researchers, Member FBR Ms. Raana Seerat, Secretary FBR Ms. Aisha Noor, and Complaint Cells established for redress of grievance of Tax Paying Enterprises.

Supply-side:

1. Federal Board of Revenue (main office and RTOs in target districts)
2. Accountability institutions including the Federal Tax Ombudsman, Auditor General of Pakistan, National Accountability Bureau, and Federal Investigation Agency.
3. Parliamentary Committees including the Public Accounts Committee and Finance, Revenue & Planning and Development Committee of the National Assembly and the Finance Committee of the Senate
4. Chambers of Commerce and Industry at the local (target districts), provincial and national levels
5. Government Bodies working on Taxation
6. Members of Political Parties

7. Members of National and Provincial Assembly
8. Members of Local Administration
9. Donor Agencies

Demand-Side:

1. Sales tax paying enterprises
2. Tax Bar Associations at the local (target districts), provincial and national levels
3. Universities and research institutes
4. Member of Small Business Associations
5. Member of Local Civil Society/Community Based Organization
6. Member of Print and Broadcast
7. Non-Governmental Organizations
8. Member of Taxpayers Associations and Think Tank

3. Coordination with Inland Revenue Offices in Districts

In the month of June, 2013, the representatives of GINI had a new series of meetings with the officials of Inland Revenue Offices in district Sargodha, Faisalabad, and Gujranwala. The primary purpose of the discussion was to evolve the consensus on the points of Bill of Demand at the draft stage and take the Duty Bearers on board on the matter.



4. District Mobilization Workshops

Three district mobilization workshops were held during 18-20 June, 2013. First one was conducted on 18th June at Hotel Lords, Civil Lines in Gujranwala, the second on 19th June at Lasania Restaurant, Sosan Road in Faisalabad and the third on 20th June at Welcome Banquate Halls, Block-9, in Sargodha with more than 60 participants in each. The participants were divided into group discussions for 5 groups in each of the Workshop to further provide their feedback and suggestions/recommendations for developing Bill of Taxpayers' Rights and implementation of the sales tax policies and reforms much needed during the decade.

The suggestions were felt very much necessary as described by small and medium enterprises, local traders associations, partner CBOs/NGOs and community activists including women entrepreneurs working on tax reforms, and the political parties representatives from all the major parties having local representations in these districts. *[GINI has already compiled the event report for all the three workshops in one document that will also be shared at GMIS of TDEA-website.]*



In Gujranwala, officers of Inland Revenue Services, Mr. Zafar Sandhu, Deputy Commissioner (IRS) and Mr. Zeeshan Ahmad, AC (IRS) also participated representing their Regional Tax Office.



In Faisalabad, the community members of civil society groups and small entrepreneurs were keen for legal aid services provided by District Tax Bar members to the small taxpayer groups.



In Sargodha, members of Chambers of Commerce & Industries have shown keen interest in developing proposals and policy recommendations for tax collection and administrative reforms.

During these workshops, it was also felt that *Civil Society Networks* may serve as a “reality check” on overly optimistic claims made for tax policy proposals. They should emphasize the importance of equity concerns when assessing tax proposals. These Networks could examine the country’s tax thresholds and assess whether they are appropriate given administrative concerns and equity goals. The common citizens should play a key role in advocating for improvements in the type and quality of information released. It was suggested that we might discuss any recent changes in the tax administration and whether the administration follows any specific rules or codes of conduct (such as a taxpayer’s bill of rights) which will be developed under this project.

We as a civil society may highlight and raise our voices for rights to a common CITIZEN if we pay our share for development of the country in line with the pace of progress, so that we could then claim a positive change in the society at whole.

In FY 2012, FBR devised a 9-point agenda to streamline operations; fairness, documentation, effective enforcement, accountability and transparency, technology and integration, competence and integrity, business friendly, automation, and simplification. To achieve fairness in taxation system, the FBR has taken decision to remove exemptions in all taxes especially in income tax, sales tax and federal excise duty.

Participants opined that a general sales tax imposes a tax on the sale of goods and services; the tax is included in the final price paid by the customer while excise taxes are basically sales taxes that are imposed only on particular items. Most of the small

traders have reservations over tax structure imposed by the RTOs/FBR during FY 2012-13. Pakistan's fiscal crisis is deep and cannot be easily resolved. Taxes are insufficient for debt service and defense. If the tax to GDP ratio does not increase significantly, Pakistan cannot be governed effectively, essential public services cannot be delivered and high inflation is inevitable.

Finally, surveys of taxpayers can yield helpful information as well, particularly about the difficulties of complying with the tax laws and the perceived integrity and helpfulness of the tax administration. Small businesses are much more numerous than big businesses, and on average they pay much less in taxes than big businesses do. In addition, small businesses tend to have a short existence, and many of them neither register with the tax administration nor keep extensive records. All of this makes it difficult for a tax administration to monitor small businesses in a systematic manner. While we don't pay our tax how could I have right of access to better municipal services, education and health facilities, in return the administration and government machinery should also have a change of mindset to deliver for a progressive and prosperous Pakistan.

Summary of the conclusions/recommendations are reproduced below:

- Create a healthy relationship amongst the three stakeholders in the taxation system viz: GOP, CBR and taxpayers. As confidence building measures and to address tax payers concerns, Government must demonstrate genuine austerity at the top levels, arrange public disclosure of tax returns of ruling elite, earmark some percentage of incremental revenues for specific social sectors, and create a demonstrable linkage between revenue generation and development expenditures of an area.
- Improve FBR's credibility with taxpayers through improved organization design and human resource management along with re-engineering of income tax, sales tax and customs processes.
- Create taxpayer assistance units as a point of contact between the department and the taxpayers. Its functions should include: receipt of registration, de-registration and refund applications, issuance of registration certificates, notices and orders of the Sales Tax Act and any other acknowledgement for the tax payers, administer the voluntary disclosure process, provide tax payer education and training, and register tax payer complaints.
- Tax payers maintaining regular books of account for their business or profession be eligible for self assessment scheme. In order to enable taxpayers to discharge their liabilities with convenience, authorized branches of all nationalized banks may be allowed to collect government dues.
- An effective revenue organization must be comprised of trained and dedicated persons with integrity, transparent processes, a comprehensive information system, and taxpayer education. The Reforms to improve our taxation system need to be focused on human resources, business process and organization, corruption and information management.
- The involvement of citizens and civil society is essential for tax reform along with provision of services and social benefits to the Tax payers for sustained Tax revenue and Tax net expansion.

5. Electronic and Print Campaign

Subsequent to signing MOUs with Three cable network operators i.e. one in each district an awareness campaign was run for the rights and roles of Taxpaying enterprises. Similarly arrangements were made for regular Press Conferences to have the Press appearances. Coordination meetings were held with two FM stations and MOUs were signed.

Messages to be gone on-air and telecast through the respective scheduled program were developed by GINI Team and handed over the partners of Cable TV Networks and FM Radio Stations in the selected districts. *[Copies are available on the GINI's project website].*

6. Correspondence with stakeholders

In order to keep the stakeholders on-board, letters and emails were sent to duty-bearers, in addition to the telephonic contacts were made with the stakeholders.



GINI is currently engaging sales tax paying small and medium enterprises in working for the simplification of the administrative burden of complying with the sales tax law. We are also running press and media campaigns and media reporting for the recognition and implementation of universally accepted taxpayers' rights and effective grievance redress where those rights are violated by Federal authorities.

GINI has also propagated through focus group discussions and meetings of local network partners to the community elders including women, traders associations and small entrepreneurs along with CSOs/Civil Society Groups about the reality-facts that this is the high time when we need reforms at larger scale, if not now, what we think, we could be facing much difficult and different future, in terms of country's development, we have the right to raise my voice for my country's better future for newer generation to come.



7. Project projection on webpage and social media

A project dedicated interactive web portal is maintained to project the cause, the web page has, project disclaimer, project brief and introduction, project proposal, gen-chart, monthly report, taxation watch reports, field activities, media release, photo gallery etc. Social blog and use of facebook social media is also utilized and a specific group is dedicated to the project with the network partners/members and inviting other common citizens with the face of new youth generation. Their feedback and suggestions will also be considered at the proper stage of drafting the policy recommendations and Bill of Rights.

C. Progress Tracking Sheet

Project Activities	Total Targets	Targets		Achievements		Variance		% Achievements against the targets of current month	% Achievements Against total targets	Reasons of Variance	Gender wise Participation		
		Current month	As of this month	Current month	As of this month	Current month	As of this month				Men	Women	Total
		A	B	C	D	E = A-C	F = B-D	G=C/A	H=D/B				
Electronic dissemination Tax Report	300	75	75	75	75	0	0	1	1		45	30	75
Meetings with Supply Side and Demand Side Stakeholders	45	10	10	10	10	0	0	1	1		25	20	45
Coordination with Inland Revenue	8	3	3	3	3	0	0	1	1		12	7	19
Conducted District Mobilization Workshops	3	3	3	3	3	0	0	1	1		100	80	180
Electronic and Print Campaign	200	20	20	20	20	0	0	1	1		NA	NA	NA
Project webpage and social media projection	1	1	1	1	1	0	0	1	1		NA	NA	NA
Correspondence	50	10	10	10	10	0	0	1	1		TBD	TBD	TBD
Press Conference	30	3	3	3	3	0	0	1	1		NA	NA	NA

D. Major issues during project implementation and suggestions to overcome these issues/or how the issues were solved:

No major issues during the last month.

E. Monitoring & Evaluation:

GINI will continue following the PMEP to ensure the relevance of the deliverables against the project objectives as per the indicators from the sources derived from the matrix. GINI will ensure Relevance, Effectiveness, Efficiency, Impact and Sustainability in the domain of Evaluation.

F. Major activities planned for the next month:

During the next reporting period, GINI will:

- Hold Second Federal Policy Roundtable Dialogue
- Continue Awareness Campaign
- Prepare IEC material
- Conduct District Awareness Seminars