

# First Quarterly Report

**JULY - SEPTEMBER  
2018-2019**

**Sindh's Premium  
Revenue  
Collecting Agency**

1	Summary _____	2
2	Top Performing Sectors _____	3
3	Total Registration _____	4
4	Sindh workers' Welfare fund (SWWF) _____	5
5	Human Resources Management _____	6
6	Audit Wing _____	7
7	Information Technology Wing _____	8
8	Tax Policy Wing _____	9
9	Legal Wing _____	10





An annual target of Rs.120 billion has been assigned to SRB for FY 2018-19. Despite slower economic activities and reduced collection from Telecommunication sector, SRB has managed to collect a sum of Rs.20.422 billion in the first quarter of FY 2018-19.

To increase the momentum of HR function, a senior resource has been hired as Advisor HR. Moreover, the hiring process of various posts in SRB continued during the quarter.

Tax Policy Wing of SRB held several meetings with stakeholders including the coordination meeting of Provincial Revenue Authorities/Boards to discuss various taxation related matters.

To further improve automation and internal controls at SRB, new software application for extracting data from internet has been introduced. The Audit Wing continued tax audits started earlier and have also started conducting field audits in potential cases.





Sindh Sales Tax on Services is being levied on taxable services listed in the second schedule to the Sindh Sales Tax on Services Act, 2011. These services are taxed at statutory rate of 13% where as some services are taxed at reduced rate and Telecommunication sector is taxed at 19.5%.

Table below shows the contribution of top performing sectors for the first quarter of FY 2018-19:

Table 1

TOP PERFORMING SECTORS IN 1 <sup>st</sup> QUARTER OF FY 2018-19			
S.NO	SERVICE CATEGORY	TOTAL AMOUNT	% CONTRIBUTION
1	PORT ,AIRPORT & TERMINAL OPERATORS	2,613,870,275	13%
2	SST WITHHOLDING	2,372,599,156	12%
3	INSURANCE	1,814,301,549	9%
4	FRANCHISE	1,545,410,320	8%
5	BANK	1,450,529,083	7%
6	CONTRACT EXECUTION	1,282,570,506	6%
7	TELECOMMUNICATION	1,250,389,658	6%
8	TECHNICAL,SCIENTIFIC & ENGINEERING CONSULTANTS	742,495,824	4%
9	CONSTRUCTION	505,601,888	2%
10	LABOUR AND MANPOWER SERVICES	427,655,929	2%
11	MISCELLANEOUS	6,416,725,397	31%
<b>TOTAL</b>		<b>20,422,149,585</b>	<b>100%</b>

In the first quarter, Port, Airport & Terminal Operators was the highest contributor followed by SST Withholding and Insurance Services.





Increasing the tax base by identifying service providers that are not registered is one of the prime objectives of SRB. An independent unit of “Survey and Development” was created during FY 2017-18 for the accomplishment of the said objective.

The table below reflects the number of persons registered during the first quarter of FY 2018-19 compared with the first quarter of FY 2017-18.

Table 1.1

FIRST QUARTER OF FY 2018-19				
S.NO	MONTH	2017-18	2018-19	GROWTH (%)
1	JULY	411	300	-27%
2	AUGUST	423	269	-36%
3	SEPTEMBER	275	322	17%
TOTAL		1109	891	-20%



## Introduction

To empower and strengthen the workers of Sindh, Workers Welfare Fund (WWF) was established under Sindh Workers Welfare Fund Act, 2014.

## Requirement for Contribution by Industrial Establishments

Section 5(1) of Sindh Workers Welfare Fund Act, 2014, requires industrial establishments to pay Sindh Workers Welfare Fund at 2% of its total income where the annual income of an industrial organization is greater than Rs. 500,000.

## Collection Progress

The table reflects the collection made during the first quarter of FY 2018-19 as compared with first quarter of FY 2017-18:

Table 1.2

<b>Sindh Workers Welfare Fund</b>			
<b>Quarter</b>	<b>FY 2017-18 (Rs. In Million)</b>	<b>FY 2018-19 (Rs. In Million)</b>	<b>Growth</b>
<b>1st</b>	383	970	153%



## **Appointment of Advisor HR**

To help SRB in planning, designing and implementing reform initiatives in the area of HR, SRB has hired an HR professional who is responsible for the leadership and management of HR functions. Advisor HR will lead all HR activities of SRB.

## **Performance Evaluation of 2017-18**

Performance evaluation of SRB employees is obtained from supervisors to improve and strengthens performance according to their job responsibilities. This exercise is under completion.

## **Hiring Process of Sindh Sales Tax & HR Officers**

Sindh Revenue Board is in the process of inducting energetic young professionals for various positions. SRB aims at providing equal employment opportunity for women, differently abled persons and minorities in line with Government of Sindh (GoS) policies. Recruitment of 30 Sindh Sales Tax Officers and 2 HR Officers is in progress. The candidates are undergoing rigorous testing to ensure acquisition of the best resources to meet operational requirements of SRB.





During 1<sup>st</sup> quarter of FY 2018-19, the Wing continued with previously initiated tax audits. In addition, some new audit cases are also undertaken.

The table shows overall progress of Audit Wing during 1<sup>st</sup> quarter of FY 2018-19 including new and previous audit cases:

Table 1.3

<b>Progress of Audit Wing</b>		
<b>Description</b>	<b>Old Cases</b>	<b>New Cases</b>
<b>No. of Audits undertaken</b>	-	92
<b>No. of Contravention Reports (CRs) issued</b>	15	5
<b>Amount involved in the CRs (Rs. In Million)</b>	2284.612	532.471
<b>No. of Audit Reports issued</b>	10	3

The Audit Wing is committed towards continuous training of its staff. Hiring of new auditors is also under process. The management in collaboration with World Bank is focused on making the wing more effective and efficient in performing its duties and successfully meeting all targets.





IT wing has initiated various projects to advance SRB technologically. Following are the key achievements of the Wing during the 1<sup>st</sup> quarter:

- ❖ Introduced Google web data extractor application to extract information such as business names, address, phone numbers, websites, and emails from Google maps.

- ❖ Introduced different features in second version of Contract Management System, e.g., applied grid, pagination and searching to send contract expiry email to relevant officers.

- ❖ Implemented document/ notification search engine for Legal and Administration Wings of SRB.



## **BRIEF BACKGROUND:**

Tax Policy Wing of SRB is assigned with the functions to deal with the taxation policies of Sindh sales tax (SST), which include formulation of resource mobilization proposals for the annual budget, formulation of proposals for amendment in the Sindh Sales Tax on Services Act, 2011, in the Sindh Sales Tax on Services Rules, 2011 or in the Sindh Sales Tax Special Procedure (Withholding) Rules, 2014. Tax Policy Wing also examines various tax-related proposals and exemption-related proposals received from various Chambers of Commerce & Industry or from Trade/Taxpayers' Associations or from the taxpayers and sends its views/comments to the decision-makers. The Chief Minister's Directives, received from time to time, in relation to tax matters are also examined and processed in the Tax Policy Wing and compliance reports are prepared. Tax Policy Wing also issues Rulings/Clarifications/Notifications/Standing Orders for the benefit of the taxpayers and tax collectors and also for resolution of disputes or removal of doubts.

## **NOTIFICATIONS ISSUED:**

During the 1st Quarter of 2018-19, Tax Policy Wing issued 4 notifications including notification No.SRB-3-4/13/2018 to No.SRB-3-4/15/2018, all dated 09th July, 2018, specifying the jurisdictions and functions of the various officers of the SRB in terms of sections 34, 35 and 36 of the Act, 2011.

In compliance of the Honorable Supreme Court of Pakistan's decision, read with the decision of the Sindh Cabinet, the Tax Policy wing issued exemption notification No. SRB-3-4/16/2018 dated 11th September, 2018, specifying the exemption on certain taxable services procured or received in relation to the donations made for the "Diamer Bhasha & Mohmand Dams Funds"

## **MEETINGS**

Tax Policy Wing held several meetings with the stakeholders including the Coordination meeting of Provincial Revenue Authorities/Boards held on 12th September, 2018, at Lahore, with a view to resolving the issues of suspension of sales tax on Telecom Services, Review Petition against the Judgment of Civil Aviation and withholding of Provincial sales tax on services and its remittance to the Provincial Revenue Authorities by Ministry of Defense.





During the first quarter, a total number of 35 cases were filed in different Courts. The Legal Wing on its own and with close liaison and coordination with SRB counsels was able to get 154 Petitions/Suits disposed off by the Honorable Courts.

Internal procedures were further streamlined for smooth and proper functioning of the Legal Wing specially filing of Para-wise responses. Para-wise written Comments/ Written Statements have also been filed in matters that have been pending since 2012/13.

The Wing has ensured 100% appearance in all matters pending before Sindh High Court (SHC). The orders passed by SHC are sent to all concerned officers.

Tables below elaborate the position of cases before superior judiciary:

Table 1.4

<b>Position of filed Cases before Superior Judiciary during 1st Quarter of FY 2018-19</b>		
<b>S. No</b>	<b>Nature of Case</b>	<b>Total filed Cases in Q-1 (July, 2018 to September, 2018)</b>
1	Constitutional Petitions	33
2	Suits	1
3	HCA	1
	<b>Total</b>	<b>35</b>

Table 1.5

<b>Position of Disposed off Cases before Superior Judiciary during 1st Quarter of FY 2018-19</b>		
<b>S. No</b>	<b>DISCRIPTION</b>	<b>Total disposed off Cases in Q-1 (July, 2018 to September, 2018)</b>
1	Constitutional Petitions	8
2	Suits	146
	<b>Total</b>	<b>154</b>