

1ST BIENNIAL REPORT ON
MONITORING OF THE IMPLEMENTATION OF NFC AWARD
(July - December, 2022)

GOVERNMENT OF PAKISTAN
NATIONAL FINANCE COMMISSION SECRETARIAT

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PREFACE

Article 160 of the Constitution of Islamic Republic of Pakistan authorizes the President of Pakistan to approve distribution of revenues between the federation and the provinces through an Order (the NFC Award), on the recommendations of the National Finance Commission (NFC).

2. The 7th NFC Award was signed on 30th December, 2009 and its recommendations were given legal cover with effect from 1st July, 2010, through President's Order No.5 of 2010 (Distribution of Revenues and Grants-in-Aid Order, 2010).

3. Clause 3(B) of Article 160 of the Constitution of Islamic Republic of Pakistan provides as follows:

"Federal Finance Minister and Provincial Finance Ministers shall monitor the implementation of the Award biannually and lay their report before both Houses of Majlis-e-Shoora (Parliament) and the Provincial Assemblies."

4. In pursuance of the above provision, it is imperative upon the Finance Ministers of the Federal and Provincial Governments to monitor implementation of the Award biannually and lay a report before both Houses of the Parliament and Provincial Assemblies.

5. The Bi-annual monitoring report for the period July to December, 2022 was approved by the Federal and Provincial Finance Ministers for laying before both Houses of the Parliament and Provincial Assemblies.

6. The Bi-annual Report contains total FBR collections reported during July-December, 2022, details of Divisible/Non Divisible Pool Components, Vertical Distribution of shares between the Federal and Provincial Governments, Horizontal Distribution of shares between the Provinces and detail of Grant-in-Aid as well as Straight Transfers to the Provinces.

7. The report also includes detail of efforts by the Federal and Provincial Governments to streamline their tax collection systems to reduce leakages and increase their revenues as well as efforts undertaken for maintaining fiscal discipline at Federal and Provincial level during the reported period.

Imdad Ullah Bosal

Secretary
Finance Division

Islamabad, the 19th February, 2025

EXECUTIVE SUMMARY

This 1st Biannual Monitoring Report on implementation of 7th NFC Award during Financial Year 2022-23 covers the period from July to December, 2022. Total tax collection, as reported by FBR, remained Rs.3,228.138 billion for the period under report. After subtracting non-divisible pool components and 1% each as collection charges and additionality for Khyber Pakhtunkhwa on account of War on Terror (WoT), the net divisible pool comes to Rs.3,127.705 billion. The Provincial share comes to Rs.1,798.430 billion, leaving a balance of Rs.1,329.275 billion for the Federal Government. The Provincial share has been distributed as Rs.930.508 billion to Punjab (51.74%), Rs.441.515 billion to Sindh (24.55%), Rs.262.930 billion to Khyber Pakhtunkhwa (14.62%) and Rs.151.553 billion to Balochistan (9.09%) @ 40% of its projected budgetary share. Khyber Pakhtunkhwa also received Rs.31.593 billion on account of War on Terror.

During the period July to December, 2022, Rs.23.357 billion, Rs.29.490 billion and Rs.6.217 billion were transferred to Provinces on account of Royalties on Crude Oil, Natural Gas and Gas Development Surcharge, respectively, after deduction of collection charges. Similarly, an amount of Rs.2.875 billion has been transferred to provinces on account of Excise Duty on Natural Gas during the reported period.

The Province of Sindh is entitled to receive Grant-in-Aid equivalent to 0.66% of the provincial share out of the net proceeds of the divisible pool, as compensation for losses on account of abolition of Octroi and Zilla Tax (OZT). Accordingly, an amount of Rs.11.870 billion was released to Government of Sindh on this account.

INTRODUCTION

1.1 The 7th National Finance Commission concluded its recommendations on 31st December, 2009, which were given legal cover through President's Order No.5 of 2010 ***"Distribution of Revenues and Grants-in-Aid Order 2010"*** (Annex-I) and ***President's Order No. 6 of 2015 (Annex-II)***. The main responsibilities entrusted to the Federal and Provincial Governments through this Award are:

- a. Distribution of Divisible Pool Taxes between the Federation and Provinces and amongst the Provinces as prescribed in the Award (Articles 3 and 4 of the Order).
- b. Transfers of Royalties, Surcharge on Natural Gas and Excise Duty on Gas to the Provinces as prescribed in the Award/ Constitution (Articles 5 & 6 of the Order).
- c. Provision of obligatory grants to Provinces as prescribed in the Award (Article 7 of the Order).
- d. Entrusting collection powers of GST on Services to Provinces (Article 8 of the Order).
- e. Achieving 15% tax to GDP ratio by the year 2014-15. To achieve this target, a path was recommended by the NFC for both Federal and Provincial Governments (Clause 2 of Article 9 of the Order).
- f. Maintaining fiscal discipline both at Federal and Provincial levels (Clause 3 of Article 9 of the Order).

1.2 Clause (3B) of Article 160 of the Constitution empowers the Federal and Provincial Finance Ministers to monitor implementation of the Award biannually and lay a report in this regard in both Houses of the Parliament and the Provincial Assemblies. Accordingly, this report presents the implementation status of the above provisions of the President's Order for the period from July to December, 2022.

DISTRIBUTION OF DIVISIBLE POOL TAXES

1.3 Articles 1 and 2 of the President's Order No. 5 of 2010 consist of title and definition and therefore, no action is warranted under these Articles.

Articles 3 and 4 of the President's Order regulate the distribution of divisible pool taxes between the Federal and Provincial Governments vertically and amongst the four Provinces horizontally.

2.1: FBR Tax Receipts

2.1.1 Federal Board of Revenue (FBR) reported the following tax collection for the first half of the Financial Year 2022-23:

TABLE-I: Total FBR's Collection (July – December, 2022)

	(Rs. in billion)
Provisional collection reported on fortnightly basis during July - December, 2022.	3,228.138
Total Collection reported during the period of report	3,228.138

2.1.2 The releases to the Provinces during 1st half of FY 2022-23 were made on the basis of FBR's collection amounting to Rs.3,228.138 billion. During the corresponding period of last Financial Year (FY 2021-22), the FBR collection was Rs.2,876.803 billion (inclusive of arrears of previous year).

2.2: Distribution of Divisible Pool Taxes

2.2.1 Article 3 (1) of the President's Order explains components of divisible pool taxes. Receipts of the FBR also include some non-divisible components. Therefore, after deducting such components, the gross divisible pool taxes were worked out to be Rs.3,204.972 billion against total tax receipts of Rs.3,228.138 billion. A detailed breakup in this regard is given as follows:

TABLE-II: Detail of Non-Divisible Pool Components**(Rs. in billion)**

	1st half of FY 2022-23
Total FBR Receipts	3,228.138
Less Non-Divisible Pool Components	23.166
WWF	11.980
GST on Services (ICT)	3.119
Excise Duty on Natural Gas	2.934
Exp. Development Surcharge	5.133
Refund through Supplementary Grant	0
Gross Divisible Pool Taxes	3,204.972

2.3: Vertical Distribution

2.3.1 After subtracting the non-divisible pool components from FBR's total receipts, net divisible pool is determined by deducting cost of collection. The entire proceeds are then distributed between the Federation and Provinces in accordance with the provisions of Articles 3 and 4 of the President's Order. The details of vertical distribution are as follows:

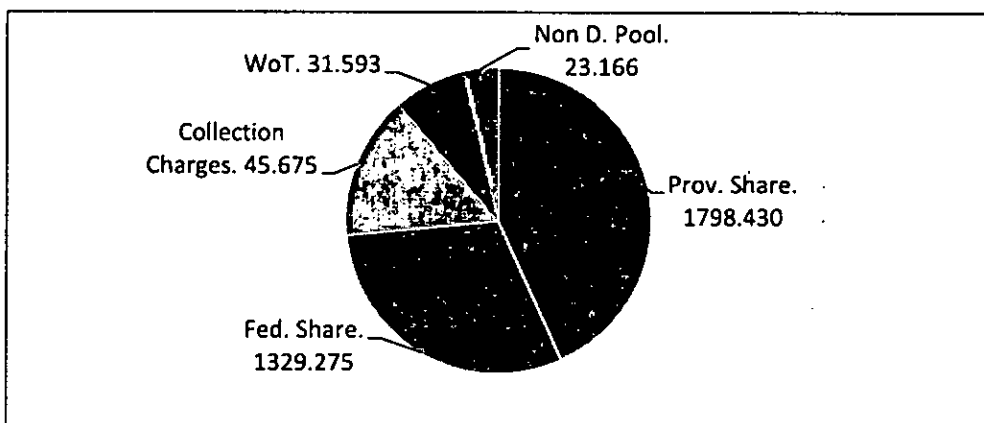
Table-III: Vertical Distribution (July-December, 2022)**(Rs. in billion)**

Divisible Pool Taxes	FBR Collection Reported	Collection Charges (1%)	Net Divisible Pool Taxes	1% set aside for WoT for KP	Balance Net Div. Pool	Provincial Share (57.5%)
Divisible Pool Taxes	3,204.972	* 45.675	3,159.297	31.593	3,127.705	1,798.430
Income Tax	1,362.480	27.250	1,335.230	13.352	1,321.878	760.080
Capital Value Tax	0.649	0.006	0.643	0.006	0.636	0.366
Sales Tax (Excl. GST on Services)	1,241.898	12.419	1,229.479	12.295	1,217.184	699.881
Federal Excise (Excl. ED on NG)	153.566	1.536	152.030	1.520	150.510	86.543
Customs (Excl. Export Dev. Surcharge)	446.379	4.464	441.915	4.419	437.496	251.560

* Includes additional deduction of 1% from Taxes on Income consisting of remuneration paid out of the Federal Consolidated Fund, (which is not part of the divisible pool taxes).

2.3.2 Following Pie Chart shows the distribution of FBR's Tax Receipts:

(Rs. in billion)



2.4: Horizontal Distribution

2.4.1 Article 4(2) of the President's Order provides percentage share of each Province in the Provincial share, out of divisible pool taxes. Provincial share against their percentages for the period July-December, 2022 has been worked out as follows:

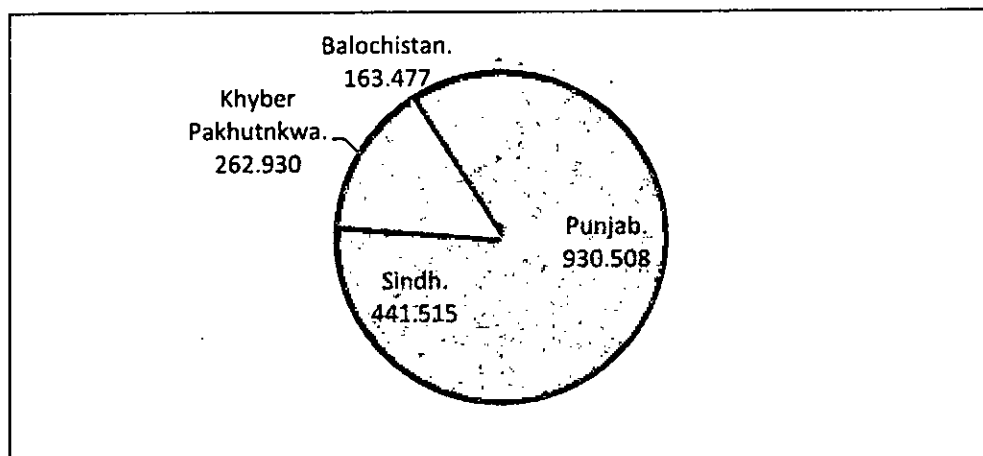
Table-IV: Provincial Shares in Divisible Pool Taxes
(July-December, 2022)

(Rs. in billion)

	Total	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan
	(100%)	(51.74%)	(24.55%)	(14.62%)	*(9.09%)
Divisible Pool Taxes	1,798.430	930.508	441.515	262.930	163.477
Income Tax	760.080	393.265	186.600	111.124	69.091
Capital Value Tax	0.366	0.189	0.090	0.053	0.033
Sales Tax (Excl. GST on Services)	699.881	362.118	171.821	102.322	63.619
Federal Excise (Excl. ED on NG)	86.543	44.777	21.246	12.653	7.867
Customs (Excl. Export Dev. Surcharge)	251.560	130.157	61.758	36.778	22.867

* Projected budgetary share of Balochistan is protected which is transferable to the province during that Financial Year. During 1st half of the year 40% of budgeted share was transferred to the province and the difference of Rs.11.924 billion was transferred during the months of Jan & Feb-2023 by releasing the share of Balochistan @ 60% during second half of Financial Year 2022-23.

(Rs. in billion)



2.4.2 Above Pie chart shows Horizontal Distribution of Provincial Share.

2.5 Additionality to Khyber Pakhtunkhwa & Balochistan

2.5.1 Article 3(2) of the President's Order entitles the Province of Khyber Pakhtunkhwa to receive 1% of the net proceeds of undivided divisible pool taxes in addition to its formal share, to meet the expenses on WoT. Accordingly, an additional amount of Rs.31.593 billion was paid to Khyber Pakhtunkhwa Province on this account during the period of report. As this arrangement remains protected during the currency of the Award, the share of Khyber Pakhtunkhwa Province was calculated as under:-

Table-V: Additional Funds to Khyber Pakhtunkhwa (WoT)

(Rs. in billion)

	July-December, 2022
Share in the Divisible Pool (14.62%)	262.930
1% War on Terror	31.593
Total:-	294.523

2.5.2 Similarly, Clause (3) of Article 4 of the Order also guarantees that Balochistan Province shall receive its share in the net proceeds of divisible pool taxes as per annual budgetary projections, and any shortfall shall be made up by the Federal Government from its own resources. As this

arrangement for Balochistan remains protected during the currency of the Award, therefore, the payments were planned @ 40% for first half of the year and 60% for the second half of that Financial Year, synchronizing the payments with FBR's tax collection trend, which normally gets pace during second half of FY. Accordingly, detail of funds transferred is given as under:-

Table-VI: Additionality to Balochistan

(Rs. in billion)

	July-Dec, 2022
Share in the Divisible Pool (9.09%)	163.477
Amount transferred to the Provincial Government @ 40 % of projected budget share	151.553
*Difference	11.924

* Since the payment was scheduled @ 60% for the second half of FY-2022-23, the difference was covered during the months of January and February 2023, while transfer of funds was started @ 60%.

STRAIGHT TRANSFERS/ GRANTS-IN-AID**3.1: Distribution of Royalty on Crude Oil**

3.1.1 Article 5 of the Order relates to the distribution of net proceeds of Royalty on crude oil. Petroleum Division is responsible for collection of this levy and reports to Finance Division on monthly basis for onward transfer to the Provinces. Accordingly, entire net proceeds reported by Petroleum Division during July – December, 2022, were distributed among the provinces in accordance with the said provision, as follows:

Table-VII: Royalty on Crude Oil**(Rs. in billion)**

	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	Total
July – December, 2022	4.395	5.005	13.859	0.098	23.357

3.2: Distribution of Gas Development Surcharge and Royalty on Natural Gas

3.2.1 Article 6 of the President's Order governs distribution of Development Surcharge on Gas (GDS) and Royalty on Natural Gas. Petroleum Division is the collection agency for these two levies. The proceeds collected are reported to Finance Division on monthly basis for onward transfer to Provinces. Accordingly, entire net proceeds of Royalty and Development Surcharge on Gas reported by Petroleum Division were distributed among the Provinces in accordance with said provision. Following table gives details of distribution:

Table-VIII: Royalty on Natural Gas and GDS**(July – December, 2022)****(Rs. in billion)**

	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	Total
Royalty on Natural Gas	0.923	15.657	4.856	8.054	29.490
Gas Dev. Surcharge	0.239	5.236	0.389	0.353	6.217

3.3: Distribution of Excise Duty on Natural Gas

3.3.1 As per Article 161 (1) of the Constitution of Islamic Republic of Pakistan, the excise duty on Natural Gas is required to be paid to the Province in which the well head of Natural Gas is situated. FBR is the collection agency for this levy. The proceeds so collected are reported to the Finance Division on monthly basis for onward transfer to Provinces. Accordingly, net proceeds of Rs.2.875 billion were distributed amongst the Provinces, as presented in the following table:

Table-IX: Excise Duty on Natural Gas

(Rs. in billion)

	Punjab	Sindh	Khyber Pakhtunkhwa	Balochistan	Total
July – December, 2022	0.097	1.775	0.497	0.506	2.875

3.3.2 The figures reflected in the above table represent actual transfers and have been reconciled with the Finance Departments of the Provinces.

3.4 Grant-in-Aid to Sindh Province

3.4.1 Under Article 7 of the Order, Sindh Province is entitled to receive a Grant-in-Aid equivalent to 0.66% of the Provincial share in the net proceeds of the divisible pool as a compensation for losses on account of abolition of Octroi and Zila Tax (OZT). During the period of report, the provincial share in the divisible pool was Rs.1,798.430 billion. Accordingly, the said grant-in-aid worked out to be Rs.11.870 billion, which stands released.

GENERAL SALES TAX ON SERVICES**4.1 General Sales Tax on Services (GSTS)**

4.1.1 Article 8 of the Order relates to the General Sales Tax on Services. The 7th NFC accepted that General Sales Tax on Services is a Provincial subject under the Constitution and may be collected by the respective Provinces, if they so desire.

4.1.2 All Provincial Governments have established their own Revenue Agencies and collecting GST on Services by themselves. Details of the GST collected by the Provincial Revenue Authorities during the period under report are as under:-

Table-X: GST Collection by the Provinces**(Rs.in billion)**

	B.E. 2022-23	Receipt up to December, 2022	(%) over B.E.
Provinces	421.200	186.343	44.24%
Punjab	184.000	90.914	49.41%
Sindh	180.000	74.661	41.48%
Khyber Pakhtunkhwa	32.000	13.273	41.48%
Balochistan	25.200	7.495	29.74%

MISCELLANEOUS PROVISIONS OF PRESIDENT'S ORDER

5.1: Miscellaneous

5.1.1 Article-9 of the Order relates to miscellaneous recommendations. In this regard, clause 9(1) provides for increase in the rate of excise duty on Natural Gas to Rs.10.0 per MMBTU. The recommendation already stands implemented through Finance Bill, 2010. Government of Balochistan has further recommended the following:

- i. The Excise Duty on Natural Gas has remained Rs.10.0 Per MMBTU since 2010, as wellhead price varies from \$3.7 to \$6 in different zones and leases, it is recommended that the excise duty shall be linked with wellhead price of the gas, which can be 2.5% of the wellhead price instead of Rs.10/MMBTU.
- ii. Sui wellhead price is kept at 55% (half wellhead Price of 2012 policy) where the excise duty shall be 5% of the wellhead price.

5.2: Streamlining Tax Collection

5.2.1 Article-9(2) provides for streamlining of tax collection systems by the Federal and Provincial Governments to maintain fiscal discipline, reduce leakages and increase revenues in order to achieve 15% tax to GDP ratio by the year 2014-15. It was also recommended that Provinces would initiate steps to effectively tax the Agriculture and Real Estate sectors. In this regard, steps taken by Federal and Provincial Governments are explained in the following paragraphs.

5.2.2. Federal Government

Major Initiatives Taken by FBR

The Revenue organization is doing its best to enhance tax revenues and tax to GDP ratio. In this regard following major initiatives have been taken:

I. **Ease of Doing Business**

Indicators relating to "Trading Across Border" improved by 31 ranks from 142 to 111 in 2021, showing a remarkable improvement in simplification and automation of international trade.

II. **Automated Duty Drawback Payment System**

To facilitate exporters, the manual rebate approval system has been replaced with Risk Management System (RMS), with fully automated processing of duty drawback & payment.

III. **Pakistan single Window**

Pakistan Single Window Act, 2021 has been enacted and its rules have been notified. Pakistan Single window was launched on July 01, 2022, with integration of five departments with Customs, as well as 29 commercial banks. The PSW system is making significant progress in reducing the time and cost of doing business by digitalizing Pakistan's cross border trade and eliminating paper-based processes.

IV. **WeBOC**

WeBOC, which is fully automated customs clearance system has now been implemented at all sea-ports, dry-ports and land boarder stations, including the features of paperless processing and online payments for traders.

V. **Risk Management System**

Risk Management System is part of WeBOC clearance which is continually upgraded from time to time. About 57% of the import

declarations are being cleared through the green channel, while about 85% of the export consignments are allowed clearance through the green channel.

VI. Enhanced Regional Connectivity of Pakistan with Central Asian Republics

Regional connectivity has been enhanced through signing of agreements, simplification of transit procedures and automated clearance. Pak-Uzbekistan Transit Agreement was finalized and operationalized. Three more agreement have been signed with China, Russia and Tajikistan.

VII. Focused Administrative Effort for Revenue Mobilization

A number of initiatives have been taken to increase revenue collection through administrative measures including action against mis-invoicing through better valuation, auctions, recoveries etc. These measures have resulted in generation of additional revenues.

VIII. Control of Smuggling

For the first time, a counter smuggling policy was laid out with collaborative arrangements with other Federal & Provincial Law Enforcement Agencies, which is an excellent sample of interagency co-operation and support. Moreover, a countrywide operation launched against illegal POL outlets, through which, legitimate imports of POL products increased along with the corresponding increase in revenue collection.

IX. Greater Facilitation of Trade at the Borders

FBR has been able to facilitate trade through quick processing of imports. There has been a reduction in the percentage of imports and exports that undergoes documentary and/ or physical examination through yellow or red channel by customs at the border.

X. Fostering of Culture of Interprovincial Coordination and Data Sharing

Uninterrupted and effective communication between Federal and Provincial tax administrations is of paramount importance to ensure intergovernmental coordination as well as taxpayer facilitation across Pakistan. In this regard, FBR has been working together with Provincial authorities to standardize and harmonize tax management to the extent possible. Consequently, FBR has signed memoranda of understanding on data sharing and immoveable property valuation tables.

- XI. Broadening of Tax Base (BTB):** Devoted BTB units have been established at Regional Tax Offices for processing of data sent by the Directorate General and registration of new tax payers. Field formation-wise targets were assigned for financial year 2022-23 in line with FBR's strategy for addition of new taxpayers as required by different donor agencies and stakeholders urging FBR to expand the tax base from existing 1.2 million paid filers to 3.5 million paid filers up to fiscal year 2023-24. This target has already been achieved. FBR was pursuing an increase of 700,000 registered taxpayers through broadening of tax base as per commitment given under Prime Minister's Strategic Programme. The Board surpassed this target, adding 1.2 million new taxpayers/ filers for tax year 2022. The following actions were also taken to contribute to FBR's overall strategy for broadening of tax base:

- i. Annex-C of Sales Tax Returns of certain national and multinational manufactures/ importer companies is being used for BTB purpose which contains bulk data of un-registered buyers.
- ii. Data of e-stamp has been retrieved for sharing with field formations which is being used for BTB purpose for registration of potential sellers and buyers.

- iii. Data of un-registered buyers of sugar extracted from Annex-C of Sales Tax Returns of sugar mills has been sent to respective RTOs for booking of new taxpayers.
- iv. Information with reference to tax ducted u/s 236G and 236H by manufacturers of certain sectors from their distributors and by distributors from their retailers respectively has been retrieved. Dealers and retailers have been identified who are still not registered with the FBR and are being registered by their respective RTOs for broadening of tax base.
- v. Information obtained from different distribution companies including Gas and Electricity regarding un-registered commercial/ industrial consumers is being used for BTB purpose.
- vi. MOUs have been signed with different departments including NADRA, FIA, PITB, SCBA and banks etc. for provision of data for perusal/ matching with the existing data of FBR an exploration for new taxpayers.
- vii. The interface of FBR website is under continuous improvement so that it is customer friendly, provides every possible facility to existing as well as new tax payers and is contributing a lot towards the achievement of overall BTB target.
- viii. The information gathered from various sources as discussed above is processed and made available to taxpayers under a newly added Tab "Malomaat" on FBR website for their facilitation as well as creating deterrence against non-declaration of existing taxpayers and detection of new taxpayers. This portal is accessible by getting registered though a simple procedure which enables a person to see all types of expenditures incurred by him

including purchase of properties & vehicles, bank deposits, salary payment to employees of Federal, as well as Provincial Government Departments, frequent travelers' data and bank accounts data of new businesses. This is to ensure maximum enrollment of new tax payers.

- ix. The withholding statements submitted periodically by different taxpayers/ withholding agents regarding deduction of tax are under permanent watch of the DG BTB for search of new taxpayers.

5.3 Provincial Governments

5.3.1 Government of the Punjab

Government of Punjab has taken following steps for streamlining the tax collection system for effective implementation of NFC Award during the period of report:

- I. The rate of Stamp Duty was increased from one percent to two percent in urban areas, with the aim to increase revenue from multiplication in transactions and move towards parity with rates in rural areas w.e.f. 01.07.2022. However, these rates were again reduced to one percent w.e.f 01.10.2022 through notification dated 29.09.2022.
- II. Introduction of new criteria for Uniform Assessment of Registration Fee in respect of pure electric vehicles on the basis of kilowatt instead of horse power/cc.
- III. Extension in exemption of 95% for Token Tax of electric vehicles (excluding vehicles paying lump sum tax) up to 30.06.2023 - incentive as per National Electric Vehicle Policy.
- IV. Amendment in the Punjab Sales Tax on Services Act, 2012 (XLII of 2012) for ending the exemption given to student internet package as such exemption had become redundant

since no telecommunication service provider was providing student packages anymore.

- V. The services of real estate aggregators were included in information technology-based services while the services provided by cab aggregators were included in ride-hailing services in the 2nd Schedule of Punjab Sales Tax on Services Act, 2012 (XLII of 2012).
- VI. For ease of doing business, the limit of input tax adjustment was increased from eighty percent to ninety percent of the output tax. A number of provisions regarding limit of input tax adjustment, penalties and time limitation were also part of the legislative proposal seeking amendments in the Act XLII of 2012.
- VII. In order to achieve a more progressive taxation, enhanced rates for Tax on Luxury Houses were introduced for houses above a certain size with the completion of construction date from 01.07.2022.
- VIII. For purposes of promoting e-payment of urban immovable property tax and motor vehicles tax, a discounted rate of 5% has been proposed as introduced previously. Besides, surcharge and penalty for property tax and motor vehicles tax have also been rationalized by shifting them to the payments made during the last two quarters of the financial year.

5.3.2. Government of Sindh

Following measures have been taken by various Revenue Collecting Agencies (RCAs) of Government of Sindh in order to streamline the tax collection and fiscal discipline as required under Article-9(2) and 9(3) of the President's Order 2010:

- I. The Sindh Revenue Board (SRB) introduced a system of linking the tax payers' POS system with the electronic system of SRB on real time basis to ensure tax compliance, monitoring, combating possible tax evasion and promoting the cause of documentation of economy. This provided easy access to the taxpayers in those regions for facilitation.
- II. The Sindh Revenue Board introduced a system of 1-Link 1-Bill to facilitate taxpayers to clear their tax liability directly from their respective bank accounts through ATMs, Internet Banking, etc.
- III. The IT wing of SRB has been strengthened and most of core functions in tax operations are now technologically supported including Adjudication Management System (AMS), Business Intelligence (BI), QR code on the notices and E-hearing of the appeals. The existing system is fully automated for tax payment and filing of monthly returns.
- IV. The Sindh Revenue Board has also increased its physical outreach by establishing its regional office in Shaheed Benazeerabad in addition to Sukkur, Larkana, Mirpurkhas and Hyderabad.
- V. The Excise, Taxation & Narcotics Control Department has signed a Bilateral Agreement for data sharing with Federal Board of Revenue. Under this agreement the department has shared data relating to Motor Vehicle Registration with FBR. In return the department will be getting the following data from FBR:
 - (a) Income Tax data required for assessment of Professional Tax
 - (b) Details/ data of imported vehicles
 - (c) Live Data Link of Active Taxpayer List (ATL),

The Income Tax data required for the assessment of Professional Tax for category (2) & (3) of the 7th Schedule of Sindh Finance Act, 1964 and rules made there under, to increase its recovery manifold.

- VI. The Government of Sindh is in process of establishing Single Tax Portal aimed at facilitating the taxpayers through automation of tax collection, which will ultimately increase the revenue collection and reduce the leakages. E-Pay Sindh will provide the facility to pay multiple taxes and other levies through a single web-based and mobile platform along with other alternative delivery channels (Credit Cards and ATMs etc.). Initially, some 34 levies have been identified for on-boarding through E-Pay.

5.3.3. Government of Khyber Pakhtunkhwa

The Provincial Government has taken certain steps/ measures for streamlining of tax collection system during FY 2022-23 (**Annex-III**).

5.3.4. Government of Balochistan

Balochistan Revenue Authority, in collaboration with the Federal Board of Revenue and other Provinces' Revenue Authorities, has undertaken the followings measures:-

- I. The telecommunication sector has initiated the practice of filing tax returns through a single portal, a significant advancement towards facilitating businesses. This initiative is expected to curtail tax leakages and exercise better control over claims associated with input tax adjustments. The plan includes extending this practice to other sectors in subsequent phase.
- II. Discussions are underway regarding a draft Memorandum of Understanding (MoU) concerning data sharing between the FBR and Provincial Revenue authority.

- III. Efforts are being made to harmonize Tariff Codes among Provincial Revenue Authorities, and FBR, with the assistance of the World Bank. This would facilitate the taxpayers for payments and filing of returns.
- IV. The "Balochistan place of Provision of Services Rules, 2023 have been notified. These rules represent a consensus among Provincial Revenue Authorities and the FBR, outlining a framework for taxing services in sectors, such as Advertisement, Insurance, Electric Power Transmission, Franchise services, Intellectual Property Services, and Transportation of Goods.
- V. In order to streamlining tax collection, Excise, Taxation and Anti-Narcotics Department GoB has revised the tax rates, especially in the field of Property Tax Annual rental Value Table rates for assessment and collection has been introduced. Moreover, it introduced the scheme "GIS-Based digitization of Urban Immovable Property Tax "under PSDP which is in progress, that will help in reducing the leakages, bringing efficiency, transparency and increase in revenue receipts.

Moreover, the Board of Revenue Balochistan has taken the following initiatives to enhance revenue collection from Agriculture and Real Estate sector:

- i) A summary has been initiated for making Agriculture Income Tax (AIT) at par with FBR taxes.
- ii) A training for proper inspection of crops for accurate assessment of AIT has been planned. Proposal of agreement with Land Information and Management System (LIMS) is in consideration.
- iii) Audit & Inspection has been scheduled for audit of AIT and other Taxes.

- iv) Preparation of Sakni Laws is in progress.

5.4. Fiscal Discipline

5.4.1. Article 9(3) of President's Order No. 5 of 2010 provides that Federal and Provincial Governments would develop and enforce mechanism for maintaining fiscal discipline through legislative and administrative measures. In this regard, efforts of the Federal Government as well as Provincial Governments are reproduced as follows:

5.4.2. Federal Government

During 1st half of FY 2022-23, the overall/ consolidated fiscal deficit stood at 2% of GDP as against 2% of GDP for the same period of last Financial Year 2021-22. For restricting the fiscal deficit at 4.9% of GDP during FY 2022-23, following steps were taken by the Federal Government:

- I. By better budget management, efficient cash management including TSA, empowering Principal Accounting Officers with CF&AOs and Chief Internal Auditors, effective management of development projects and assets, transparent reporting etc., the Federal Government improved its financial management.
- II. No Supplementary Grants/ additional resources were allowed except some targeted subsidies related payments during Financial Year 2022-23. Supplementary Grants allowed only under extreme and exceptional circumstances with prior approval of the Federal Cabinet.
- III. No Expenditure, in any head of account to be incurred over & above the limit imposed by the Finance Division.
- IV. 15% cut (on annual basis) applied in current expenditure (Non-ERE) of all Ministries/ Divisions/ Attached Departments/ Sub-ordinate Offices/ Autonomous Bodies, etc. except Ministry of

Foreign Affairs expenditures on diplomatic missions abroad owing to currency depreciation effect.

- V. Complete ban was placed on purchase of all type of vehicles and all new durable items till June 2024, and on treatment abroad at government expenses.
- VI. Ban on creation of new posts except those required for development projects and approved by the competent authority.
- VII. Entitlement of periodical, magazines, newspapers etc of entitled officers was restricted to only one.
- VIII. Single dish in case of meals and tea & biscuits on other occasion was allowed to be served in government events/ meetings at official premises only and not in hotels etc. except in case of foreign delegations.
- IX. All Principal Accounting Officers were asked to ensure rationalization of utility consumption, purchase of assets, repair and maintenance. All other operational expenditures were kept at bare minimum level while remaining within the budgetary allocation for the financial year.
- X. All outstation meetings were restricted through internet link (Zoom etc.) only, unless physical presence is strongly justified and approved by the competent authority.

5.4.3. Provincial Governments Government of the Punjab

- I. **Performance of Own Source Revenue (OSR):** The Government of Punjab has performed exceptionally well in achieving its targets for the first half of the Financial Year 2022-23 through improved tax administration and enforcement. Provincial tax receipts stood at Rs.147.197 billion (July-December 2022) showing an increase of 14 % compared to the same period of last financial year. Similarly, Rs.42.512 billion

was collected as non-tax receipts during first half of FY 2022-23 showing a decrease of 44% compared to FY 2021-22. The decrease in non-tax receipts was mainly due to less receipts in Public Sector Development Programme (PSDP) grants from Federal Government.

- II. **Policy Framework for improved Management of Fiscal Risks.** Fiscal risks carry the potential to result in financial distress for a Government in future. Punjab has developed an overarching Fiscal Risk Management Policy Framework approved by the Provincial Government in FY 2022. This policy framework mandates the issuance of Fiscal Risks Statement (FRS) on annual basis. The purpose of the Statement is to identify fiscal risks relevant to Government of Punjab, assess their fiscal implications, review the policies and mechanisms already in place to deal with such risks, and explain the fiscal risk management strategy. Govt. of Punjab published Fiscal Risk Statement 2022-23 which highlighted key fiscal risks with the potential to adversely affect province's financial health. Some of these are; heavy reliance on FDP transfers, less than ideal performance of OSR collection, burgeoning commodity financing debt, exponential growth in pension expenditure, increasing debt stock/ provincial guarantees and exposure to natural disasters, just to name a few. Being cognizant of these fiscal risks, Govt. of Punjab is taking appropriate steps to mitigate all aforementioned risks through strict fiscal discipline and financial prudence.
- III. **Austerity Measures:** An Austerity Committee was constituted under the Chairmanship of Minister Finance, Punjab. The Provincial Government continued to follow strict austerity measures to reduce expenditure on purchase of expensive goods like air-conditioners, generators and vehicles etc. and their purchase was subject to clearance by the Austerity Committee.
- IV. **The Punjab Public Financial Management Act 2022:** The Provincial Assembly passed Punjab Public Financial

Management Act on December 02, 2022. It was enacted with the aim to regulate financial affairs in the public sector and matters relating to the Provincial Consolidated Fund and Public Account of the Punjab. The Act is envisioned to inculcate the principles of efficient utilization of resources, transparency, better financial reporting and robust mechanism of fiscal framework, debt management and public investments.

- V. **Ease of Paying Taxes:** E-pay is the first ever Government Payment aggregator in Pakistan for Public to Government (P2G) & Business to Government (B2G) payments for facilitation of tax payers and businesses. The platform has increased the digital transactions of Own Source Revenue significantly and collected Rs.145 billion from 25 million plus transactions upto Dec, 2022. A total of 11 departments and 25 taxes have been digitized which is resulting in improved service delivery through better collection and enforcement of Govt. levies/ taxes.

Government of Sindh

Cash monitoring

The cash balance position of the Provincial Government with State Bank of Pakistan (SBP) was monitored on daily basis, and handled effectively through efficient financial management system.

Government of Khyber Pakhtunkhwa

- I. While considering the Budget Estimates 2022-23 the Provincial Cabinet has approved certain guiding principles to curtail the recurring expenditure effective from 1st July 2022 (**Annex-IV**).
- II. To maintain financial discipline and in time availability of funds, the Government of Khyber Pakhtunkhwa upon approval of competent authority devised a release policy for both current and development expenditures for the FY 2022-23 (**Annex-V**).



The Gazette of Pakistan

EXTRAORDINARY

PUBLISHED BY AUTHORITY

ISLAMABAD, MONDAY, MAY 10, 2010

PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF LAW, JUSTICE AND PARLIAMENTARY AFFAIRS

Islamabad, the 10th May, 2010

No. F.2(2)/2010-Pub.—The following President's Order Promulgated by the President is hereby published for general information:-

PRESIDENT'S ORDER NO.5 OF 2010

AN

ORDER

to provide for distribution of revenues and certain grants

WHEREAS in pursuance of Clause (1) of Article 160 of the Constitution of the Islamic Republic of Pakistan hereinafter referred to as the Constitution, the President, by the Finance Division's Notification No. S.R.O. 739(I)/2005 dated 21st July 2005, as modified by the said Division's Notification No. S.R.O. 693(I)/2009, dated 24th July 2009, appointed a National Finance Commission to make recommendations, among other matters, as to the distribution between the Federation and the Provinces of the net proceeds of certain taxes;

Price: Rs. 5.00

[2438 (2010) Ex.Gaz]

AND WHEREAS the said Commission has also submitted its recommendations with regard to the said distribution;

NOW, THEREFORE, in pursuance of clause (4) and (7) of Article 160 of the Constitution, the President is pleased to make the following Order:-

1. Short title and commencement.- (1) This Order may be called the Distribution of Revenues and Grants-in-Aid Order, 2010.

(2) It shall come into force on the first day of July, 2010.

2. Definitions.--- In this Order, unless there is anything repugnant in the subject or context,---

- (a) **"net proceeds"** means, in relation to any tax, duty or levy, the proceeds thereof reduced by the cost of collection, as ascertained and certified by the Auditor-General of Pakistan; and
- (b) **"taxes on income"** includes corporation tax but does not include taxes on income consisting of remuneration paid out of the Federal Consolidated Fund.

3. Distribution of Revenues.- (1) The divisible pool taxes in each year shall consist of the following taxes levied and collected by the Federal Government in that year, namely:-

- (a) taxes on income;
- (b) wealth tax;
- (c) capital value tax;
- (d) taxes on the sales and purchases of goods imported, exported, produced, manufactured or consumed;
- (e) export duties on cotton;
- (f) customs-duties;
- (g) federal excise duties excluding the excise duty on gas charged at well-head; and
- (h) any other tax which may be levied by the Federal Government.

(2) One percent of the net proceeds of divisible pool taxes shall be assigned to Government of Khyber Pakhtunkhwa to meet the expenses on war on terror.

(3) After deducting the amount as prescribed in clause(2), of the balance amount of the net proceeds of divisible pool taxes, fifty-six percent shall be assigned to provinces during the financial year 2010-11 and fifty-seven and half percent from the financial year 2011-12 onwards. The share of the Federal Government in the net proceeds of divisible pool shall be forty-four percent during the financial year 2010-11 and forty-two and half percent from the financial year 2011-12 onwards.

4. Allocation of shares to the Provincial Governments.- (1)
The Province-wise ratios given in clause(2) are based on multiple indicators. The indicators and their respective weights are agreed upon are:--

a. Population:	82.0%
b. Poverty/ backwardness:	10.3%
c. Revenue collection/ generation:	5.0%
d. Inverse population density:	2.7%

(2) The sum assigned to the Provincial Governments under Article 3 shall be distributed amongst the provinces on the basis of the percentage specified against each:-

The Punjab	51.74%
Sindh	24.55%
Khyber Pakhtunkhwa	14.62%
Balochistan	9.09%
Total:	100.00%

¹[(3) The Federal Government shall guarantee that Balochistan province shall receive the projected sum of eighty-three billion rupees from the provincial share in the net proceeds of divisible pool taxes in the first year of the Award and any shortfall in this amount shall be made up by the Federal Government from its own resources. This arrangement for Balochistan shall remain protected throughout the Award period based on annual budgetary projections.]

5. Payment of net proceeds of royalty on crude oil.- Each of the provinces shall be paid in each financial year as a share in the net proceeds of the total royalties on crude oil an amount which bears to the total net proceeds the same proportion as the production of crude oil in the Province in that year bears to the total production of crude oil.

6. Payment of net proceeds of development surcharge on natural gas to the Provinces.- (1) Each of Provinces shall be paid in each financial year as a share in the net proceeds to be worked out based on average rate per MMBTU of the respective province. The average rate per MMBTU shall be derived by notionally clubbing both the royalty on natural gas and development surcharge on Gas. Royalty on natural gas shall be distributed in accordance with clause (1) of Article 161 of the Constitution whereas the development surcharge on natural gas would be distributed by making adjustments based on this average rate.

(2) The development surcharge on natural gas for Balochistan with effect from 1st July, 2002, shall be re-worked out hypothetically on the basis of the formula given in clause (1) and the amount, subject to maximum of ten billion rupees, shall be paid in five years in five equal installments by the Federal Government as grants to be charged on the Federal Consolidated Fund.

7. Grants-in-Aid to the Provinces.—There shall be charged upon the Federal Consolidated Fund each year, as grants-in-aid of the revenues of the province of Sindh an amount equivalent to 0.66% of the provincial share in the net proceeds of divisible pool as a compensation for the losses on account of abolition of octroi and zilla tax.

¹ Substituted vide "Distribution of Revenues & Grants-in-Aid (Amendment) Order, 2015 (President's Order No.6 of 2015)

8. Sales tax on services.—NFC recognizes that sales tax on services is a Provincial subject under the Constitution of the Islamic Republic of Pakistan, and may be collected by respective Provinces, if they so desired.

9. Miscellaneous.—(1) NFC also recommended increase in the rate of excise duty on natural gas to Rs.10.0 per MMBTU. Federal Government may initiate necessary legislation accordingly.

(2) The NFC recommended that the Federal Government and Provincial Governments should streamline their tax collection systems to reduce leakages and increase their revenues through efforts to improve taxation in order to achieve a 15% tax to GDP ratio by the terminal year i.e. 2014-15. Provinces would initiate steps to effectively tax the agriculture and real estate sectors. Federal Government and Provincial Government may take necessary administrative and legislative steps accordingly.

(3) Federal Government and Provincial Governments would develop and enforce mechanism for maintaining fiscal discipline at the Federal and Provincial levels through legislative and administrative measures.

(4) The Federal Government may assist the Provinces through specific grants in times of unforeseen calamities.

(5) The meetings of the NFC may be convened regularly on a quarterly basis to monitor implementation of the award in letter and spirit.

10. Repeal.— The Distribution of Revenues and Grants-in-Aid Order, 1997 (P.O. No. 1 of 1997), and the Distribution of Revenues and Grants-in-Aid, Order, 2010 (P.O. 4 of 2010) are hereby repealed.

ASIF ALI ZARDARI,
President.

SYED SULTAN AHMED,
Senior Joint Secretary.

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**EXTRAORDINARY
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ISLAMABAD, THURSDAY, JULY 2, 2015

PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF LAW, JUSTICE AND HUMAN RIGHTS

Islamabad, the 1st July, 2015

No. F. 2(2)/2013-Pub.—The following President's Order promulgated by the President is hereby published for general information:—

PRESIDENT'S ORDER NO. 6 OF 2015

AN

ORDER

*To amend Distribution of Revenues and Grants-in-Aid Order, 2010
(President's Order # 5 of 2010)*

WHEREAS, it is expedient to amend the Distribution of Revenues and Grants-in-Aid Order, 2010 (P.O. No. 5 of 2010), for the purpose hereinafter appearing.

NOW, THEREFORE, in pursuance of Clause (6) read with Clause (7) of Article 160 of the Constitution of the Islamic Republic of Pakistan, the President is pleased to make the following Order:—

(539)

Price : Rs. 2.00

[1002 (2015)/Ex. Gaz.]

1. **Short title and commencement.**—(1) This Order may be called the Distribution of Revenues and Grants-in-Aid (Amendment) Order, 2015.

(2) It shall come into force on the first day of July, 2015.

(3) It will remain in force till further orders.

2. **Substitution of Article-4(3) P.O. No. 5 of 2010.**—In the Distribution of Revenues and Grants-in-Aid Order, 2010 (P.O. No. 5 of 2010), for Article 4 (3) the following shall be substituted, namely:—

(3) The Federal Government shall guarantee that Balochistan province shall receive the projected sum of eighty-three billion rupees from the provincial share in the net proceeds of divisible pool taxes in the first year of the Award and any shortfall in this amount shall be made up by the Federal Government from its own resources. This arrangement for Balochistan shall remain protected throughout the Award period based on annual budgetary projections.

MAMNOON HUSSAIN,
President.

JUSTICE (R)
MUHAMMAD RAZA KHAN,
Secretary.

Measures taken to streamline tax collection system by Govt. of KP

- I. The Government of Khyber Pakhtunkhwa increased the target for Revenue Generating Departments for Financial Year 2022-23 for moving towards self-reliance of the province. However, Government exempted several taxes (Capital Value Tax, Land Tax, and Registration Fee of 0.5% on registration of deeds for public benefit). Motor Vehicle Registration Fee was also reduced to minimum Rs.01 for all vehicles up to 2500CC. In addition, Admission Fee for both Government Primary & Secondary Schools for Girls & Boys, coupled with free admissions to Professional Government Art Colleges, Hostel Fee and Library Membership Fee stood waived off. The industrial units of Khyber Pakhtunkhwa Economic Zones Development and Management Company were exempted from Urban Immovable Property Tax.
- II. Sales Tax on Services was reduced to one percent (1%) for 10 categories/ sectors including Print Media, Industrial Workshops, Cinematographic Services, Property Dealers, etc. Rates of Sales Tax on Services were also reduced for 17 categories/ sectors mainly Construction, Marriage Halls, Hotels & Restaurants etc. Furthermore, for the Wedding halls and Beauty Parlors, where RIMS is implemented, the tax rate was reduced to 5% and for Health Insurance Services including Sehat Card, the tax rate was reduced to 0%.
- III. Total collection of Sales Tax on Services by Khyber Pakhtunkhwa Revenue Authority (KPRA) during the period of report was **Rs.13,270.929** million.
- IV. The Provincial Assembly of Khyber Pakhtunkhwa passed separate legislations for Khyber Pakhtunkhwa Revenue Authority, namely, Khyber Pakhtunkhwa Sales Tax on Services Act, 2022, Khyber Pakhtunkhwa Revenue Authority Act, 2022 and Infrastructure Development Cess Act, 2022.
- V. The Budget target was fixed as **Rs.85,000** million for the Provincial Revenue Generating Tax & Non-Tax Departments. An amount of **Rs.41,242.700** million was realized during the period under report.

Economy/ Austerity Measures

- I. Salary budgeting was done at actually filled positions; therefore, hiring against vacant position was subject to budgetary ceilings.
- II. A complete ban was imposed on:
 - i. Creation of posts except those required for completed developmental projects. Regular positions to be created by the already notified committee.
 - ii. Purchase of new vehicles except Ambulances, Earth moving machinery, Fire Trucks, Tractors, Trucks, Buses, Passenger Vans, Prisoners Vans, Motorcycles, Water Bowser Trucks, Recovery/ Rescue Vehicles and Rescue/ Life Saving Boats. However, a committee already notified under the chairmanship of Secretary Finance to ascertain the need and accord approval to purchase vehicles other than those mentioned above.
 - iii. Participation in workshops/ seminars and training abroad involving Provincial Govt.'s funds.
 - iv. Holding seminars and workshops in five star hotels involving Provincial Govt.'s funds.
 - v. Treatment abroad on Provincial Government's expense.
- III. All Administrative Secretaries and Heads of Autonomous/ Semi-Autonomous Bodies, being Principal Accounting Officers, to conduct meetings of Departmental Accounts Committee regularly so as to ensure internal audit of their respective departments/ organizations.
- IV. In order to restrict expenditures to the funds released, the Administrative Departments were instructed not to incur expenditure in anticipation of additional or supplementary grants.
- V. To bring efficiency in revenue collections, the Provincial Revenues Review Committee was required to meet regularly under the chairmanship of Minister Finance to review the performance of all revenue collecting entities of the Provincial Government and to

propose structural changes, performance indicators, legal reforms and other realignments in the procedures.

- VI. Engagement of contingent paid staff and appointment against leave vacancies during the course of the financial year 2022-23 was subject to prior approval of the Finance Department.
- VII. Mandatory NOC from the concerned Surplus Pool was required before appointment against vacant posts (except appointment by promotion).
- VIII. Principal Accounting Officers were requested to ensure that no appointment would be made against vacant posts of dying cadre and also to initiate disciplinary action, if such appointments had previously been made.
- IX. No developmental scheme involving creation of posts and purchase of vehicles, machinery & equipment and furniture (Revenue Component), to be considered without prior clearance of Finance Department.
- X. All departments were instructed not to retain receipts in Bank Accounts. The same were required to be remitted in the Provincial Account forthwith except where Departments/ facilities were specifically permitted under some Statute/ Act. All MTIs to share the balances in Reserve Fund with Finance Department on quarterly basis along with the Procurement Plan. Release of subsequent quarter's budget was subject to submission of reserve funds balances to Finance Department. All Grants-in-Aid to Bar Councils and Press Clubs to be released as per approved criteria. Release of funds over and above the approved criteria was subject to the approval of Chief Minister.
- XI. Bar was placed on utilization of funds on account of annual and special repair of such Roads & Buildings (AOM&R), which have been repaired/ rehabilitated during last three years except flood and earthquake affected Government infrastructure. To ensure the scope

and standard of such works, Director General, Monitoring & Evaluation (M&E) to inspect the sites periodically and provide a quarterly report to P&D & Finance Departments. The concerned SDO to submit a certificate to the effect that no funds had been utilised for Repair & Maintenance of the concerned Road & Building in the last three years.

- XII. The advertisement charges allocated under Current Expenditure to be utilized on current side only. As regards expenditure on development side, necessary provisions to be made in the PC-I(s)/ Costs Estimate(s) of the concerned scheme(s) whereas the devolved department's expenditure on this account are to be met out of Account-IV/ V of the district concerned, as the case may be.
- XIII. All posts, which were lying vacant for the last three (03) years were required to be abolished by Finance Department unless justified by the Administrative Department.
- XIV. Finance Department vowed to undertake next phase of the expenditure review to realize further savings as a part of an integrated sectoral review process.
- XV. P&D Department to initiate district & sectoral plan, spread over the next three (03) years as part of the mid-term development framework for the purpose of improved planning & to eliminate wasteful expenditure.
- XVI. Keeping in view the financial crunch, Finance Department to carry out monthly Receipts & Expenditure reviews and adjust the releases under various heads including development releases accordingly.
- XVII. All Autonomous/ Semi-Autonomous bodies, Medical Teaching Institutions, other Institutions and Authorities under Provincial Government were advised to adopt the measures within their respective organizations with the approval of their competent forums.

- XVIII. Principal Accounting Officers to review the Departmental overall budget and ensure judicious spending of various entities. Any intra-departmental adjustments/ re-appropriations to be done at the level of Principal Accounting Officers to bridge budgetary/ release gaps.
- XIX. The Chief Minister constituted a Cabinet Committee to quarterly review the fiscal situation and recommend measures to ensure availability of fiscal space for key service delivery sectors and flagship priorities of the Government.

Release Policy

A. Development Expenditure

Type of Schemes	Funds Release Methodology
Ongoing approved schemes	i. 50% of the allocated funds to be released to ongoing schemes of a sector progressively at the start of the financial year. ii. Out of released 50% funds; it is for the Administrative Department to ensure adequate releases to the on-going schemes, due for completion and to the schemes pertaining to snow bound areas (either due for completion or not) through intra sectoral re-appropriations. iii. Subsequent releases to each sector to be made on provision of utilization certificate of at least 50% of already released funds or justification to be provided by the Administrative Department for non-utilization/ low utilization on case to case basis.
Newly approved schemes	i. 50% of the allocated funds to be released to new schemes of each sector on production of Administrative Approval. Remaining allocations for such schemes to be released as and when demanded by the Administrative Department on production of utilization report and on case to case basis. ii. Subsequent releases to each sector to be made on provision of utilization certificate of at least 50% of already released funds or justification to be provided by Administrative Department for non-utilization/ low utilization on case to case basis.
Schemes with 'R' status in ADP 2022-23	Funds to be released to the schemes of ' R ' status in ADP on the basis of notified Revised Administrative Approval.

- I. District wise complete breakup of the umbrella schemes to be provided by the Department within one week after release of funds to enable Finance Department to punch it in the SAP system.
- II. No release to be made in the name of individuals with respect to umbrella schemes.
- III. *100% release to be made for procurement of medicines and any other essential heads under schemes of Health Department on the request of the Department.
- IV. Intra-sectoral re-appropriation approved by the Administrative Departments to development schemes to be punched in SAP system by the Administrative Departments themselves and not by the Finance Department.
- V. No re-appropriation to be made from the "High Impact Priority Projects".

B. Current Expenditure – Provincial

S. No	Objects	Funds to be Released
1.	Salary (<i>except Honoraria which shall be released on case-to-case basis</i>)	100%
2.	Electricity Sui Gas Charges Advertisement Charges (Current side only) Financial Assistance to the families of Government servants who die while in service	100%
3.	Rest/ Others	50%
4.	Purchase of Physical Assets	50%
5.	Repair & Maintenance	50%
6.	Wheat Subsidy	On need basis.

S. No	Objects	Funds to be Released
7.	Medical Teaching Institutions (MTIs)	25% each quarter; However, 4 th quarter release shall be subject to availability of financial resources.
8.	Funds at the disposal of Finance Department	On case to case basis through re-appropriation as per guidelines contained in Finance Department's circular No. BO.I/FD/5-17/2014-15 dated 12/06/2015
9.	S.N.E (Fresh)	Authentication of Audit Copy by the Finance Department

NOTE:

- i. **Medical Charges:** The funds released under object A01274-Medical Charges to be utilized by the concerned sanctioning authorities only upto the limit of medical re-imbursement claims i.e. Rs.30,000/- where verification/ authentication by Director General, Health Services, Khyber Pakhtunkhwa is not required under the prevailing rules/ policy instructions. The incurrence of expenditure against the remaining claims to be authorized by Finance Department on case to case basis as usual subject to fulfilment of all codal formalities.
- ii. **Repair & Maintenance:** The funds allocated for civil works including Public Health Engineering & Irrigation, maintenance and repair of Roads, Highways, Bridges and Buildings to be released on case to case basis with the approval of competent forum and issuance of administrative approval.
- iii. **Release of Withheld Budget:** The withheld budget under Current Expenditure (Provincial) to be released in 2nd quarter of current financial year subject to availability of financial resources.

- iv. The individual demands for release of balance funds shall be examined at the level of concerned sections and decided by the competent authority based on justification(s) provided by the Administrative Department concerned.
- v. **Grant-in-Aid:** Grant-in-Aid to be released subject to the provision of bank statement by the concerned autonomous entity after unconditional release in 1st quarter.

C. Development & Current Expenditure – Local Governments

i. Development Expenditure (Local Government)

Development share of Local Governments Development Funds shall be transferred to respective Local Governments on quarterly instalment basis. However, release of remaining quarter of development funds shall be subject to 100% utilization of the already released amount of 1st quarter of all Tehsil Governments and VCs/ NCs.

ii. Current Expenditure (Local Government)

S. No	Grant	Funds to be Transferred
1.	Salary	On monthly installment basis subject to adjustment of balance available from previous month.
2.	Non-salary	On quarterly installment basis subject to availability of financial resources.

D. Grant to Local Councils

S. No	Grants	Funds to be Transferred
1.	TMA's	On monthly installment basis subject to availability of financial resources.
2.	VCs/ NCs	100% share of the Grant on monthly installment basis subject to availability of financial resources.
3.	Cantt: Board	On monthly installment basis subject to availability of financial resources.

E. Development Authorities

Grant-in-Aid shall be released to the concerned Development Authority on quarterly basis.

F. Urban Immovable Property Tax

UIPT shall be transferred to respective Development Authorities/ TNAs on quarterly basis. During 1st quarter, the amount transferred may be based on provisional estimates. Any adjustments may be made to these amounts in the following quarter based upon actual collections.